

Effective Compensation Alternatives:

Recruitment Bonuses

Relocation Bonuses

Retention Allowances

“The 3Rs”

Strategic Compensation Conference 2001

August 28, 2001

The 3Rs

- **What are they?**
- **To what extent are they being used?**
- **What changes might be made in the future?**

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, FWS, 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, FWS, 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, FWS, 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.**
- **May not be used for SES, SL/ST, and similar “executive” employees.**
- **Up to 10 percent of basic pay or up to 25 percent with OPM approval.**

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

- **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 should be narrowly defined.**

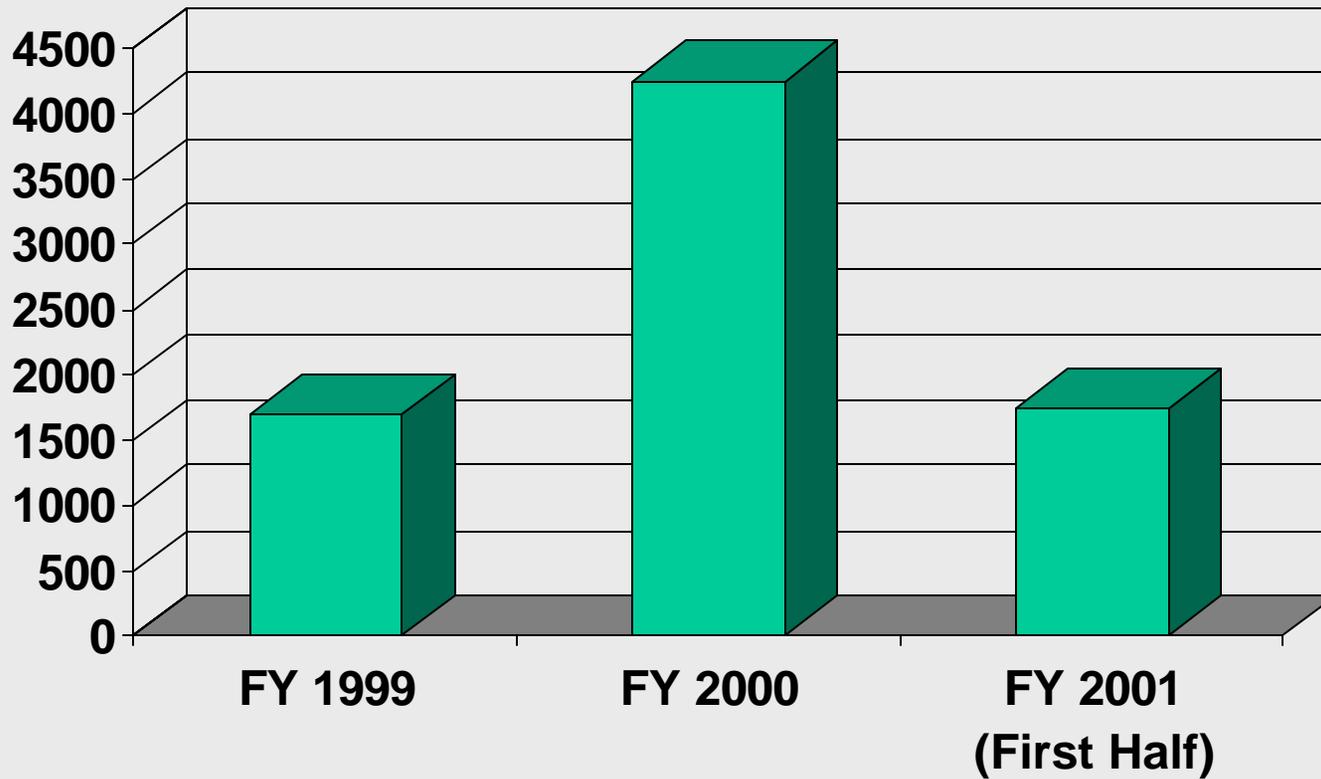
Group Retention Allowances

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

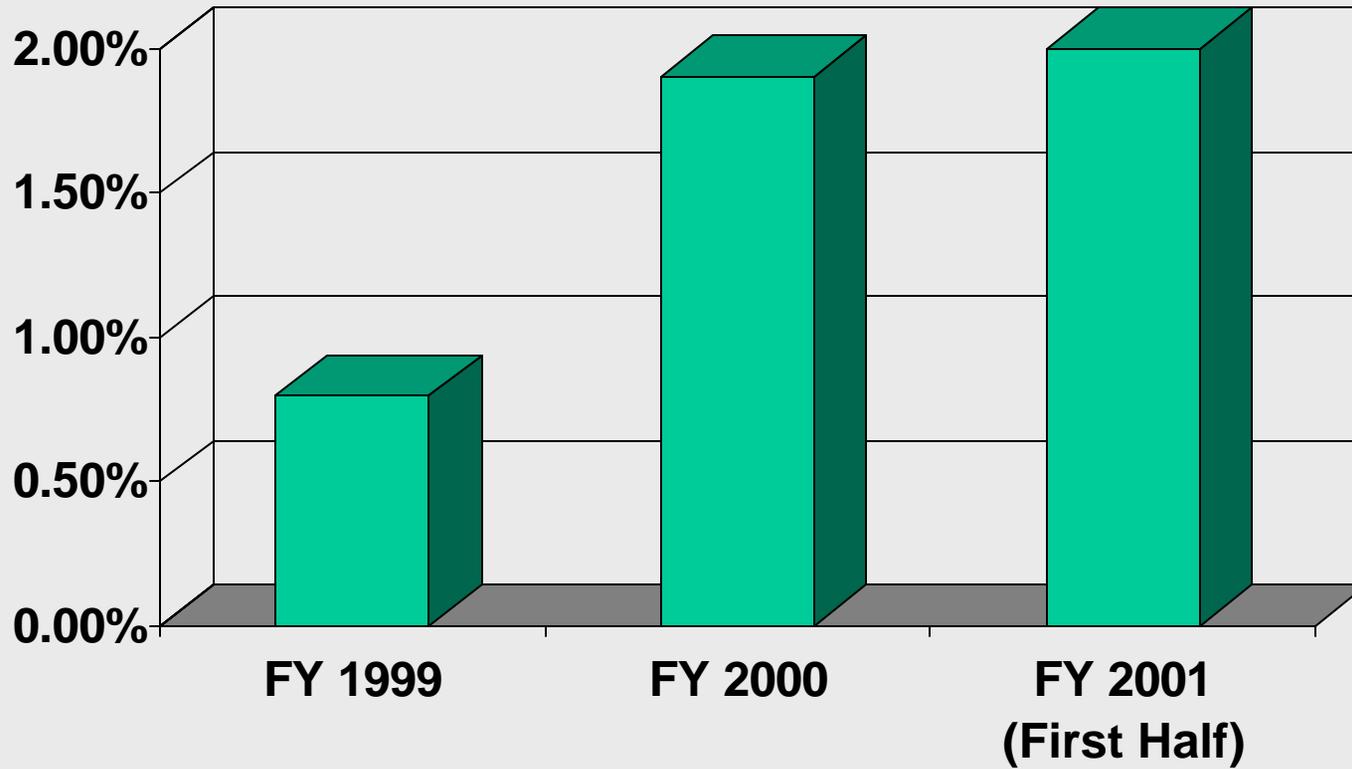
3 Rs Usage Data

- **FY 1999, FY 2000, and 1st half of FY 2001**
- **By type of payment, occupation, agency, grade**
- **Usage rates**
- **Average value**

