

**U.S. NUCLEAR REGULATORY COMMISSION MANAGEMENT DIRECTIVE (MD)**

<b>MD 10.51</b>	<b>RECRUITMENT, RELOCATION, AND RETENTION INCENTIVES</b>	<b>DT-17-201</b>
<i>Volume 10,</i>	Personnel Management	
<i>Part 2:</i>	Position Evaluation and Management, Pay Administration, and Leave	
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<i>Issuing Office:</i>	Office of Human Resources Human Resources Policy and Programs Team	
<i>Contact Name:</i>	Nancy Johns 301-492-2235	Servicing Human Resources Specialist (names and phone numbers are listed <a href="#">here</a> )
<b>EXECUTIVE SUMMARY</b>		
<p>Directive and Handbook 10.51 provide staff with criteria and guidance for requesting and implementing recruitment incentives, relocation incentives, and retention incentives. Recruitment, relocation, and retention incentives are monetary tools that may be used to help attract and retain employees when the agency would otherwise likely find it difficult to obtain suitable candidates or retain employees with critical skills.</p> <p>Among other changes, this directive and handbook reflect the possibility of larger recruitment and relocation incentives, expand the guidance on service periods, and reflect more varied options for paying incentives.</p> <p>This directive combines and updates previous guidance found in Management Directive (MD) 10.44, "Relocation Bonus Program"; MD 10.47, "Retention Allowance Program"; and MD 10.48, "Recruitment Bonus Program." Therefore, these MDs are eliminated.</p>		

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## I. POLICY

It is the policy of the U.S. Nuclear Regulatory Commission (NRC) to use recruitment, relocation, or retention incentives when needed. NRC uses:

- Recruitment incentives to encourage applicants to accept NRC positions if it is determined that, in the absence of such an incentive, it is likely to be difficult to fill the position with a suitable candidate.
- Relocation incentives to ensure that economic disincentives associated with relocation are not a barrier to the staffing of agency positions if it is determined that, in the absence of such an incentive, it is likely to be difficult to fill the position with a suitable candidate.
- Retention incentives to retain employees who are highly or uniquely qualified or who fulfill special agency needs if it is determined that the employee is likely to leave Federal service and, as a result, the agency's ability to carry out an essential activity or function would be adversely affected.

## **II. OBJECTIVES**

- Implement the recruitment, relocation, and retention incentive provisions of the Federal Employees Pay Comparability Act (FEPCA) of 1990, the Federal Workforce Flexibility Act of 2004, and the applicable implementing regulations from the Office of Personnel Management.
- Ensure agencywide equity in the application of criteria to NRC employees.
- Encourage and promote employment of non-Federal applicants with NRC by offering recruitment incentives when competition and other recruitment factors may serve as barriers to hiring suitable candidates.
- Encourage and promote mobility of NRC or other Federal employees by offering relocation incentives when location or other factors may serve as disincentives to suitable candidates.
- Encourage and promote the retention of essential employees who are likely to leave the Federal service.

## **III. ORGANIZATIONAL RESPONSIBILITIES AND DELEGATIONS OF AUTHORITY**

### **A. Chairman**

Approves recruitment, relocation, and retention incentive recommendations; waivers of repayment; and management initiated terminations of service obligations for Commission staff members, any other individual reporting directly to the Chairman (e.g., the Executive Director for Operations (EDO), the Chief Financial Officer (CFO)), and employees of offices reporting to the Chairman or the Commission.

### **B. Commission**

Each Commissioner recommends payment of incentives, waivers of repayment, or management initiated terminations of service obligations for his or her immediate, eligible staff members.

### **C. Inspector General (IG)**

1. Approves incentive recommendations, waivers of repayment, and management initiated terminations of service obligations for employees of the Office of the Inspector General (OIG).
2. Appoints members of the OIG FEPCA Senior Management Review Panel (Panel).
3. Approves recommendations for exceptions to case-by-case approvals for groups of OIG employees.

**D. Executive Director for Operations (EDO)**

1. Approves incentive recommendations, waivers of repayment, and management initiated terminations of service obligations for employees of the EDO's staff and offices.
2. In consultation with the Chairman, appoints the members of the FEPCA Panel. The Panel will include a representative of the Office of the Chief Financial Officer (OCFO).
3. Approves recommendations for exceptions to case-by-case approvals for groups of Commission-level and EDO staff office employees.
4. Approves exceptions to program provisions not required by regulation.

