

## SUPPLEMENTAL DIRECTIVE

NNSA SD 322.1-2

Approved: 04-26-2023

Expires: 04-26-2026

# **RECRUITMENT, RELOCATION, AND RETENTION INCENTIVE PROGRAM**



**NATIONAL NUCLEAR SECURITY ADMINISTRATION**  
**Management and Budget**

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OFFICE OF PRIMARY INTEREST (OPI):  
OHR, Employment & Workforce Planning Division

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**RECRUITMENT, RELOCATION, AND RETENTION INCENTIVE PROGRAM**

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1. PURPOSE. To supplement Department of Energy (DOE) Order (O) 322.1, *Pay and Leave Administration and Hours of Duty*, and implement enterprise-wide policy and procedures for administering recruitment, relocation, and retention incentives. The DOE Order may also be supplemented by the DOE Desk Reference on Recruitment and Retention incentives.
2. AUTHORITY.
  - a. The National Nuclear Security Administration's (NNSA) directives program is established pursuant to 50 United States Code (U.S.C.) 2402(d). This law gives the Administrator authority to establish NNSA-specific policies, unless disapproved by the Secretary.
  - b. DOE O 322.1C Chg 1 (Admin Chg), *Pay and Leave Administration and Hours of Duty*, dated 1-19-11.
  - c. DOE O 251.1D authorizes headquarters organizations to publish directives supplementing DOE Directives for use by those organizations and their contractors.
3. CANCELLATION. NNSA Business Operating Procedure (BOP) 322.1, *Recruitment, Relocation, and Retention Incentives Program*, dated 12-27-05.
4. APPLICABILITY.
  - a. Federal. Applies to all federal NNSA elements.
  - b. Contractors. Does not apply to contractors.
  - c. Equivalencies/Exemptions.
    - (1) Equivalency. In accordance with the responsibilities and authorities assigned by Executive Order 12344, codified at 50 United States Code (U.S.C.) sections 2406 and 2511, and to ensure consistency throughout the joint Navy/DOE Naval Nuclear Propulsion Program, the Deputy Administrator for Naval Reactors (Director) will implement and oversee requirements and practices pertaining to this directive for activities under the Director's cognizance, as deemed appropriate.
    - (2) Exemption. Employees of other federal agencies and departmental elements who are co-located with or supervised by NNSA employees (e.g., Environmental Management, Dept. of Navy Civilians).
5. SUMMARY OF CHANGES.

- a. Renumbers and reformats BOP 322.1 into a Supplemental Directive (SD) in accordance with NNSA SD 251.1B, *Directives Management*.
- b. Changes titles and organizations based on Employment and Workforce Planning Division reorganization.
- c. Removes references to the DOE excepted service hiring authorities.
- d. Adds NNSA Demonstration Project employees to coverage. Excludes from coverage non-NNSA Federal employees who work at NNSA sites and locations.
- e. Replaces performance appraisal rating term, *Fully Successful* with *Fully Meets Expectations* for NNSA employees.
- f. Adds requirements for recipients to have a performance rating of at least Fully Meets Expectations (FME), or equivalent, with no Specific Performance Objectives (SPOs) rated below the FME level to receive incentive payments, and to maintain performance at the FME level on SPOs during the service agreement period to be eligible for continued incentive payments.
- g. Changes the requirement to obtain funds approval from the pay pool manager to the Associate Administrator for Management and Budget, except for the Office of Secure Transportation (NA-15).
- h. Elevates approval authority to the NNSA Administrator for incentives greater than 25% and group retention incentives greater than 10%. Incentives at these levels also require the approval of the Office of Personnel Management (OPM).
- i. Modifies document to permit payment of recruitment and relocation incentives in a variety of methods.
- j. Adds overview description to each section – Recruitment, Relocation, and Retention Incentives.
- k. Adds the *DOE Desk Reference on Recruitment and Retention Incentives*, April 2016, under Appendix E: References.
- l. Redefines *newly appointed*, to include Pathways intern appointments.
- m. Prohibits Permanent Change of Station (PCS) allowances and relocation incentives from being authorized for the same move.
- n. Moves definitions to Appendix D.
- o. Moves references to Appendix E.

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6. BACKGROUND. It is the policy of NNSA to use incentives in a judicious and practical manner when other available pay flexibilities established under 5 Code of Federal Regulations (CFR) Part 530, the NNSA Demonstration Project, and NNSA's Excepted Service policy have been considered to attract or retain NNSA employees covered under this SD. Incentives may be used when traditional recruiting efforts are unsuccessful in yielding a competent and qualified employee.

7. REQUIREMENTS.

- a. Coverage. Must be Permanent Positions (e.g., career, career conditional, etc.) or Temporary positions expected to last at least 1 year.

(1) Eligible Categories of Employees:

- (a) NNSA Demonstration Project employees.
- (b) General Schedule (GS) employees.
- (c) NNSA EN employees.
- (d) Career SES appointees.
- (e) SL and ST employees.
- (f) Excepted Service Schedule A, B, and D (Pathways) positions.
- (g) Executive Schedule (EX) positions paid under 5 U.S.C. 5311-5317, or whose rate of pay is fixed by law at a rate equal to a rate for the Executive Schedule.
- (h) Prevailing rate (e.g., wage grade) employees.

(2) Ineligible Categories of Employees:

- (a) Employees who are non-career SES appointees as defined by 5 U.S.C. 3132a, Schedule C, and Presidential appointees.
- (b) Employees of other Federal agencies and Departmental Elements who are co-located with or supervised by NNSA employees.
- (c) Employees in positions expected to last less than 1 year.

(3) Ineligible Categories of Employees for Group Retention Incentives:

- (a) Career SES appointees.

- (b) SL and ST positions.
- (c) Executive Schedule (EX) positions.

b. Performance Rating.

- (1) Candidates must have a performance rating of at least FME with no SPOs rated below the FME level, or an equivalent rating in another performance management system.
- (2) Performance rating or other similar documents must be verified with offer documents.
- (3) Federal employees without a performance rating or for non-federal candidates, the evidence the selecting official provides to justify the request must be used as a presumption of FME with no SPOs rated at the Needs Improvement (NI) or Does Not Meet Expectations (DNME) level.
- (4) Recipients must maintain performance at the FME level on each SPO during the service period to remain eligible for continued incentive payments. If the employee's performance declines below the FME level on an assigned SPO, the service agreement is terminated. The employee is ineligible for further payments under the current service agreement. An employee may be reassessed to resume incentive payments if performance improves to the overall FME level with no individual SPO rated less than FME and meets other incentive requirements.

c. Security Clearance. If required for their position, the recipient must maintain the applicable security clearance for the duration of the service agreement period.

d. Service Agreement.