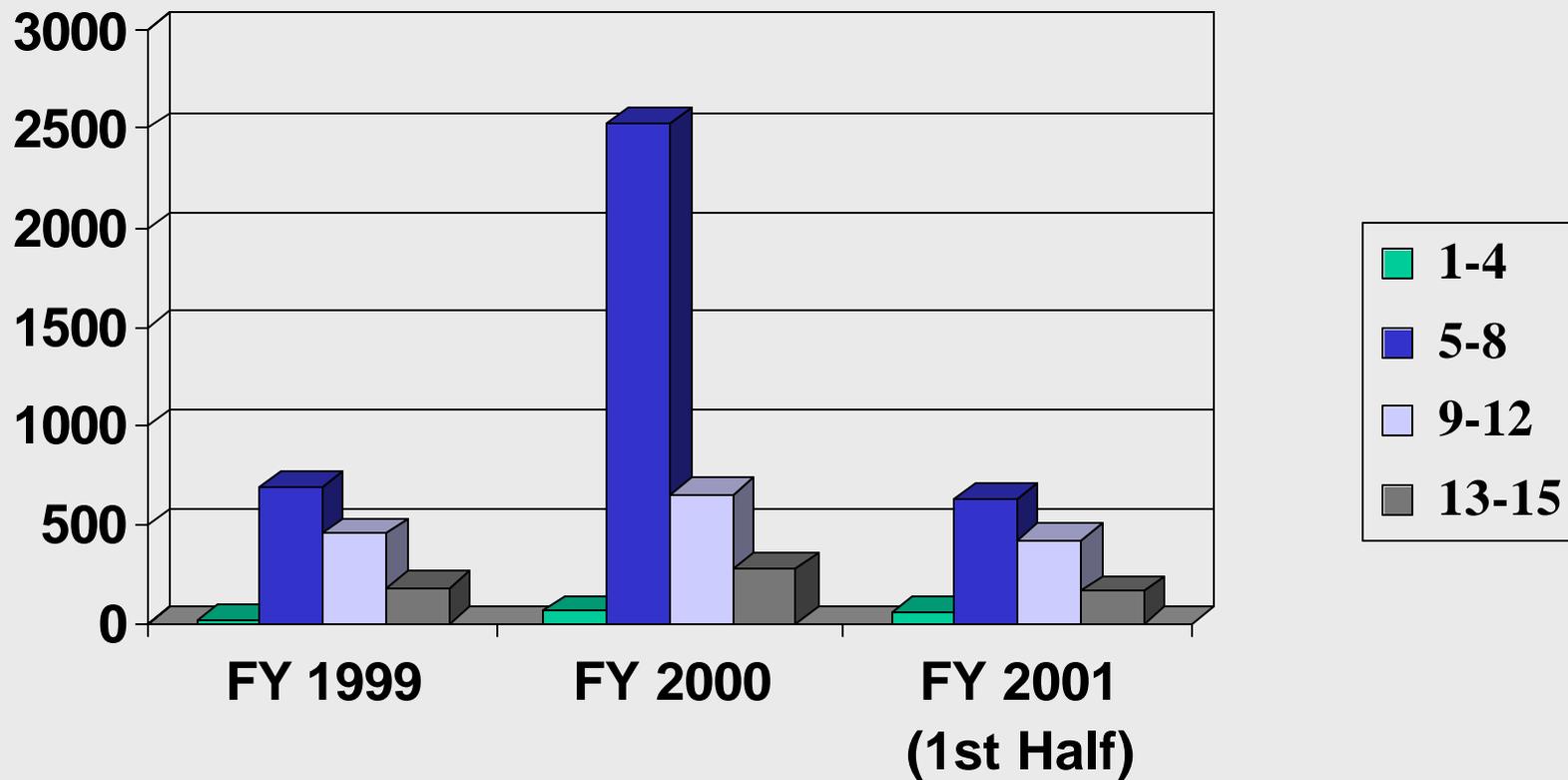
Recruitment Bonuses



Recruitment Bonus Usage Rates

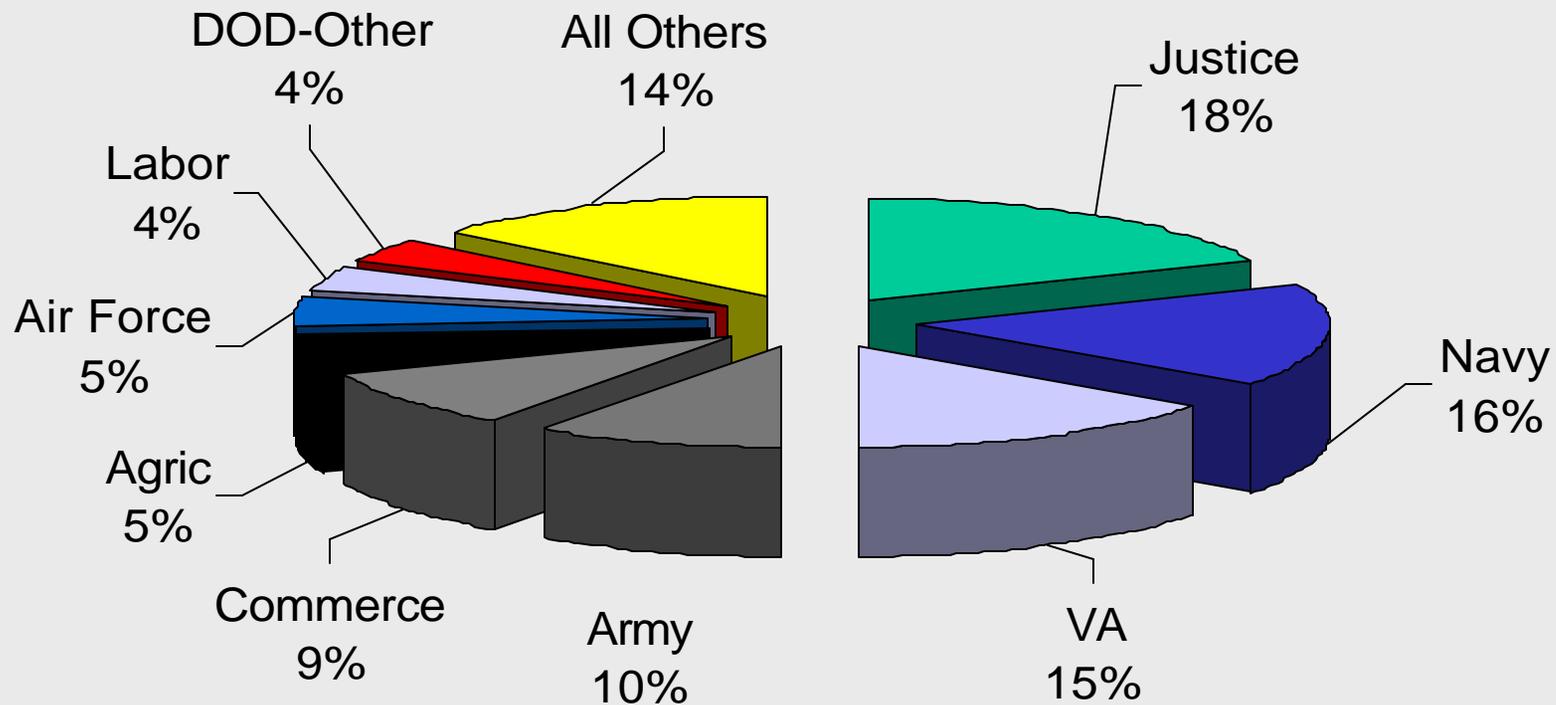


Recruitment Bonuses by GS Grade Groups