**E. Chief Financial Officer (CFO)**

1. Develops and implements payroll and accounting procedures governing payment of incentives, reduction or termination of retention incentives, and recovery of debts incurred.
2. In cooperation with the EDO and Office of Human Resources (HR), develops budget estimates for incentive programs.
3. Reviews all requests for waivers of repayment of debts incurred.
4. Certifies the availability of funds before incentives are paid.

**F. Federal Employees Pay Comparability Act (FEPCA) Senior Management Review Panel (Panel)**

1. Identifies and establishes any specialized criteria on the basis of recruitment, relocation, or retention difficulties or other considerations in addition to the basic criteria described in Handbook 10.51.
2. Reviews recommendations for recruitment, relocation, and retention incentives, or termination of a service obligation to—
  - (a) Ensure that they meet appropriate criteria.
  - (b) Provide agencywide equity in amounts.
  - (c) Recommend payment and the amount of the payment to the approving official.
3. Recommends to the EDO exceptions to case-by-case approvals for groups of employees.
4. The OIG FEPCA Panel performs the functions noted above for employees of the OIG.

5. The Atomic Safety and Licensing Board (ASLB) Incentive Review Panel

- (a) Reviews recommendations for incentives or termination of a service obligation for ASLB recruitment and relocation incentives to ensure that they meet appropriate criteria.
- (b) Recommends payment and the amount of the payment for ASLB recruitment and relocation incentives to the Chairman.
- (c) Coordinates activities with the agency FEPCA Panel to ensure agencywide equity.

**G. Director, Office of Human Resources (HR)**

- 1. Develops, implements, interprets, and evaluates program parameters and guidance.
- 2. Advises office directors, regional administrators, and staff on the applicability, criteria, consequences, and alternatives of the incentives programs.
- 3. Provides technical assistance to the review panel and approving officials and technical review for individual cases to ensure regulatory and policy compliance.
- 4. Evaluates program success in achieving objectives and makes adjustments, as required.

**H. Office Directors and Regional Administrators**

- 1. Recommend payment of recruitment, relocation, and retention incentives for employees in their organizations.
- 2. Recommend reduction, increase, or termination of retention incentives in coordination with the Director, HR.
- 3. Recommend termination of service obligations based on management needs, when appropriate, for employees in their organizations.

**I. Supervisors and Managers**

- 1. Initiate requests for payment of incentives; reduction, increase, or termination of retention incentives; or termination of service obligations, when appropriate, for employees who report to them.
- 2. Monitor employee performance and compliance with terms of service obligations.

#### IV. APPLICABILITY

Employees may be considered for incentives as follows.

Incentive	Covered	Excluded
Recruitment Incentive	Newly appointed employees (see definition below)	Members of the Commission, Administrative Law Judges, and individuals under NRC Limited (Excepted) appointment by reason of the confidential, policy-making, policy-determining, or policy-advocating nature of the position
Relocation Incentive	An NRC or other Federal employee who relocates to an NRC duty station in a different geographic (commuting) area	
Retention Incentive	NRC employees	Members of the Commission; Administrative Law Judges; Administrative Judges; and individuals under NRC Limited (Excepted) appointment by reason of the confidential, policy-making, policy-determining, or policy-advocating nature of the position

#### V. DIRECTIVE HANDBOOK

Directive Handbook 10.51 provides the criteria and procedures for requesting application of the recruitment, relocation, and retention incentive pay authorities on a case-by-case basis, and for requesting exceptions to case-by-case approvals (i.e., group or “blanket” approvals).

#### VI. DEFINITIONS

##### A. Commuting Area

The geographic area that normally is considered one area for employment purposes. The commuting area includes any population center (or two or more neighboring ones) and the surrounding localities where people live and reasonably can be expected to travel back and forth daily to work.

##### B. Approving Official

1. The EDO approves—
  - (a) Recruitment, relocation, and retention incentives or termination of service obligations for employees of the EDO’s staff and offices.
  - (b) Any exception to case-by-case approval (that is, a group or “blanket” incentive).

2. The Chairman approves incentives and terminations of service obligations for Commission staff members, any individual reporting directly to the Chairman (e.g., the EDO, the CFO), and employees of offices reporting to the Chairman or the Commission.
3. An authorized agency official who is at least one level higher than the employee's supervisor must review and approve each determination to pay an incentive, unless there is no official at a higher level in the agency. When the supervisor is the highest level official in the agency (the Chairman), he or she may approve the incentive.
4. The IG approves incentives and terminations of service obligations for OIG employees.

