

# ***Effective Compensation Alternatives:***

***Recruitment Bonuses***

***Relocation Bonuses***

***Retention Allowances***

***“The 3Rs”***

***Strategic Compensation Conference 2000***

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# *The 3Rs*

- *Authorized by the Federal Employees Pay Comparability Act of 1990 (FEPCA)*
- *Discretionary authorities designed to help alleviate employee recruitment and retention problems*

# ***Recruitment Bonuses***

***(5 U.S.C. 5753 and 5 CFR part 575, subpart A)***

- ***Lump-sum bonus for a newly appointed employee or former employee with a 90-day break-in-service.***
- ***Used for positions that would otherwise be difficult to fill.***
- ***Up to 25 percent of basic pay.***
- ***May be paid to GS, SES, SL/ST and others.***

## ***Recruitment Bonuses***

- ***Employees must fulfill a service agreement of at least 6 months with repayment penalties if agreement not fulfilled.***
- ***May be used in combination with superior qualifications appointments, special salary rates, and advances in pay.***
- ***May be paid prior to the employee entering on duty.***

## ***Recruitment Bonuses***

- ***Approved on a case-by-case basis. May be targeted to groups of employees in certain circumstances.***
- ***Paid in accordance with the agency's recruitment bonus plan.***
- ***Second level review required (unless agency plan allows exceptions, e.g., job fairs).***
- ***Subject to the aggregate pay limit (level I of Executive Schedule).***

# ***Relocation Bonuses***

***(5 U.S.C. 5753 and 5 CFR part 575, subpart B)***

- ***Lump-sum bonus for current employees who must relocate to accept a position in a different commuting area.***
- ***Position must be otherwise difficult to fill***
- ***Up to 25 percent of basic pay.***
- ***May be paid to GS, SES, SL/ST, and others.***

## ***Relocation Bonuses***

- ***Employee must fulfill a service agreement (of any length) with repayment penalties if agreement not fulfilled.***
- ***May be paid for temporary or permanent duty station changes.***
- ***Employee must establish a residence in the new commuting area prior to payment.***
- ***Subject to the aggregate pay limit (level I of the Executive Schedule).***

## ***Relocation Bonuses***

- ***Approved on a case-by-case basis. May be approved for groups of employees subject to a mobility agreement or in a major organizational unit that is being relocated. (Employee must have a fully successful rating.)***
- ***Second level review required.***
- ***Paid in accordance with the agency's relocation bonus plan.***

# ***Retention Allowances***

***(5 U.S.C. 5754 and 5 CFR part 575, subpart C)***

***Continuing payments (i.e., biweekly) to an employee--***

- ***with unusually high or unique qualifications***

***OR***

- ***when the agency has a special need for the employee's services that makes it essential to retain the employee,***

***IF***

- ***the employee would be likely to leave the Federal service in the absence of an allowance.***

## ***Retention Allowances***

- ***Up to 25 percent of basic pay.***
- ***May be paid to GS, SES, SL/ST, and others.***
- ***Employees must be likely to leave the Federal service (for any reason, including retirement).***
- ***May be paid to employees receiving a special salary rate.***
- ***Paid in accordance with the agency's retention allowance plan.***

## ***Retention Allowances***

- ***Must be reviewed and recertified annually.***
- ***Flexible—may be terminated if conditions no longer warrant payment.***
- ***Cannot be paid if employee is fulfilling a previously authorized recruitment or relocation bonus service agreement.***
- ***Subject to the aggregate pay limit (level I of the Executive Schedule).***

## ***Group Retention Allowances***

- ***Authorized by regulation in June 1998.***
- ***Allows agencies to authorize retention allowances for a group or category of employees.***
- ***Used to provide a retention incentive for Y2K employees.***
- ***May be applied to any group—not just IT.***

## ***Group Retention Allowances***

- ***Same criteria as individual retention allowances except--Agencies do not have to determine whether each individual employee in the group is likely to leave.***
- ***Must be reasonable for the agency to presume that there is a high risk that a significant number of employees in the defined group would be likely to leave the Federal service in the absence of an allowance.***

## ***Group Retention Allowances***

- ***Up to 10 percent of basic pay or up to 25 percent with OPM approval.***
- ***May not be used for SES, SL/ST, and similar “executive” employees.***
- ***A high risk that a significant number of employees in the group are likely to leave may be based on extreme labor market conditions, high private sector demand, significant pay disparities, etc.***

## ***Group Retention Allowances***

- ***Group should be narrowly defined.***
- ***All other regulatory conditions apply.***
- ***Agency retention allowance program may use combination of group and individual retention allowance authority.***
- ***Example—State Department IT employees.***

## ***3Rs—The Future***

### ***Regulatory Changes--***

- ***Coverage of FWS employees***
- ***Retention allowances for employees likely to leave for other Federal employment in certain limited situations.***

## ***3Rs—The Future***

### ***Under Consideration--***

- ***Flexible payment provisions.***
- ***Payments in excess of 25 percent in certain situations.***
- ***Other flexibilities.***

## ***For More Information:***

- ***OPM's web site at [www.opm.gov/oca](http://www.opm.gov/oca)***
  - ***Factsheets***
  - ***Frequently Asked Questions***
- ***OPM's Pay and Leave Admin. Div.***
  - ***(202) 606-2858***
  - ***payleave@opm.gov***