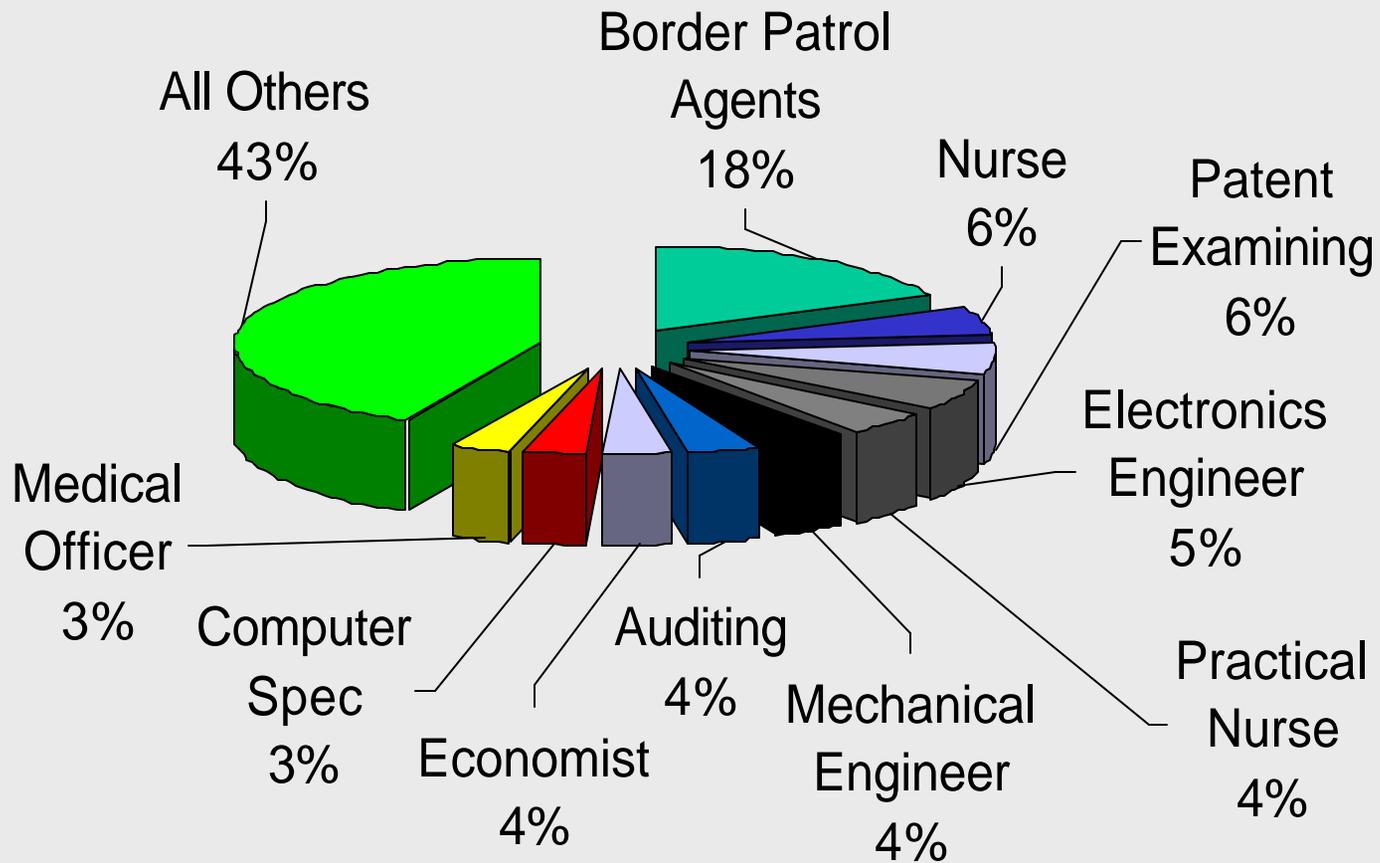
Agency Usage of Recruitment Bonuses

October 1998 - March 2001

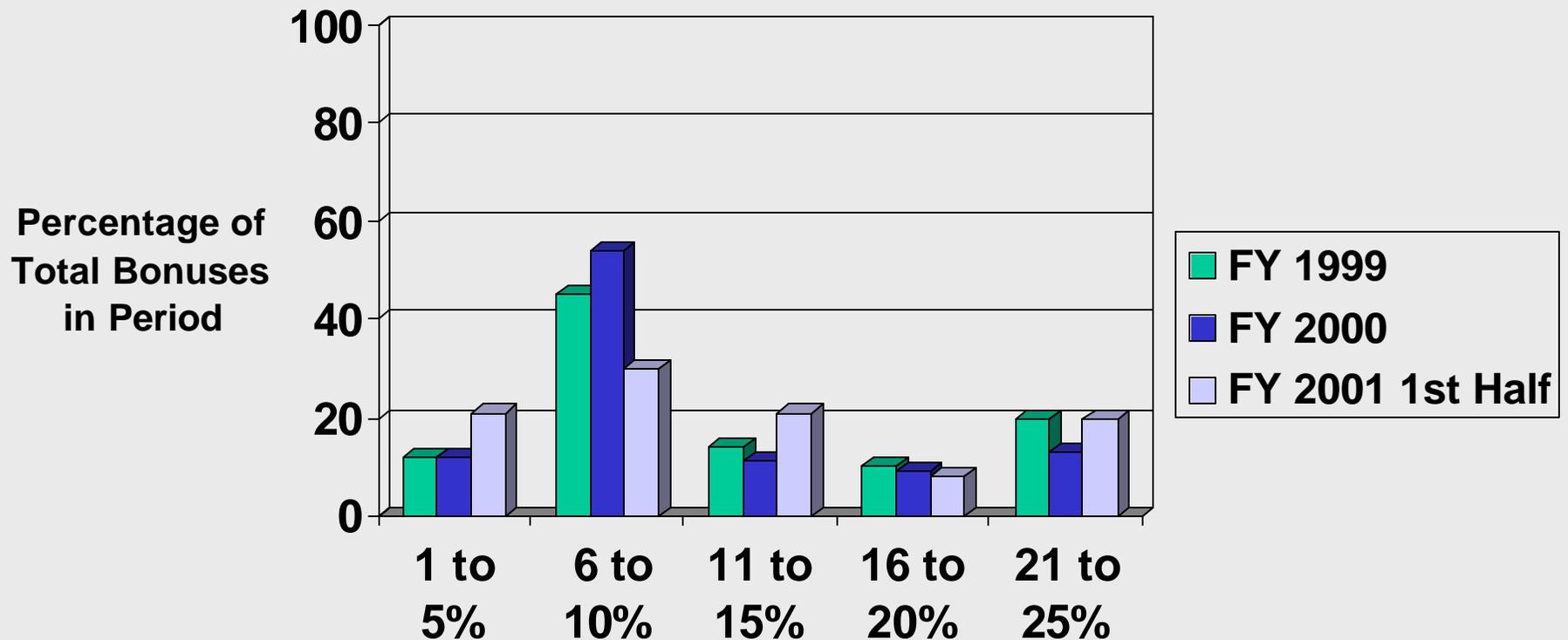


Recruitment Bonuses by Occupation