### **C. Employee**

1. For purposes of a recruitment incentive: An individual serving under appointment to the NRC who is newly appointed (see below); or an individual not yet employed who has received a written offer to be newly appointed and signed a written service agreement in advance of payment of the recruitment incentive.
2. For purposes of a relocation incentive: An individual serving under appointment to the NRC or in the Federal service who is appointed without a break in service to a position in a different commuting area or whose duty station is changed permanently or temporarily to a different commuting area.
3. For purposes of a retention incentive: An individual serving under appointment to the NRC.

### **D. Newly Appointed Employee**

Individuals appointed to their first appointment, regardless of tenure, as an employee of the Federal Government; or an appointment as an employee of the Federal Government following a break in service of at least 90 days from the candidate's last employment with the Federal Government, other than—

1. Employment under the Student Educational Employment Program.
2. Employment as a law clerk trainee.
3. Employment while a student during school vacations under a short-term temporary NRC appointing authority.
4. Employment under a provisional appointment if the new appointment is permanent and immediately follows the provisional appointment.
5. Employment under a temporary appointment that is neither full-time nor the principal employment of the candidate.

### **E. Panel**

The FEPCA Panel, OIG FEPCA Panel for OIG employees, or ASLB Incentive Review Panel, as applicable for the incentive under review.

#### **F. Rate of Basic Pay**

The rate of pay fixed by law or administrative action for the position to which the employee is being appointed or relocated, or the position held for a retention incentive, before deductions and including any special rate or locality-based comparability payment, but excluding additional pay of any other kind.

#### **G. Requesting Official**

1. The Commissioner for his or her immediate staff members.
2. The Office Director or Regional Administrator for recruitment, relocation, and retention incentives; terminations of service obligations; or any exception to case-by-case approval (that is, a group or "blanket" incentive) for employees in their organizations.
3. The Deputy IG for OIG employees.

#### **H. Service Agreement**

A written agreement between an agency and an employee under which the employee agrees to a specified period of employment with the agency (or successor agency in the event of a transfer of function):

1. For a minimum of 12 months in return for a recruitment incentive.
2. At the new duty station to which he or she is relocated in return for payment of a relocation incentive.
3. In return for payment of a retention incentive, unless the incentive is paid entirely in biweekly installments. There may be additional requirements, such as remaining in the same kind of position.

### **VII. REFERENCES**

#### ***Code of Federal Regulations***

5 CFR Part 550, Subpart K, "Collection by Offset From Indebted Government Employees."

5 CFR Part 575, Subpart A, "Recruitment Incentives," Subpart B, "Relocation Incentives," and Subpart C, "Retention Incentives."

#### ***Nuclear Regulatory Commission Documents***

NRC procedural guidelines available at <http://www.internal.nrc.gov/HR/incentive-programs.html>.

#### ***United States Code***

Atomic Energy Act of 1954, as amended (42 U.S.C. 2011 et seq.).

Energy Reorganization Act of 1974, as amended (42 U.S.C. 5801 et seq.).

Federal Employees Pay Comparability Act of 1990 (5 U.S.C. 5301).



Federal Workforce Flexibility Act of 2004.

Inspector General Act of 1978, as amended (5 U.S.C. App. 3 et seq.).

"Installment Deduction for Indebtedness to the United States" (5 U.S.C. 5514).

"Recruitment and Relocation Bonuses" (5 U.S.C. 5753).

"Retention Bonuses" (5 U.S.C. 5754).

U.S. NUCLEAR REGULATORY COMMISSION DIRECTIVE HANDBOOK (DH)

**DH 10.51 RECRUITMENT, RELOCATION, AND RETENTION INCENTIVES DT-17-201**

*Volume 10,* Personnel Management  
*Part 2:* Position Evaluation and Management, Pay Administration, and Leave

*Approved By:* R. William Borchardt  
Executive Director for Operations

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*Issuing Office:* Office of Human Resources  
Human Resources Policy and Programs Team

*Contact Name:* Nancy Johns                      Servicing Human Resources Specialist  
301-492-2235                                      (names and phone numbers are listed [here](#))

**EXECUTIVE SUMMARY**

Directive and Handbook 10.51 provide staff with criteria and guidance for requesting and implementing recruitment incentives, relocation incentives, and retention incentives. Recruitment, relocation, and retention incentives are monetary tools that may be used to help attract and retain employees when the agency would otherwise likely find it difficult to obtain suitable candidates or retain employees with critical skills.

Among other changes, this directive and handbook reflect the possibility of larger recruitment and relocation incentives, expand the guidance on service periods, and reflect more varied options for paying incentives.