- (1) An employee must sign a written service agreement to complete a specified period of employment with NNSA. The recipient must meet the terms and conditions of employment for the duration of the service agreement. The service agreement must include the total amount of the incentive and the following information: payment amount, payment date, method of payment, commencement and termination dates of service period, conditions under which the agency will terminate the service agreement, effects of the termination, and employee repayment/reimbursement requirements in accordance with 5 CFR 575.110.
- (2) Time spent in a non-pay status, except when associated with workers' compensation or active-duty military service, must extend the service agreement period by the length of time in the non-pay status.

- e. Records and Reports. NNSA must retain a record of each determination, in accordance with the National Archives and Records Administration (NARA) requirements, sufficient to support reconstruction of the action and to make such records available for review upon request by OPM. A copy of the incentive determination and service agreement are maintained in the Performance Folder of the electronic Official Personnel File (eOPF), with the Standard Form (SF)-50, Notification of Personnel Action. The agency must be able to produce a paper copy of these records.

8. RESPONSIBILITIES.

a. Administrator.

- (1) Approves or disapproves requests for waiver of repayment of recruitment and relocation incentives of unfulfilled service agreements.
- (2) Approves or disapproves requests for recruitment, relocation, and retention incentives for SES, SL, ST, EX, and EN employees whose annual rate of basic pay exceeds the annual rate of basic pay for GS-15 Step 10, as recommended by the NNSA Executive Resources Board (ERB).
- (3) Approves or disapproves requests for individual recruitment, relocation, and retention incentives up to and including 25% and group retention incentives up to and including 10% for all employees whose annual rate of basic pay is up to and including GS-15 Step 10.
- (4) Recommends to OPM, through the DOE Chief Human Capital Officer, approval of waiver requests for incentives more than 25%, except group retention incentives, which require a waiver when in excess of 10%.
- (5) Provides to the Secretary of Energy for final disposition, requests of incentives of selectees for employment and employees in positions who are direct reports to the Administrator.
- (6) Approves incentives for which the Administrator is the second-level supervisor.

b. NNSA Executive Resources Board.

Recommends approval or disapproval of requests for each recruitment, relocation, and retention incentive for SES, ST, SL, EX, and EN employees whose annual rate of basic pay exceeds the annual rate of basic pay for GS-15 Step 10 and forwards to the Administrator for final approval or disapproval.

c. Associate Administrator for Management and Budget.

Provides oversight and management of the approval and payment of recruitment, relocation, and retention incentives.

d. Deputy Associate Administrator for Management.

Establishes a system for the approval and payment of recruitment, relocation, and retention incentives. This authority does not include positions subject to the Secretary's and Administrator's ERBs.

e. Heads of NNSA Elements.

Recommends approval of requests for individual or group incentives.

f. Director, Human Resources.

- (1) Administers the provisions of 5 CFR 575 in a consistent manner to ensure NNSA employees are informed of relevant provisions.
- (2) Directs and oversees the development of policies and guidance for the implementation of 5 CFR 575.
- (3) Provides guidance to the Administrator and other management officials, office directors, and program managers, on policies and procedures to support effective program implementation.
- (4) Verifies certified documents are in statutory, regulatory, and policy compliance.
- (5) Recommends approval or disapproval of waivers for repayment of recruitment and relocation incentives of unfulfilled service agreements and forwards to the Administrator for final disposition.
- (6) Certifies that the use of incentives is monitored for consistency with the requirements established under 5 U.S.C. 5753 and 5754, 5 CFR Part 575, and this policy.
- (7) Directs and oversees the periodic evaluation of the effectiveness of these pay incentives.

g. Director, Employment and Workforce Planning Division.

- (1) Provides technical advice and assistance to supervisors and management officials in the implementation, benefits, requirements, mechanics, and operation of the Recruitment, Relocation, and Retention Incentives Program.



- (2) Conducts a final review of each request for regulatory and policy compliance.
- (3) Forwards approvable requests to appropriate officials and returns inadequate requests with advice for improving adequacy.
- (4) Maintains records of each incentive payment determination and verifies required or requested reports are prepared and provided to the appropriate official.
- (5) Oversees collaboration between the servicing Human Resources Consultant (HRC), supervisors, and managers for retention incentive requests and compliance review. Verifies that the HRC issues a reminder notice to the supervisor within 90 days of the expiration date of the incentive.
- (6) Processes the termination of retention incentives, without an extension through recertification, at the end of the approved service period or when no longer needed, as appropriate.
- (7) Annually, as long as conditions giving rise to a determination to pay a group or individual incentive still exist, conducts review, coordinates with the requesting office to verify that the determination to pay the incentive still exists, and will coordinate with the Office of Corporate Budget (NA-MB-50) (1) to certify the availability of funds. Maintains certification documents in the original request record.
- (8) Maintains necessary records and confidentiality of personal information related to incentives.
- (9) Oversees processing of personnel actions for incentives.
- (10) Evaluates the effectiveness of the NNSA Recruitment, Relocation, and Retention Incentives Program.

h. Supervisor or Manager.

- (1) Discusses proposed requests for recruitment, relocation, and retention incentives with their servicing HRC.
- (2) Collaborates with their servicing HRC in the development of request packages for incentives, to include required supporting documentation.
- (3) Prepares and provides complete request packages for incentives to their servicing HRC for approval.
- (4) Signs service agreement with employee outlining the terms of the incentive.