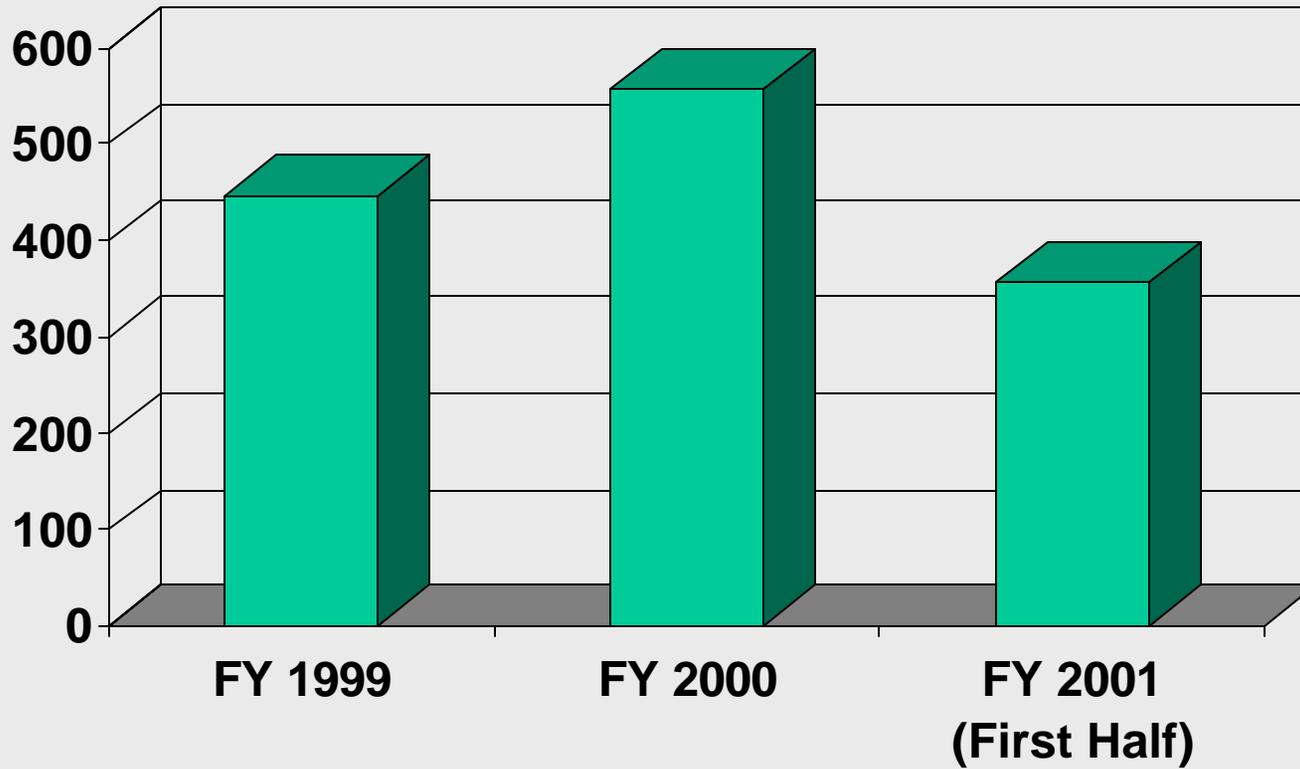
October 1998 - March 2001



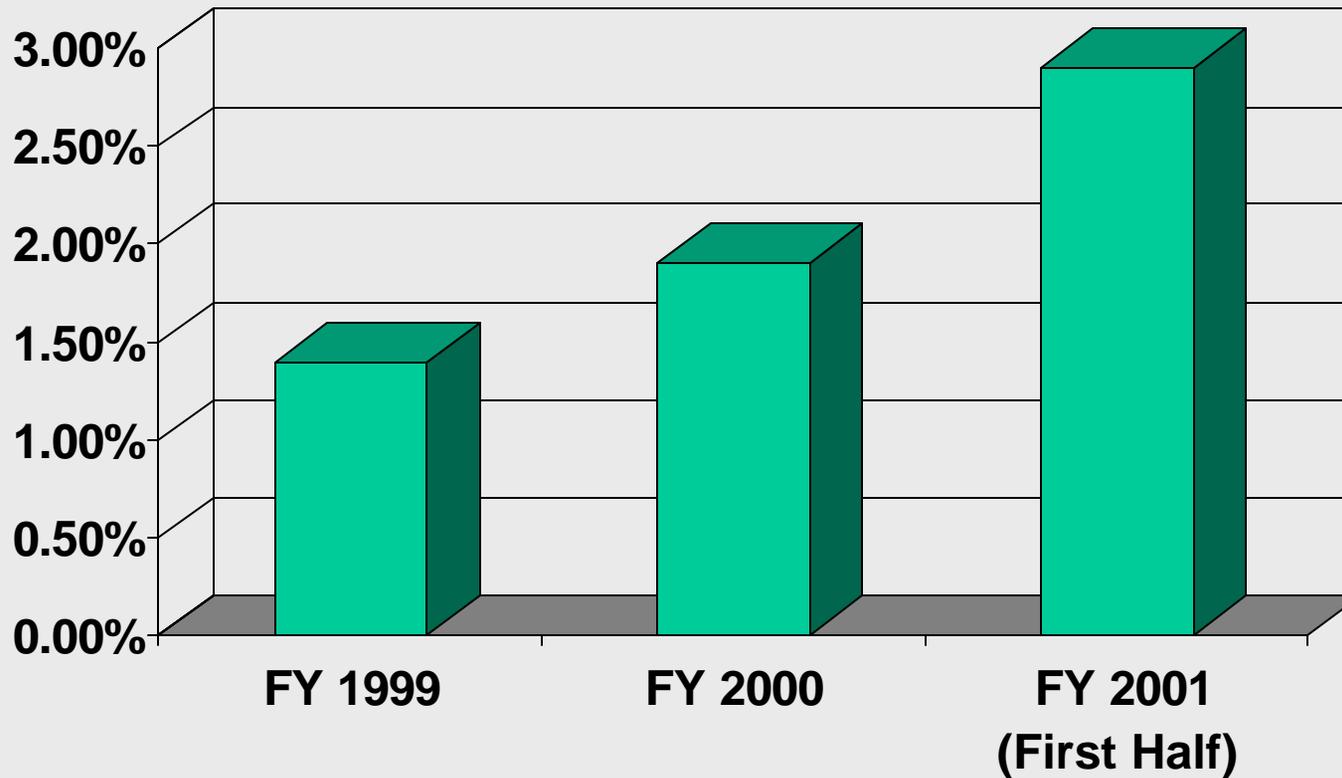
Recruitment Bonuses by Percentage of Basic Pay



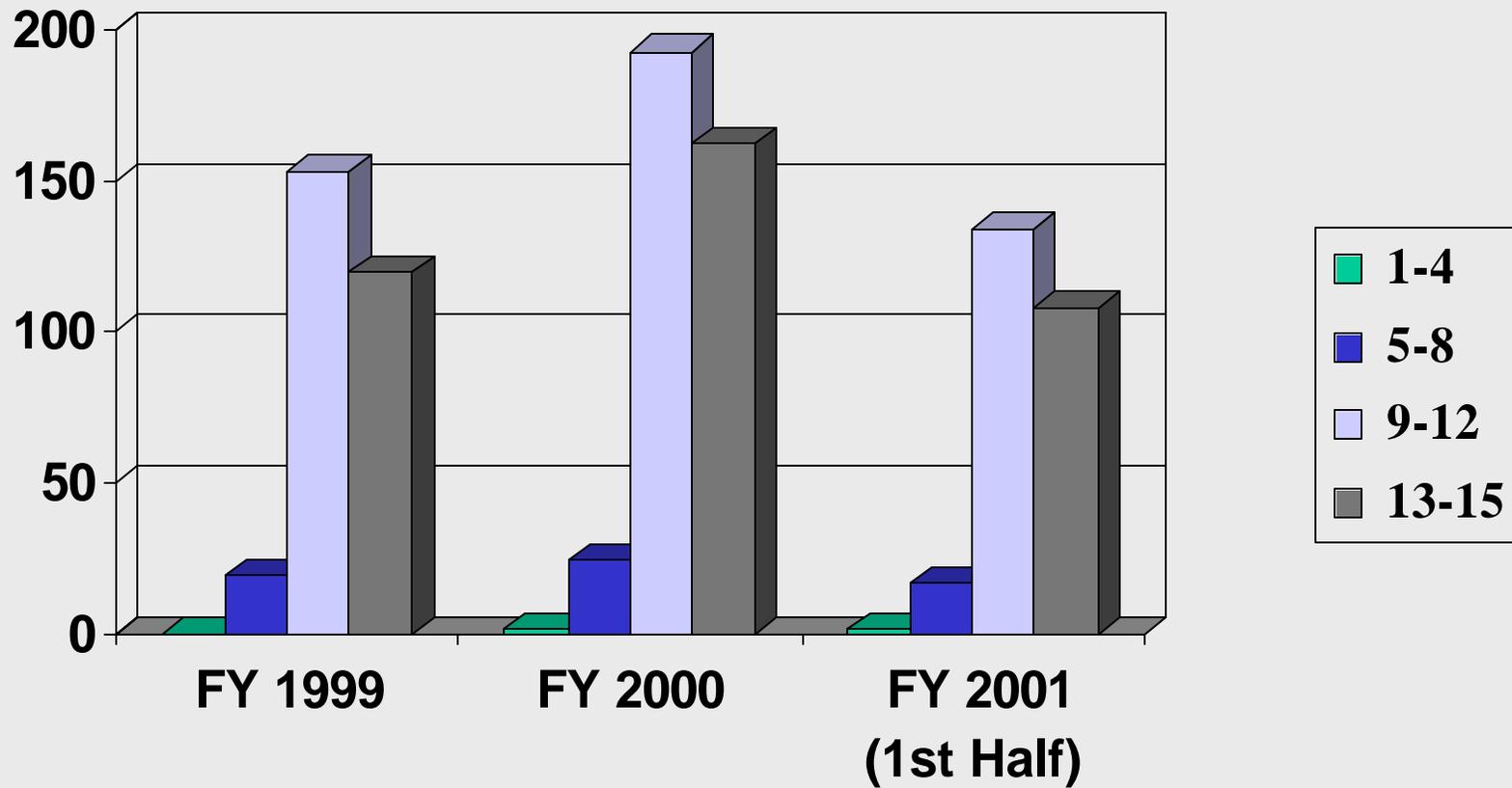
Relocation Bonuses



Relocation Bonus Usage Rates

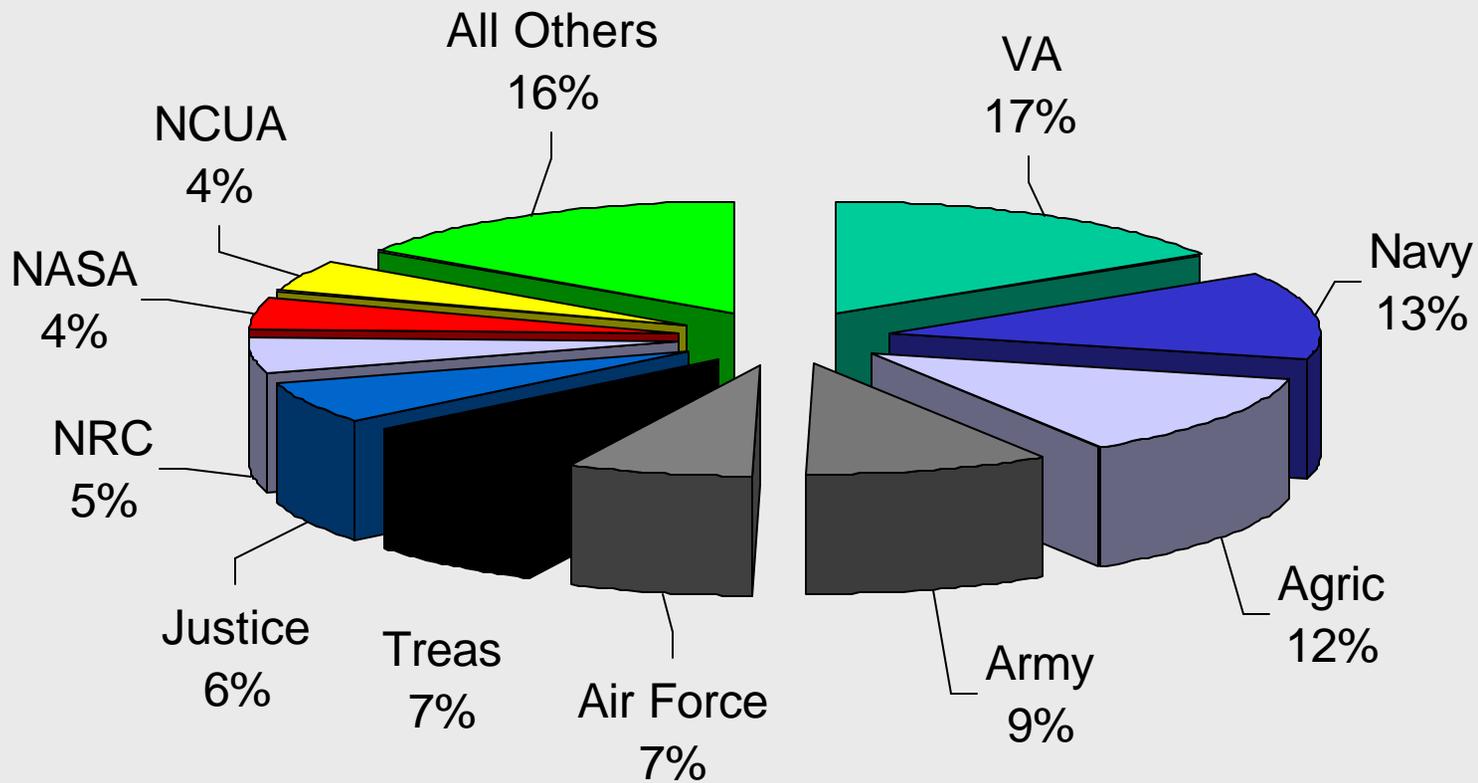


Relocation Bonuses by GS Grade Groups