- (5) At least 60 days before the expiration date of a retention incentive, provides to Human Resources a written annual certification that a retention incentive is still needed to retain the employee(s), as described in Appendix E of this SD.
  - (6) Upon notification, informs servicing HRC if the employee leaves the position regardless of reason, revocation of security clearance, or unable to maintain required job certifications, unsuccessful performance of at least the FME level on assigned SPOs; or other defaults of the service agreement.
  - (7) Notifies recipients, in writing, when an incentive will be terminated or reduced prior to the end of the approved incentive period.
- i. Office of Corporate Budget (NA-MB-50).  
Certifies the availability of funds for each submitted incentive.
- j. Office of Secure Transportation, Resources Division (NA-155.4).
  - (1) Certifies funds are available for each NA-15 request for a recruitment, relocation, and retention incentive.
  - (2) Approves budget requests for NA-15 incentive requests.
  - (3) Prepares and provides complete request packages for incentives to their servicing HRC for approval.
- 9. DEFINITIONS. See Appendix D.
- 10. REFERENCES. See Appendix E.
- 11. CONTACT. Employment and Workforce Planning Division, NA-MB-18, (505) 845- 5474.

BY ORDER OF THE ADMINISTRATOR:

A handwritten signature in black ink, appearing to read "Jill Hruby", with a stylized flourish at the end.

Jill Hruby  
Administrator

Appendixes:

- A. Recruitment Incentives
- B. Relocation Incentives
- C. Retention Incentives
- D. Definitions
- E. References

## **APPENDIX A: RECRUITMENT INCENTIVES**

1. **PURPOSE.** To define the process relating to NNSA recruitment incentives.
2. **PROCESS.** The National Nuclear Security Administration (NNSA) may pay a recruitment incentive to a newly appointed eligible employee, or to newly appointed employees within a targeted group of similar positions when it is determined the individual position is, or the group of positions are, likely to be difficult to fill (as indicated in section 2.b. below) in the absence of an incentive. *Newly appointed* is defined in Appendix D.
  - a. **Justification for Individual and Group Recruitment Incentives.**
    - (1) Requesting officials must provide a written justification to demonstrate the position or group of positions is likely to be difficult to fill, the basis for authorizing a recruitment incentive, the basis for the amount and timing of the approved recruitment incentive payment.
    - (2) For group recruitment incentives, requesting officials must also define the group or category of similar positions by specifying each position title, occupational series, and pay band or grade, distinctive job duties, unique competencies required for the positions, and geographic location, as appropriate.
    - (3) Human Resources (HR) will verify the position(s) meets Code of Federal Regulations (CFR) criteria of *difficult to fill*, by evaluating data from staffing and classification records applicable to the CFR factors.
    - (4) If a group incentive is approved, recruitment incentives may be offered to newly appointed employees in the targeted group for up to 1 year of the date in which the determination was made, or until every vacancy is filled, whichever comes first. If vacancies in the targeted group remain at the end of the service period, requesting officials must recertify the conditions of recruitment difficulty in the targeted group to continue offering recruitment incentives.
  - b. **Criteria for Consideration of a Recruitment Incentive.** The following list of factors under 5 CFR 575.106(b), must be considered in determining when a position is likely to be difficult to fill in the absence of a recruitment incentive:
    - (1) The availability and quality of candidates possessing the competencies required for the position, including the success of recent efforts to recruit candidates for the position or similar positions using indicators such as offer acceptance rates, proportion of positions filled, and the length of time required to fill similar positions.

- (2) The salaries typically paid outside the Federal Government for similar positions. For example, consider the difference of the calculated value of non-federal benefits such as health insurance, life insurance, vacation time, etc., versus the estimated value of federal benefits (calculated at 25% of the recipient's annual rate of basic pay).
- (3) Recent turnover in similar positions.
- (4) Employment trends and labor-market factors that may affect the agency's ability to recruit candidates for similar positions.
- (5) Special or unique competencies required for the position.
- (6) Agency efforts to use non-pay authorities, such as special training and work scheduling flexibilities, to resolve difficulties alone or in combination with a recruitment incentive.
- (7) The desirability of the duties, work or organizational environment, or geographic location of the position. For example, exposure to hazards, extreme isolation, depressed local economy, lack of suitable housing, schools, conveniences, or other disincentives (as applicable).
- (8) Other supporting factors (as applicable).
- (9) An agency may determine a position (or group of positions) is likely to be difficult to fill if the Office of Personnel Management (OPM) has approved the use of a direct-hire authority applicable to the position (or group of positions) under 5 CFR part 337, subpart B.

c. Determining Amount of Recruitment Incentive.

- (1) The amount of the recruitment incentive must be the least amount necessary to recruit the candidate. In proposing the amount of the recruitment incentive, the requesting official must document the basis for the requested amount, and the timing of the incentive payments.
- (2) In addition to consideration of the factors listed under section f., part (2), a recruitment incentive more than 15% must meet one of the following conditions (or a similar condition):
  - (a) The employee's qualifications are unique and hard-to-find; or it is determined positions in a targeted group are still likely to be difficult to fill in the absence of a recruitment incentive; or
  - (b) There are no other viable candidates who possess the qualifications necessary to perform the essential duties of the position.
- (3) Payment of Recruitment Incentive.

- (a) Payment is calculated as a percentage of the recipient's annual rate of basic pay as described in 5 CFR 575.109. For this purpose, the annual rate of basic pay includes the adjusted base with locality pay. (For further information on types of pay included in annual rate of basic pay (see Appendix D for definition.).
  - (b) A recruitment incentive may be paid
    - 1 as an initial lump-sum payment at the commencement of the service period required by the signed service agreement, or before the start of the service period to an employee who has signed a service agreement and not yet entered on duty;
    - 2 in installments throughout the service period required by the service agreement.
    - 3 as a final lump-sum payment upon the completion of the full-service period required by the service agreement; or
    - 4 in a combination of these payment methods.
  - (c) Payroll taxes are deducted from the gross amount of the incentive and a net payment is made.
  - (d) A recruitment incentive is excluded from an employee's rate of basic pay, including computing retirement, performance related pay increases, etc.
  - (e) A recruitment incentive counts toward the aggregate limitation on pay under 5 CFR 530, Subpart B.
  - (f) Commencement of a recruitment incentive is prohibited when an employee is serving under a relocation or retention incentive.
- (4) Service Agreement/Service Period for Recruitment Incentive.
- (a) A service period of not less than 12 months and no more than 36 months depending on the percentage of the incentive. Service agreements must include the commencement and termination dates of the required service period. The service period must begin on the first day of a pay period and end on the last day of the pay period.
  - (b) The required service period must begin upon the commencement of service with NNSA. If service with NNSA is a day other than the first day of a pay period, the service period commencement date must be delayed so the required service period begins on the

first day of the first pay period beginning on or after the commencement of service in NNSA. The service period must terminate on the last day of a pay period.