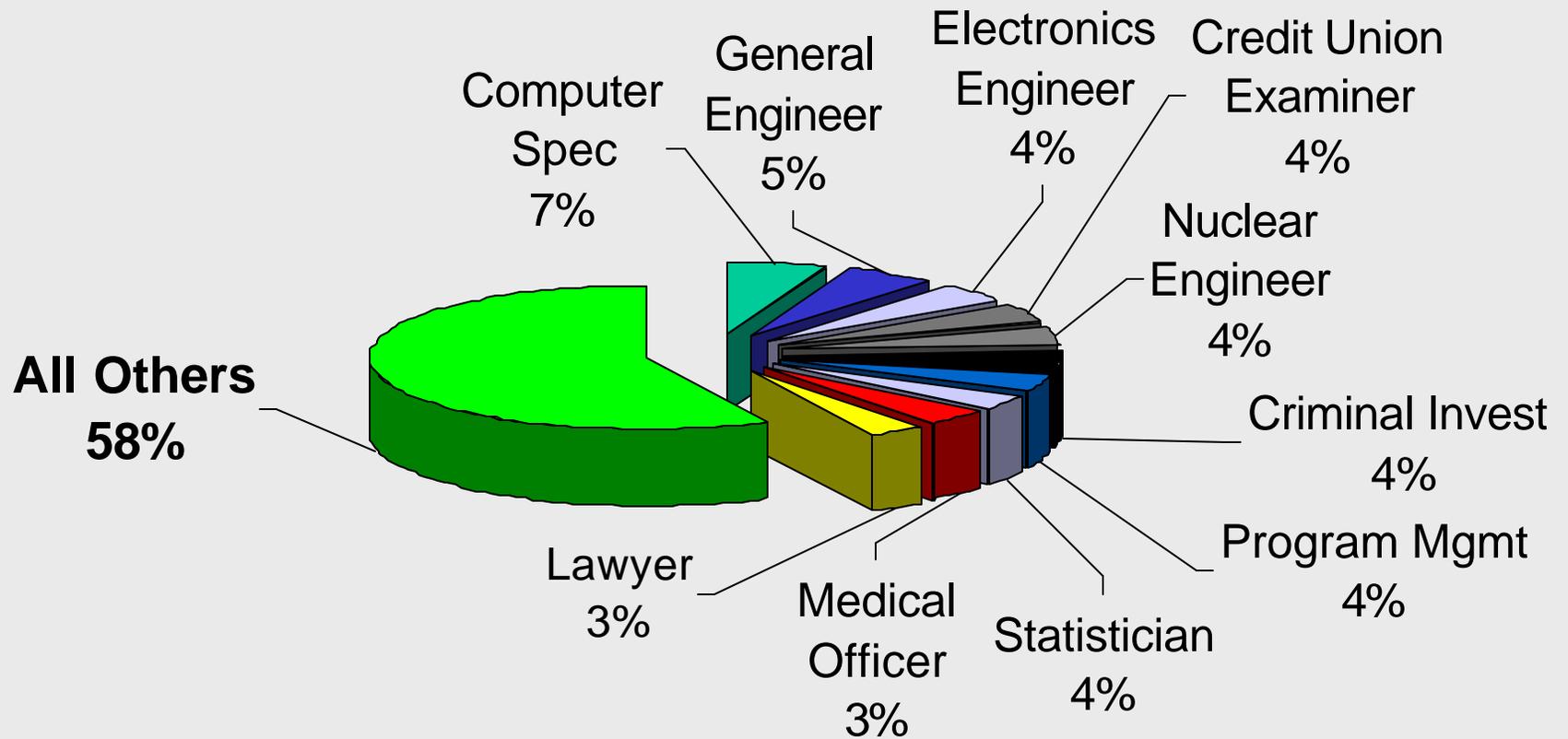
Agency Usage of Relocation Bonuses

October 1998 - March 2001

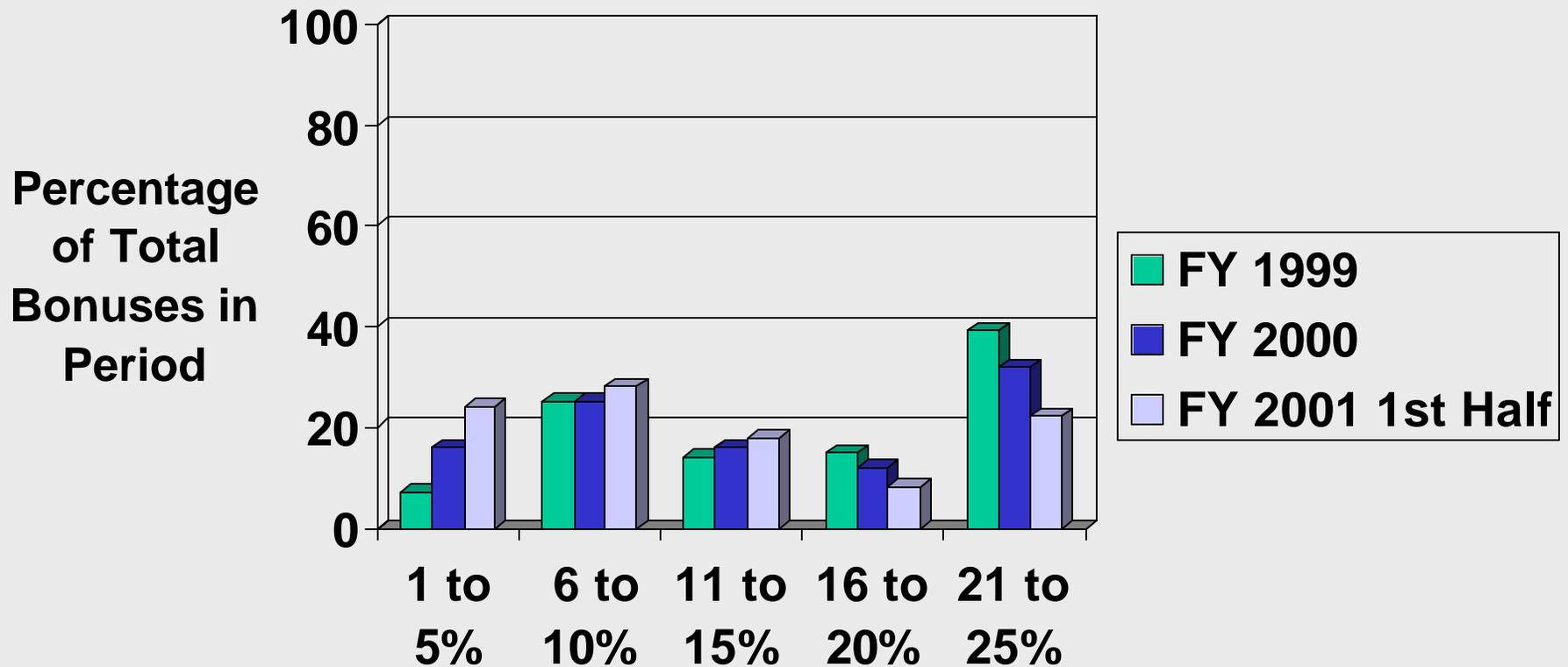


Relocation Bonuses by Occupation