**Note:** The commencement date may be delayed until the individual completes the probationary period or required formal training.

- (c) Entry-on-Duty: The recipient must enter on duty in the position after final approval of the request to pay the recruitment incentive, or after the date the service agreement is executed (signed and dated by the required signatories).

(5) Termination of Recruitment Incentive Service Agreement Terms.

- (a) NNSA must make an exclusive decision to terminate a recruitment incentive service agreement based on management needs, in accordance with 5 CFR 575.111(a). For example, when an employee's position is affected by a reduction in force, insufficient funds exist to continue scheduled incentive payments, or the agency assigns the employee to a different position, when the different position is outside of the terms of the service agreement. In this case, the employee is entitled to the recruitment incentive payments received for completed service and may retain incentive payments already received for uncompleted service.
- (b) NNSA must terminate the service agreement if the employee is unsuccessful in fulfilling the terms of the service agreement in accordance with 5 CFR 575.111(b), including revocation of security clearance; if unable to maintain required job certifications, e.g., Human Reliability Program, Acquisition Program Certification, or Technical Qualifications Program; he/she receives less than Fully Meets Expectations (FME) or equivalent level on a Specific Performance Objective (SPO) during the period of the service agreement; or is demoted or separated for cause, e.g., for unacceptable performance or conduct, or similar factors. **Note:** If the employee receives recruitment incentive payments in excess of the completed portion of the service period, he/she will be required to repay the gross amount of the overpayment as demonstrated in section 2.c.(10) below.
- (c) NNSA may terminate the service agreement for a recruitment incentive if the employee accepts a similar or different position in a different Department of Energy (DOE) Departmental or NNSA element. The gaining element may elect to assume responsibility to complete remaining payment(s). The employee must complete the service period if the incentive was paid as a lump sum.

- (d) NNSA must notify an employee in writing when it terminates a recruitment incentive agreement and provide the reason(s) for the termination.
- (e) The termination of a service agreement is not grievable or appealable in accordance with 5 CFR 575.111(c).
- (6) Recruitment Incentive Repayment/Reimbursement Requirements.
  - (a) An NNSA employee must be notified in writing if fulfillment of the terms of the service agreement is unsatisfactory. The employee is entitled to retain recruitment incentive payments received for the completed portion of the service period in accordance with 5 CFR 575.111(f), except as noted below.
    - 1 If the employee received recruitment incentive payments more than the amount attributable to the completed portion of the service period, he/she must repay the gross amount of the overpayment. The amount of reimbursement is computed on a month-for-month pro rata basis, e.g., gross amount of incentive received = \$12,000.00, service agreement = 12 months, and employee resigns after 6 months and 3 weeks; employee is obligated to repay  $5.25/12$  of \$12,000.00 = \$4,375.00.
    - 2 If an employee is separated because of materially false or inaccurate statements, deception, or fraud in application or appointment to the position, or if unsuccessful in meeting employment qualifications, the employee must repay the total amount of the recruitment incentive received under the service agreement.
    - 3 Repayment is waived if the employee is separated from NNSA against his/her will or from their position for reasons other than misconduct or performance, e.g., reduction-in-force, involuntarily reassignment (as defined in Appendix D), or similar action.
    - 4 Repayment is waived when an employee is separated by death or disability retirement or is incapable of continuing to work because of a disability evidenced by acceptable medical documentation.
    - 5 Repayment may be waived in part or in full, for circumstances where the NNSA Administrator determines recovery is in contrast with the public interest, a fair result, or good conscience. In making this determination, the Administrator will consider consistency, fairness, and the



cost to the taxpayer of recovering monies owed to the government.

(7) Group Recruitment Incentive Annual Decision Review.

NNSA must, on an annual basis, review each decision authorization to target a group of positions and to maintain incentives. A written justification is required to validate the continued difficulty in filling the positions.

## **APPENDIX B: RELOCATION INCENTIVES**

1. **PURPOSE.** To define the process relating to relocation incentives.
2. **PROCESS.** The National Nuclear Security Administration (NNSA) may pay a relocation incentive to a current federal employee who must relocate to accept a permanent or temporary position in a different geographic area under the conditions specified in this directive – provided it is determined: (1) the position is likely to be difficult to fill absent the incentive, and (2) the employee was an employee of the federal government immediately prior to the relocation. A position is in a different geographic area for paying a relocation incentive when the worksite of the future position is 50 or more miles from the old position. If the worksite of the future position is less than 50 miles from the worksite of the position held immediately before the move, and the employee must relocate, i.e., establish a residence to accept the position, the Human Resources Director may waive the 50-mile requirement and pay the employee a relocation incentive subject to meeting all other requirements under 5 Code of Federal Regulations (CFR) 575, subpart b. NNSA “may pay a relocation incentive to an employee who is *voluntarily or involuntarily relocated to a different geographic area*, assuming applicable conditions are met.” see [Office of Personnel Management \(OPM\) Pay & Leave FAQs](#):
  - a. Relocation incentive determinations must be made on a case-by-case basis for each employee. This requirement may be waived if a waiver is approved for a group incentive for employees subject to a mobility agreement, or for employees subject to a major NNSA organizational relocation, when it is determined that:
    - (1) Relocation incentives are necessary to retain employees subject to the mobility agreement; or
    - (2) Continuity of operations for a unit relocating to another geographic area without undue disruption of an activity or function is deemed essential to mission accomplishment or without undue disruption of service to the public.
  - b. In each case, the employee must establish residency in a different geographic area before NNSA can pay a relocation incentive. A position is in a different geographic area if the worksite of the next position is 50 or more miles from the worksite of the position held immediately before the move (as stated in CFR 575.205(2)(b)). A relocation incentive will be paid if the employee maintains residency in the geographic area throughout the duration of the service agreement. Residency for the purpose of this directive can be other than the employee’s primary residence. The employee must provide evidence of residency in the form of one of the following documents: rental agreement, deed of trust, mortgage contract, property tax forms, or similar documentation. [Department of Energy Policy Guidance Memorandum #14: Establishing a Residence for a Relocation Incentive](#), provides the following additional examples of acceptable documentation:

- (1) Signed lease agreement.
  - (2) Signed settlement sheet for the purchase of real property in the local commuting area confirming the occupant of the property is the employee.
  - (3) A valid driver's license displaying the property address.
  - (4) A W-4 tax form with the new address.
  - (5) For a detail of more than 30 days:
    - (a) A statement from the hotel on their letterhead stationery confirming the employee checked in and the expected duration of stay, or
    - (b) A statement from a relative or worker confirming their address and affirmation that the employee is residing at their home.
- c. Justification for a Relocation Incentive. For relocation incentives, requesting officials must provide a written justification including the following information:
- (1) The basis for determining a position is likely to be difficult to fill as determined by addressing the factors under 5 CFR 575.206(b), which mirror the factors described under the Recruitment section, item 2 of this policy.
  - (2) The basis for authorizing a relocation incentive for an employee.
  - (3) The basis for the amount and timing of the approved relocation incentive payments and the length of the required service period.
  - (4) The worksite of the new position is not in the same geographic area as the worksite of the position held immediately before the move (or a waiver was approved under 5 CFR 575.205(b)) and the employee established a residence in the new geographic area, as required by 5 CFR 575.205(b).
  - (5) For group relocation incentives, the written justification must also specify the group of employees covered by the case-by-case waiver, the conditions under which the waiver is approved, and the period for which the waiver may be applied.
  - (6) To receive a relocation incentive, the employee must not have an active recruitment or relocation incentive or unfulfilled service agreement. If there is an existing retention incentive in effect, a relocation can be paid, and the service agreements must be fulfilled concurrently. (For more information, refer to 5 CFR Parts 575.205(d) and (e).) Permanent Change in Station (PCS) allowances and relocation incentives are prohibited for the same move.

- d. Determining Amount of Relocation Incentive. The Recruitment Incentive considerations described in Appendix C of this policy also apply here, in line with the conditions below.

(1) Service Agreement for Relocation Incentives.

- (a) A service period of not less than 12 months and no more than 36 months depending on the percentage of the incentive. Service agreements must include the commencement and termination dates of the required service period. The service period must begin on the first day of a pay period and end on the last day of the pay period.
- (b) The required service period must begin upon the commencement of service at the gaining duty station. If service at the gaining duty station begins on a day other than the first day of a pay period, the service period commencement date must be delayed so a required service period begins on the first day of the first pay period beginning on or after the commencement of service at the gaining duty station.

**Note:** The commencement date may be delayed until the employee completes the probationary period or required formal training.

- (c) The service period must terminate on the last day of a pay period.
- (d) Employees must have final approval of the relocation incentive and the service agreement must be executed, i.e., signed and dated by all required signatories, prior to entering on duty at the new location.

(2) Payment of a Relocation Incentive.

- (a) Payment is calculated as a percentage of the *annual rate of basic pay* (see Appendix A for definition). In most cases, a relocation incentive is paid in a lump sum as soon as possible after the employee establishes residency in the resulting geographic area. This incentive may also be paid in installments throughout the service period, as a final lump-sum payment upon the completion of the full-service period, or in a combination of these payment methods. Income tax, Social Security, and Medicare are deducted from the gross amount of the incentive and a net payment is made.
- (b) A relocation incentive is excluded from the rate of basic pay for pay purposes, including computing retirement, performance-related pay increases, etc.

- (c) A relocation incentive counts toward the aggregate limitation on pay under 5 CFR 530, Subpart B.
  - (d) A relocation incentive above 25% and up to 50% must be approved by OPM based on a critical agency need.
  - (e) The Human Resources Director must determine the competencies required for the position are critical to the successful accomplishment of an important agency mission, project, or initiative, e.g., programs or projects related to a national emergency or implementing a recent law or critical management initiative.
- e. Termination of Relocation Service Agreement Terms.
  - (1) NNSA may make an exclusive decision to terminate a relocation incentive service agreement based on management needs, in accordance with 5 CFR 575.211(a). For example, when the position is affected by a 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 and the different position is insufficient in meeting the criteria for a recruitment incentive. In this case, the employee is entitled to the relocation incentive payments received for completed service and may retain incentive payments already received for uncompleted service.
  - (2) NNSA must terminate the service agreement if the employee is unsuccessful in fulfilling the terms of the service agreement, including revocation of security clearance or inability to maintain required job certifications, e.g., Human Reliability Program, Acquisition Certification Program, or Technical Qualifications Program, etc.; defaults in maintaining residency in the resulting geographic area for the duration of the service agreement, is unsuccessful in attaining at least Fully Meets Expectations (FME) or equivalent level on each Specific Performance Objective (SPO) during the period of the service agreement; is demoted or separated for cause, e.g., for unacceptable performance, conduct, or similar factors.
  - (3) NNSA may terminate the relocation incentive service agreement if the employee accepts a similar or different position in a different DOE Departmental or NNSA element. The gaining element may opt to assume responsibility to complete the payment(s). The employee must complete the service period if the incentive was paid as a lump sum.
  - (4) The repayment scenarios provided in 2.c.(10) of Appendix A apply herein, except for subsection (3), and the added stipulation that an employee who defaults in maintaining residency in the resulting geographic area is in breach of his or her service agreement.

- (5) NNSA must notify an employee in writing when it terminates a relocation incentive agreement and provide the reason(s) for the termination.
- (6) The termination of a service agreement is not grievable or appealable in accordance with 5 CFR 575.211(c).

## **APPENDIX C: RETENTION INCENTIVES**

1. **PURPOSE.** To define the process relating to retention incentives.
2. **PROCESS.**
  - a. The National Nuclear Security Administration (NNSA) may pay a retention incentive to a current employee or group of targeted employees under the conditions specified in this directive when it determines:
    - (1) Unusually high or unique qualifications of the employee, or a special need of the agency, make it essential to retain the employee(s) when the employee or a significant number of employees in the group is likely to leave federal service in the absence of an incentive.
    - (2) The mission requires short-term retention of certain employee(s) in their current position for a period before the expected or scheduled closing or relocation of their NNSA office, facility, activity, or organization; and the employee(s) would likely leave for a different position in the federal service in the absence of a retention incentive. This would be a rare instance of retention incentive usage (as described in 5 CFR 575.314(b)(3)). An NNSA employee who is considering employment with another federal agency must be issued a formal written notice of expected or scheduled closure or office relocation to be eligible for a retention incentive under this scenario.
  - b. Justification for Individual Retention Incentive.
    - (1) Requesting officials must provide a written justification to demonstrate:
      - (a) Absent a retention incentive, the NNSA employee is likely to leave federal service.
      - (b) Evidence can include a written job offer from a non-federal employer, a notarized affidavit from the employer stating the intention to hire the employee, a written acceptance as a full-time student in an institution of higher learning, a signed federal retirement application, an intent to resign statement by the employee, and other comparable types of evidence.
      - (c) Separation of the employee would have a negative effect on the ability to conduct essential activities or functions of the organization.
      - (d) There would be difficulty in replacing the employee.
      - (e) The unusually high or unique qualifications of the employee, or a special need of NNSA, make it essential to retain the employee.

- (f) In instances of an NNSA site closure, essential project or office relocation, the justification must also include a copy of each employees' official notice that their position may or will be affected, basis for establishing the retention incentive amount, timing of the approved payment, and the length of the required service period.
  - (g) Approved individual retention incentive requests are valid for up to 1 year.
  - (h) Because of fiscal implications from the potential continuing nature of retention incentives, requesting officials must, as part of the justification for individual and group, develop a written strategy for reducing or eliminating retention incentives over time. This strategy may include training or retraining of other employees, skill replacement through additional hiring or targeted recruitment, or similar approach, and must identify a schedule for reducing and eliminating the retention incentive.
- c. Factors for Considering an Individual Retention Incentive.
  - (1) The success of recent efforts to recruit candidates and retain employees with similar competencies and for *similar positions* (see Definitions).
  - (2) The quality and availability of potential candidates for a position identified on a succession plan, e.g., succession plans required for leadership or technical positions, who possess the competencies required for the position, and with minimal training, cost, and disruption of service to the public, could perform the full range of duties at a level equivalent to the current incumbent.
  - (3) Local, regional, or nationwide employment trends and labor-market factors affecting NNSA's ability to retain employees in the same or similar positions.
  - (4) The typical salaries outside the Federal Government for the same or similar positions. For example, consideration may be given to the difference between the calculated value of non-federal benefits, e.g., health insurance, life insurance, vacation time, etc., versus the estimated value of federal benefits calculated at 25% of annual rate of basic pay.
  - (5) Special or unique competencies required for the position, the extent to which the employee possesses them by identifying the critical work of the position, the knowledge, skills, and abilities needed to perform the work, and the employee's applicable qualifications, and a description of the way the employee's departure from the federal service, or to another federal agency during the period before an announced site closure, project completion, or office relocation, would have a negative effect on the



ability to carry out a mission-essential project, activity, or function of NNSA.

- (6) Efforts to use non-pay inducements, such as special training, alternative work schedules, telework arrangements, or similar inducements.
  - (7) The undesirability of the duties, work environment, or geographic location of the position in terms of exposure to hazards, extreme isolation, depressed local economy, lack of suitable housing, schools, conveniences, or other disincentives, as applicable.
  - (8) Recent turnover in the same or similar positions.
  - (9) Other supporting factors, as applicable.
- d. Existing Service Agreement. An NNSA employee who is in a current obligation under a previous service agreement established in connection with a recruitment or relocation incentive is ineligible for a retention incentive until the employee has satisfied the existing obligation.
- (1) Determining Individual Retention Incentive Amount. The Recruitment Incentive considerations described in Appendix A of this policy also apply here, in line with the conditions below.
    - (a) A critical agency need must exist, for individual retention incentives that exceed 25% and when the following conditions are met:
      - 1 The qualifications of the employee are unique and hard-to-find.
      - 2 Other viable candidates who possess the qualifications necessary to perform the essential duties of the position are unavailable.
      - 3 The forfeiture of retaining the employee would result in significant health, safety, or monetary risks to NNSA.
      - 4 The competencies required for the position are critical to the successful accomplishment of a primary NNSA mission, project, or initiative (e.g., programs or projects related to a national emergency or implementing a recent law or critical management initiative).
      - 5 A competing written non-federal salary offer. Letters of inquiry of availability for a position (e.g., headhunter letters or placement services) are not considered employment offers.

- (b) Individual retention incentives above 25% and up to 50% must be based on critical agency need and approved by OPM.

e. Service Agreement for Individual Retention Incentive.

A service period of not less than 12 months and no more than 36 months depending on the percentage of the incentive. Service agreements must include the commencement and termination dates of the required service period. The service period must begin on the first day of a pay period and end on the last day of the pay period.

f. Payment of Individual Retention Incentive.

- (1) Payment is calculated as a percentage of the annual rate of basic pay as described in 5 CFR 575.309. For this purpose, annual rate of basic pay includes the adjusted base with locality. For further information on types of pay included in annual rate of basic pay, see the definition in Appendix D.
- (2) A retention incentive may be paid on each bi-weekly pay period at a set amount, 1/26th of the gross incentive, for a period of no more than 1 year at a time. The gross bi-weekly retention incentive amount is added to the gross salary for the pay period and taxes are withheld based on total salary to determine net pay.
- (3) With bi-weekly payments, total annual payment amounts may vary based on the number of pay periods for the calendar year. Adjust the bi-weekly payment amount as needed to maintain the approved annual percentage of basic pay.
- (4) The incentive may also be paid in installments after the completion of specified periods of service throughout the service period or as a final lump sum payment upon the completion of the full-service period.
- (5) A retention incentive is excluded from the rate of basic pay for pay purposes including computing retirement, performance-related pay increases, etc.
- (6) A retention incentive counts toward the aggregate limitation on pay under 5 CFR 530, Subpart B.

g. Annual Recertification for Individual Retention Incentive.

- (1) Requesting officials must perform an annual recertification to determine if an individual retention incentive is still needed to retain the employee and must review the amount of the incentive in comparison with the scheduled rate of reduction outlined in the written strategy for reducing or eliminating the retention incentive over time and, if a lesser amount, or

none, would be sufficient to retain the employee if the conditions for the incentive still exist.