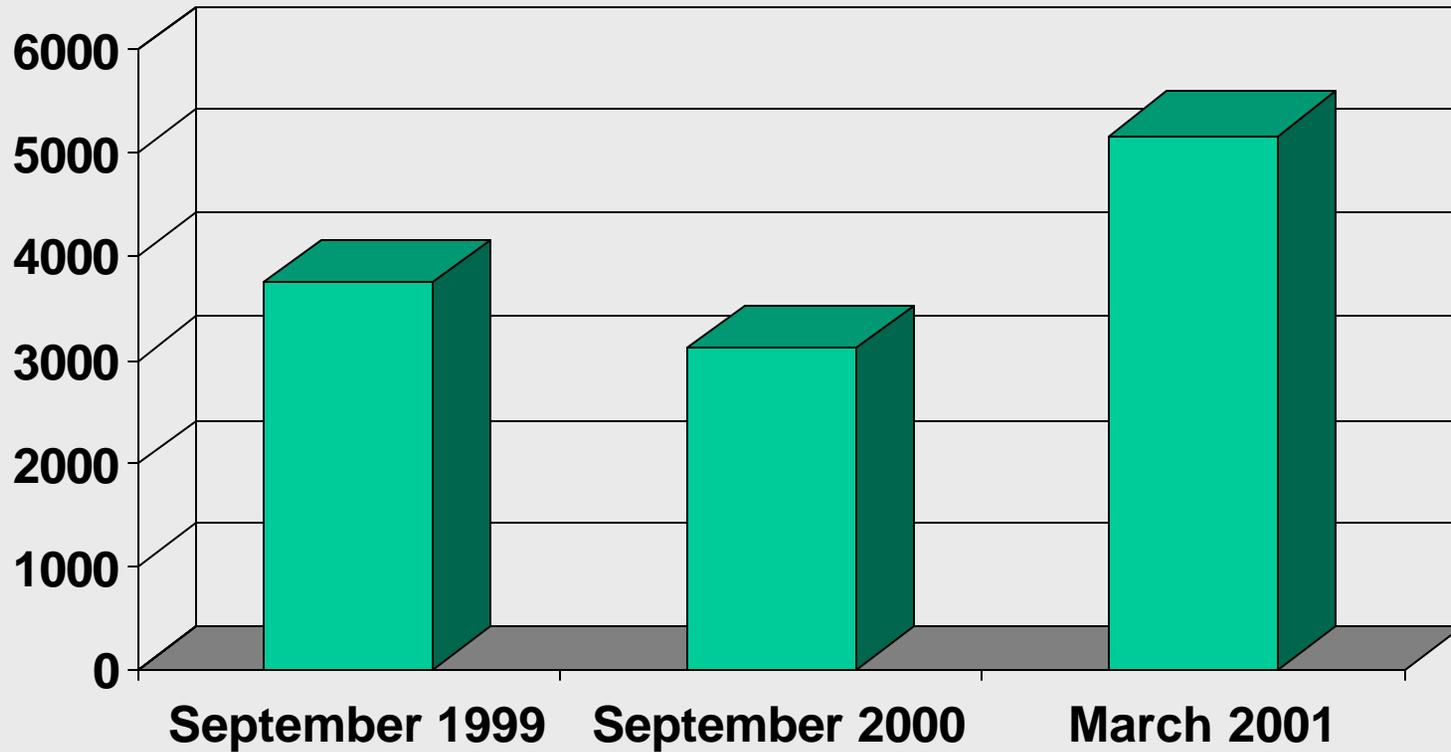
October 1998 - March 2001



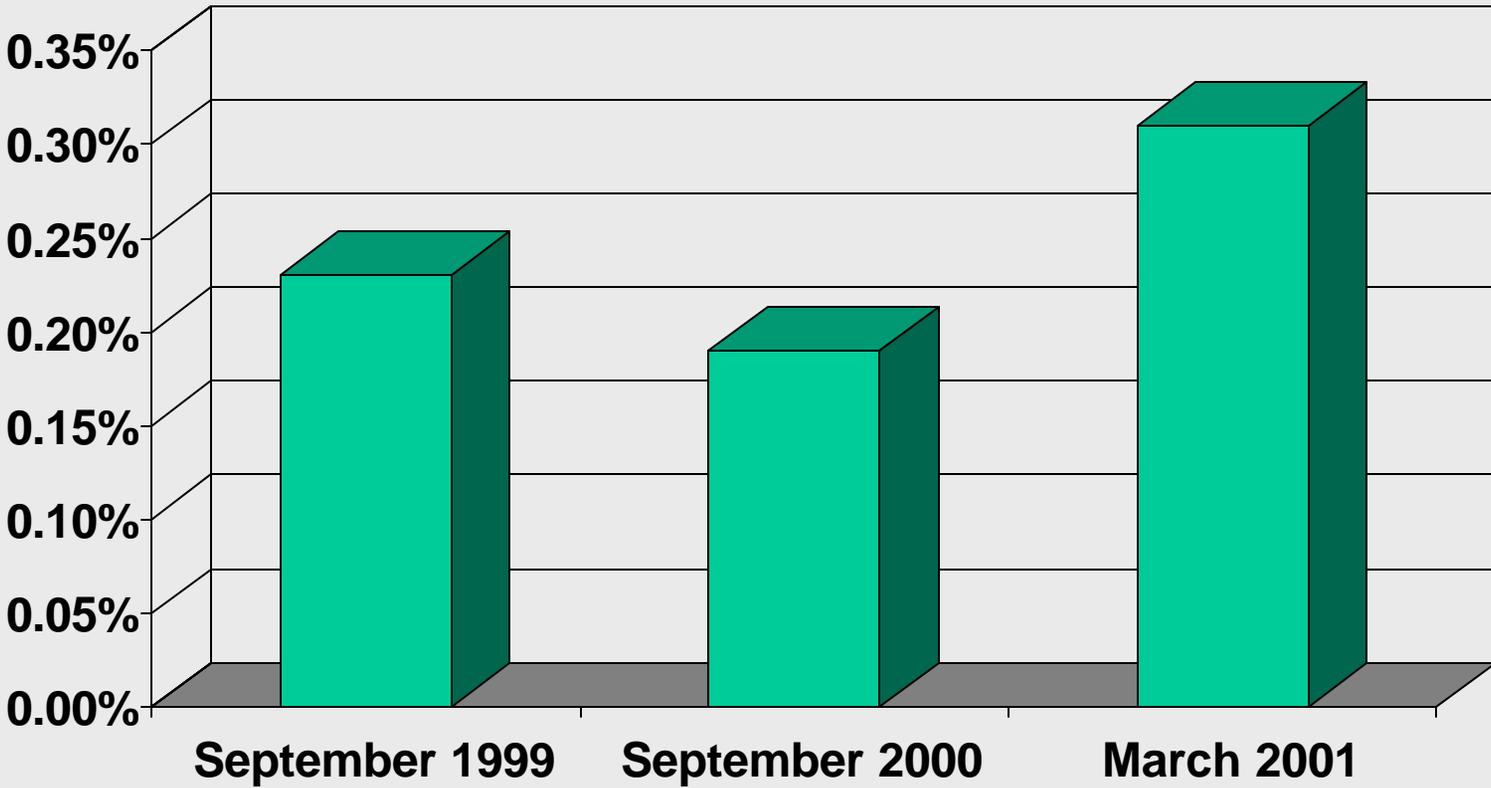
Relocation Bonuses by Percentage of Basic Pay