- (2) Requesting officials must provide written justification demonstrating the conditions to warrant the initial retention incentive still exist, e.g., the NNSA employee is still likely to leave federal service, as indicated by accompanying documentary evidence, as stipulated in Section 2.b.(1) above, the employee leaving would still have a negative effect on the ability to conduct essential activities or functions, there would still be difficulty in replacing the employee, and the unusually high or unique qualifications of the employee, or a special need of NNSA for the employee's services, still make it essential to retain the employee. The justification must consider each of the factors addressed in the original request and subsequent recertification requests, if applicable.
  - (a) Requesting officials must also address the specific actions taken during the previous year to meet the goals of the strategy for eliminating the need for the retention incentive, e.g., the success or ineffectiveness of training or retraining other employees, skill replacement through additional hiring or targeted recruitment, or similar factors.
  - (b) For a retention incentive to be continued beyond the current retention incentive period, the requesting official must provide a request to Human Resources for review at least 60 days prior to the anniversary date. The retention recertification request must be approved prior to the expiration of the current retention incentive period.

h. Reducing and Terminating Individual Retention Incentives.

- (1) The amount of a given retention incentive must be reduced or terminated, as necessary, to guarantee the employee's total compensation complies with the aggregate limitation on pay under 5 CFR 530, Subpart B.
- (2) The amount of a retention incentive must be reduced or terminated, consistent with the approved written strategy for reducing or eliminating the retention incentive over time.
- (3) The retention incentive must be terminated when the conditions prompting the original determination no longer exist, e.g., the mission need changes, the recruitment difficulty lessens or disappears, the site/project closure or office relocation is canceled, the employee moves to another NNSA position, or similar circumstances.
- (4) A retention incentive must be terminated if the employee leaves the position, including revocation of security clearance or inability to maintain required job certifications, e.g., Human Reliability Program, Acquisition

Certification Program, Technical Qualifications Program, etc.; unsuccessful in attaining an overall FME or an FME (or equivalent rating) on each SPO during the period of the service; or is otherwise unable to fulfill the terms of the service agreement. It excludes a detail or reassignment to a position with the same knowledge or skill requirement for which the employee is being retained when the cause for the retention incentive still exist.

- (5) At the discretion of NNSA, a retention incentive can be terminated, in accordance with 5 CFR 575.311(a)(3), due to management or budgetary reasons even if the conditions giving rise to the original determination to pay the incentive still exist.
- (6) The approving official must notify recipients in writing when it decides to terminate a retention incentive prior to the end of the approved 1-year period. Written notice should be issued no later than 30 days prior to the termination and must describe the conditions to justify the termination. When it is unfeasible to provide a 30-day notice of termination, notices will be issued as soon as practicable. In no case can an incentive be terminated prior to the end of the approved service period without advanced written notice.
- (7) A retention incentive will be terminated by Human Resources at the end of the approved service period unless extended by recertification at least 60 days prior to the anniversary date of the service period. See item g. above for recertification procedures.
- (8) The employee is entitled to retain retention incentive payments attributable to the completed portion of the service period and, if applicable, to receive the portion of a retention incentive payment owed for completed service, except if the agreement is terminated because the employee is demoted or separated for cause, or the employee receives a rating of record of less than FME.
- (9) The termination of a retention incentive service agreement or the reduction or termination of a retention incentive under this section is not grievable or appealable in accordance with 5 CFR 575.311(g).

i. Justification for Group Retention Incentive.

- (1) For a group retention incentive, requesting officials must narrowly define the targeted category of employees by specifying each NNSA position title, occupational series, pay band, or grade, and organization or team designation, as applicable, to be included in the group. The requestor must also provide written justification, absent a retention incentive, that there is a high risk a significant number of employees in the group would be likely to leave the federal service, the unusually high or unique

qualifications of the employees in the group, or a special need of NNSA for their service makes it essential to retain these employees. Additional factors to consider that may be appropriate in narrowly defining the group include distinctive job duties, unique competencies required for the position, geographic location, required rating of record, or assignment to a special project.

- (2) Approved group retention incentive requests are valid for up to 1 year.
- (3) Because of the potential continuing nature of retention incentives, requesting officials must also develop a written strategy for reducing or eliminating the retention incentive over time. The strategy can include training or retraining of other employees, skill replacement through additional hiring or targeted recruitment, or similar factors. The written plan must identify the schedule for reducing and eliminating the incentive, including required actions, milestones, and effective dates.

j. Basis for a Group Retention Incentive.

Consideration of the factors described in in Appendix A, Section 2.b. of this policy as relating to (1) determining if a group or category of employees has unusually high or unique qualifications, i.e., competencies, or if NNSA has a special need for the employees' service making it essential to retain the group, and (2) determining it is reasonable to presume there is a high risk a significant number of NNSA employees in the group would be likely to leave the federal service in the absence of a retention incentive.

k. Existing Service Agreement(s).

An NNSA employee who has a prior incomplete service obligation established in connection with a recruitment or relocation incentive is ineligible for a group retention incentive until the employee satisfies the prior obligation.

l. Determining Amount of Group Incentive.

- (1) The considerations described for Recruitment Incentives, in Appendix A of this directive relate herein, in line with the caveats below.
  - (a) In determining the amount of the incentive, requesting officials must take into consideration budgetary issues and the employees' value to NNSA.
  - (b) A group retention incentive more than 10% must meet each of the following conditions:

- 1 The employees' qualifications are unusually high or unique and hard-to-find.
  - 2 There are no other candidates who possess the qualifications necessary to perform the essential duties of the position.
  - 3 The forfeiture to retain the employees would result in significant health, safety, or monetary risks to NNSA.
  - 4 The competencies required for the positions are critical to the successful accomplishment of a primary NNSA mission, project, or initiative, e.g., programs or projects related to a national emergency or implementing a recent law or critical management initiative.
  - 5 A group retention incentive to exceed the 10% limit, up to 50%, must be approved by OPM and based on critical agency need.
- m. Payment of Group Retention Incentives. The payment requirements described in section h., part (7) of this directive for individual incentives also applies to group incentives.
- n. Service Agreement for Group Retention Incentives.
- (1) A service agreement from 6-12 months, depending on the length of time the employee needs to be retained, is required for a group retention incentive of 10% or less. See section h., part (7).
  - (2) A 12-month service agreement is required for an OPM approved group retention incentive of more than 10%.
- o. Annual Recertification for Group Retention Incentives. The recertification procedures described in section h., part (8) of this policy relate to a group retention incentive.
- p. Reducing or Terminating Group Retention Incentives. The various reduction and termination scenarios described in section h., part (9) of this policy apply.