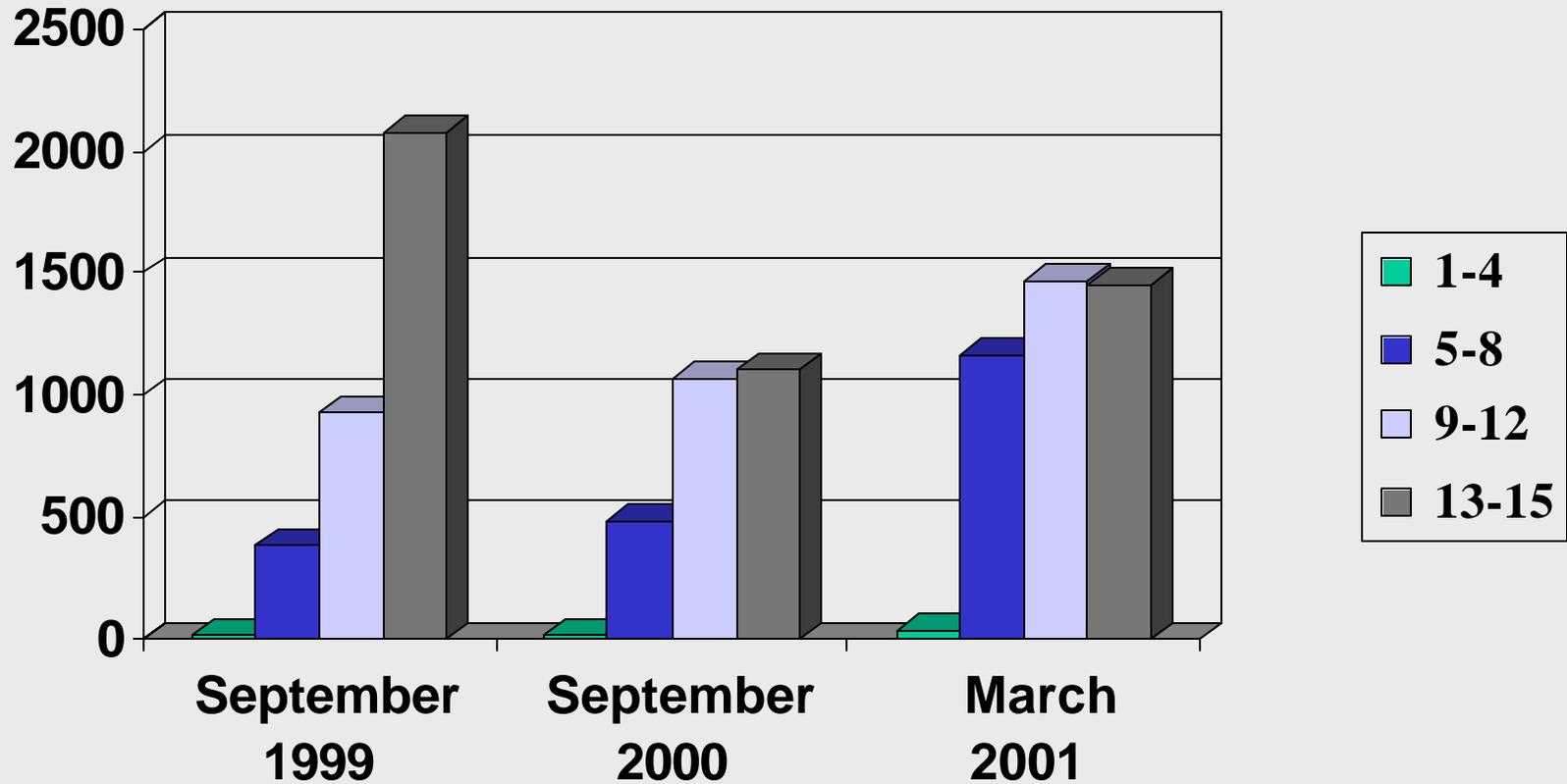
Retention Allowances



Retention Allowance Usage Rates

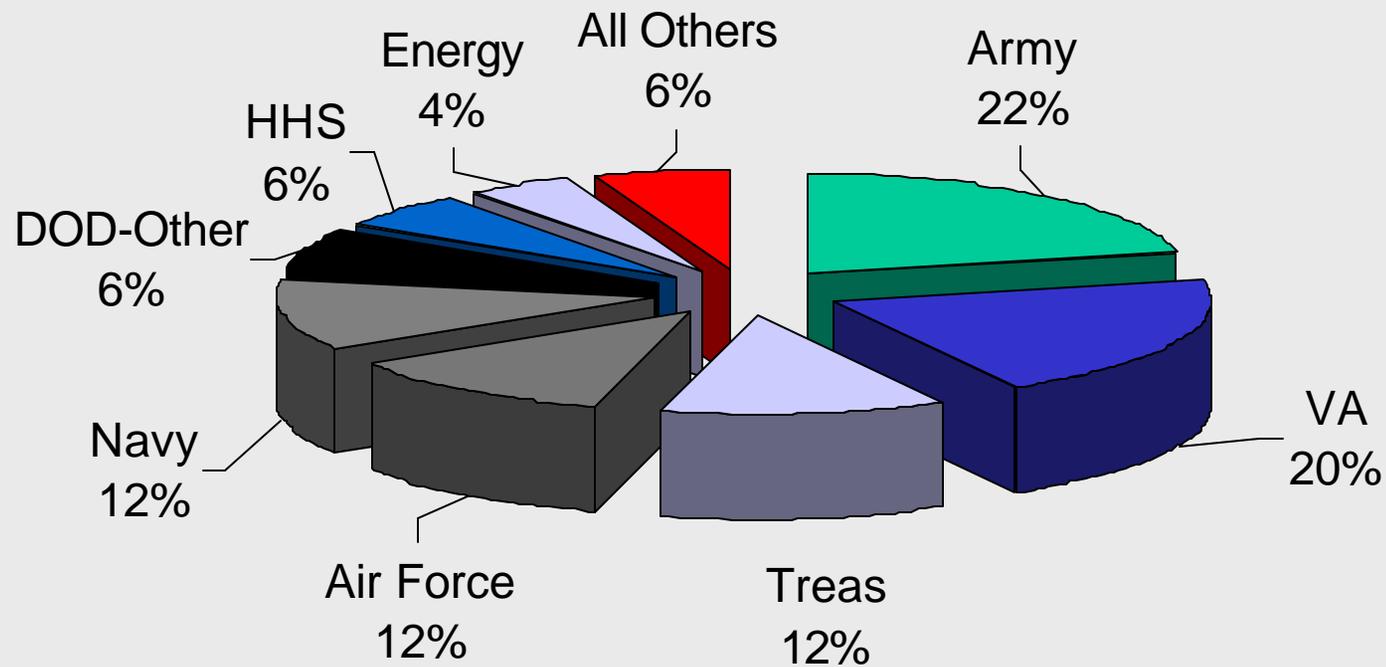


Retention Allowances by GS Grade Groups



Agency Usage of Retention Allowances

March 2001



Retention Allowances by Occupation

September 1999

Series	Number	Percent
Computer Specialist	1,437	38.4%
Aircraft Operation (Pilot)	647	17.3%
Medical Officer	201	5.4%
Nurse	161	4.3%
Financial Institution Exam.	133	3.6%
Pharmacist	114	3.0%
Physician's Assistant	102	2.7%
All Other Series	952	25.4%
Total All	3,747	100.0%

Retention Allowances by Occupation

September 2000

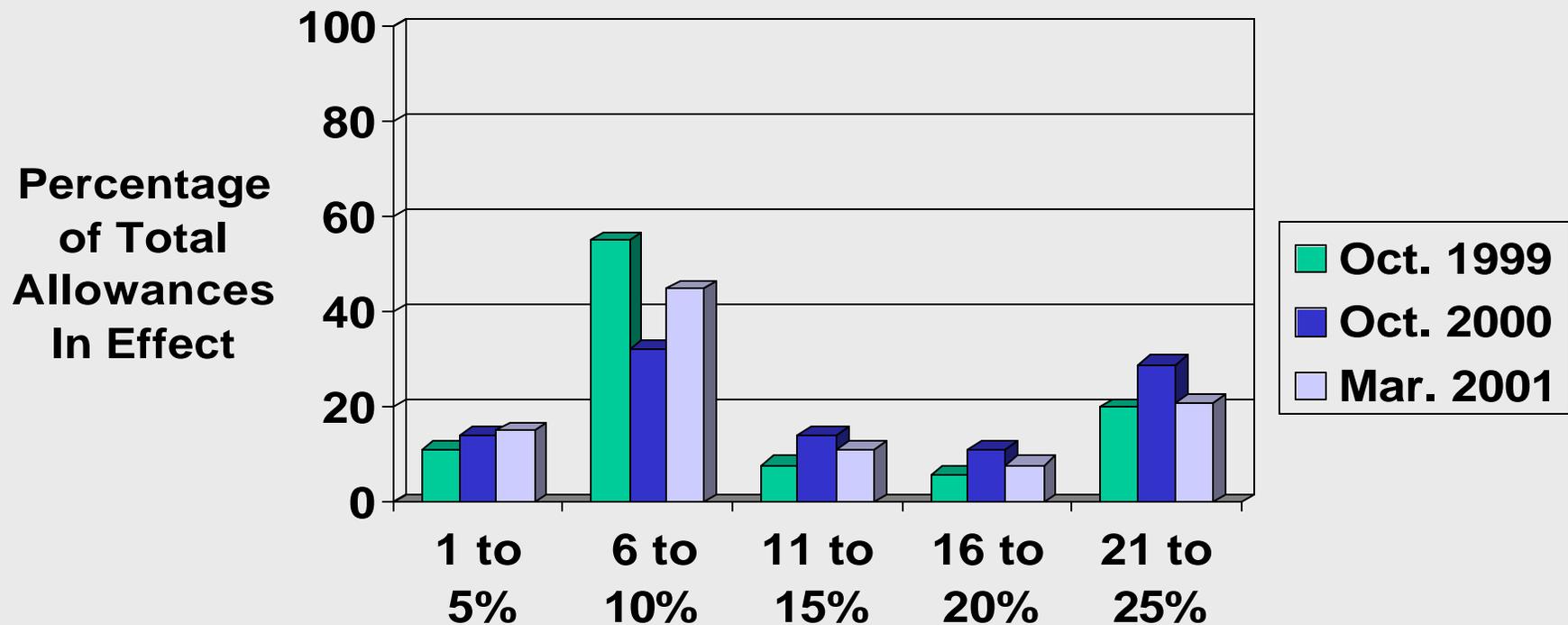
Series	Number	Percent
Aircraft Operation (Pilot)	455	14.6%
Computer Specialist	317	10.2%
Pharmacist	280	9.0%
Nurse	193	6.2%
Medical Officer	188	6.1%
Financial Institution Exam.	129	4.2%
Physician's Assistant	114	3.7%
Police	95	3.1%
Other Series	1,336	43.0%
Total All Series	3,107	100.0%

Retention Allowances by Occupation

March 2001

Series	Number	Percent
Aircraft Operation (Pilot)	436	8.4%
Police	413	8.0%
Nurse	406	7.9%
Computer Specialist	378	7.3%
Pharmacist	355	6.9%
Medical Officer	246	4.8%
Diagnostic Rad. Tech.	228	4.4%
Able Seaman-Maintenance	192	3.7%
Other Series	2,520	48.7%
Total All Series	5,174	100.0%

Retention Allowances by Percentage of Basic Pay



3Rs–The Future

Under consideration--

- **More flexibility in mode of payment.**
- **Delayed recruitment bonus.**
- **Payments in excess of 25 percent in certain situations.**
- **Authority to allow 3Rs payments to be based on locality-adjusted rates.**

3Rs–The Future

Under consideration--

- **Retention allowances for employees likely to leave for another Federal position under certain conditions.**
- **Recruitment bonuses for current employees under certain conditions.**

For More Information:

- **OPM's web site at www.opm.gov/oca**
 - **Factsheets**
 - **Frequently Asked Questions**
- **OPM's Pay and Leave Administration Division**
 - **(202) 606-2858**
 - **payleave@opm.gov**