## **APPENDIX D: DEFINITIONS**

- a. Benefits. Incentive payments made to or on behalf of the employee, which are approved and paid for by the agency. The term *benefits* neither implies nor constitutes an employee entitlement.
- b. Geographic Area (Different). A position is in a different geographic area for paying a relocation incentive when the worksite of the succeeding position is 50 or more miles from the old position. If the worksite of the succeeding position is less than 50 miles from the worksite of the position held immediately before the move, and the employee must relocate, i.e., establish another residence, to accept the position, the Human Resources Director may waive the 50-mile requirement and pay the employee a relocation incentive subject to having met requirements.
- c. Involuntarily Reassigned. Refers to a reassignment initiated by the agency against an employee's will and without the employee's consent for reasons other than cause on charges of misconduct, delinquency, or inefficiency (5 CFR 575.502).
- d. Local Commuting Area. A local commuting area includes one population center in which employees live and the commute back and forth to work is reasonable. The regulations neglect to define a mileage standard for local commuting area.
- e. Newly Appointed.
  - (1) The first appointment, regardless of tenure, as an employee of the Federal Government; or an appointment as a former employee of the Federal Government following a break in service of at least 90 days; or
  - (2) An appointment of an individual in the Federal Government when his or her service in the Federal Government during the 90-day period immediately preceding the appointment was not in a position excluded by 5 CFR 575.104 and was limited to one or more of the following:
    - (a) A time-limited or non-permanent appointment in the competitive or excepted service;
    - (b) Employment with the District of Columbia (DC) government when the candidate was first appointed by DC on or after October 1, 1987;
    - (c) An appointment as an expert or consultant under 5 U.S.C.

3109 and 5 CFR Part 304;

- (d) Employment under a Pathways Internship Program appointment under 5 CFR 362.103;
  - (e) Employment under a provisional appointment under 5 CFR 316.403; or
  - (f) Employment as a Senior Executive Service limited term appointee or limited emergency appointee (as defined in 5 U.S.C. 3132(a)(5) and (a)(6)).
- f. Rate of Basic Pay. The rate of pay fixed by law or administrative action before deductions and including a special rate, as applicable, under 5 CFR 530, subpart C, or similar payment under other legal authority, and a locality-based comparability payment under 5 CFR 531, subpart F, or similar payment under other legal authority excluding other types of additional pay. For example, a rate of basic pay excludes additional pay such as night shift differentials under 5 U.S.C. 5343(f) or environmental differentials under 5 U.S.C. 5343(c)(4).
- g. Recruitment Incentive (Group). A payment of up to 25% of annual rate of basic pay to newly appointed Federal employees for a group of positions, provided a determination has been made that, in the absence of such payment, NNSA has encountered difficulty in filling the positions in the group in the past or it is likely the positions in the group will be difficult to fill in the future. OPM may authorize more than 25% and up to 50% of annual rate of basic pay each year based on a critical need of NNSA. Current Federal employees, except if defined as Newly Appointed above, are ineligible for recruitment incentives.
- h. Recruitment Incentive (Individual). A payment of up to 25% of annual rate of basic pay to a newly appointed NNSA employee provided a determination is made prior to the entry-on-duty date, in the absence of such payment, NNSA would encounter difficulty in filling the position. OPM may authorize more than 25% and up to 50% of annual rate of basic pay each year based on a critical need of NNSA. Current Federal employees, except those defined as newly appointed above, are ineligible for recruitment incentives.
- i. Relocation Incentive (Group). A payment of up to 25% of the annual rate of basic pay to current Federal employees who must relocate to accept a position in a different geographic area and who establish residency in the resulting geographic area, provided a determination has been made, in the absence of such payment, NNSA has encountered difficulty in filling the positions in the group in the past or it is likely the positions in the group will be difficult to fill in the future. OPM may authorize more than 25% and up to 50% of annual rate of basic pay each year based on a critical need of NNSA. Newly appointed employees are ineligible for relocation incentives.



- j. Relocation Incentive (Individual). A payment of up to 25% of annual rate of basic pay to a current Federal employee who must relocate to accept a position in a different geographic area and who establishes residency in the resulting geographic area, provided a determination has been made, in the absence of such payment, NNSA has encountered difficulty in filling the position. OPM may authorize more than 25% and up to 50% of annual rate of basic pay each year based on a critical need of NNSA. Newly appointed employees are ineligible for relocation incentives.
- k. Retention Incentive (Group). Payments of up to 10% of annual rate of basic pay to a group of current NNSA employees if there is a high risk a significant number of employees in the group would be likely to leave Federal service in the absence of such an incentive. OPM may authorize more than 10% and up to 50% of the annual rate of basic pay based on a critical need of NNSA. Newly appointed employees, current Federal employees outside of NNSA, and employees in SL, ST, SES, EX, or similar categories of positions for which an individual retention incentive has been approved by OPM are ineligible for group retention incentives.
- l. Retention Incentive (Individual). Payments of up to a total of 25% of annual rate of basic pay to a current NNSA employee if the unique qualifications of the employee, or a special need of NNSA for the service of the employee, makes it essential to retain the employee, and NNSA determines the employee would be likely to leave Federal service in the absence of such an incentive. OPM may authorize more than 25% and up to 50% of the annual rate of basic pay based on a critical need of NNSA. Newly appointed employees and current Federal employees appointed from outside of NNSA are eligible for retention incentives.
- m. Similar Position. For purposes of this policy, a position that is so much like the position for which the incentive is being requested—in terms of occupational series; pay band or grade; minimum qualification requirements, including selective factors, competencies, knowledges, skills, and abilities required; it would be reasonable to expect applicants for one position to qualify for the other position(s).

**APPENDIX E: REFERENCES**

- a. 5 U.S.C. 5753 and 5754, Recruitment and Relocation Bonuses, Retention Bonuses
- b. 5 CFR 575, Recruitment, Relocation and Retention Incentives
- c. 5 CFR 530, Subpart B, Aggregate Limitation on Pay
- d. OPM Recruitment, Relocation, and Retention Incentives
- e. DOE Desk Reference on Recruitment and Retention Incentives, April 2016
- f. DOE O 322.1C, *Pay and Leave Administration and Hours of Duty, Chg. 1 (Admin Chg.)*
- g. DOE O 533.1, *Collection from Current and Former Employees for Indebtedness to the United States*
- h. DOE Policy Guidance Memorandum #14: *Establishing A Residence for a Relocation Incentive*