This directive combines and updates previous guidance found in Management Directive (MD) 10.44, "Relocation Bonus Program"; MD 10.47, "Retention Allowance Program"; and MD 10.48, "Recruitment Bonus Program." Therefore, these MDs are eliminated.

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## **I. PURPOSE OF AND CRITERIA FOR THE RECRUITMENT INCENTIVE PROGRAM**

### **A. Purpose of the Pay Authority Within the Nuclear Regulatory Commission (NRC)**

The purpose of the Recruitment Incentive Program is to authorize incentives for new appointees to the NRC, when and to the extent necessary, to avoid difficulty in filling the position with a suitable candidate. Judicious use of the pay authority has a direct, positive effect on the agency's ability to recruit a suitable workforce. Please see the definition of "newly appointed employee" in Section VI.D of this directive.

### **B. Criteria for the Initial Eligibility Determination**

1. There must be a written determination that without the incentive, NRC would find it difficult to hire a suitable candidate to fill the position in question. This determination must be made before the employee actually enters on duty in the position for which he or she was recruited.
2. The NRC also may target groups of positions that have been difficult to fill in the past or that may be difficult to fill in the future and make the required written determination to offer a recruitment incentive on a group basis.
3. To support the determination, consider the following criteria in the narrative, as applicable:

- (a) The success of recent efforts to recruit suitable candidates for similar positions, including indicators such as offer acceptance rates, the proportion of positions filled, and the length of time required to fill similar positions with suitable candidates;
- (b) Recent turnover in the same or similar positions;
- (c) Labor market factors and long-range planning elements that affect NRC's ability to recruit for similar positions; and
- (d) Any special qualifications needed.

**C. Criteria for Determining the Amount of the Incentive Payment**

1. A recruitment incentive may not exceed 50 percent of the employee's annual rate of basic pay in effect at the beginning of the service period. It shall not be considered part of an employee's rate of basic pay for any purpose. NRC may pay the incentive as a lump sum or in installments.
2. Consider the following in determining the specific amount of the incentive:
  - (a) The severity of the recruiting problem;
  - (b) The average pay being offered candidates who decline positions in the private sector in favor of Government employment;
  - (c) If being offered in conjunction with another authority, the minimum amount that will induce the candidate to accept the position yet will continue to ensure equity in payments for similar situations;
  - (d) The total amount of all continuing payments authorized without the incentive;
  - (e) The average pay for the occupation or specialty described in the most recent pay surveys;
  - (f) The criticality of the position to be filled and the effect on the NRC mission if it is not filled or if there is further delay in filling the position;
  - (g) The projected cost of a renewed recruitment effort if the candidate does not accept the position;
  - (h) The isolation, cost of living, and/or undesirability of the geographic area of the duty station;
  - (i) Average loss, if any, in home value in the area from which the individual is moving if such financial loss is a barrier to the individual's acceptance of the job; and
  - (j) Funds available to pay an incentive to the employee under current consideration and for any future incentives that may be needed.

3. In addition to the above criteria, the Federal Employee Pay Comparability Act (FEPCA) Senior Management Review Panel (Panel) may provide additional guidance for making recommendations or decisions for appropriate incentive amounts. Such guidance is typically included with procedural guidance on the Intranet. (See <http://www.internal.nrc.gov/HR/incentive-programs.html>.)

#### **D. Other Considerations**

1. When appropriate, prudent, and beneficial to NRC, a recruitment incentive may be used in combination with other pay provisions such as a special rate, above-minimum entry rate, student loan repayment, or a waiver of dual compensation limitations. Consider the practicality of using the incentive in combination with other pay provisions, such as a pay rate above the minimum entry rate, in terms of the consequent advantage to the NRC. A recruitment incentive will generally not be appropriate when the newly appointed employee has already received a scholarship or funding for education and is already under a service obligation to NRC.
2. Because many options could be applied to a specific situation, it is essential that the requester carefully review the criteria and panel guidelines in determining the most cost-effective amount to be paid that also will induce acceptance of the position by a suitable candidate. Managers should consider noting the possibility of an incentive in vacancy announcements. Candidates for employment should not be led to believe that they are entitled to a recruitment incentive.

#### **E. Exceptions to Case-by-Case Approval**

1. Upon recommendation by the FEPCA Panel, the Executive Director for Operations (EDO) may target for recruitment incentives those positions or groups of positions that have been difficult to fill with suitable candidates in the past or that are projected as difficult to fill with suitable candidates.
2. The panel recommends to the EDO those positions or groups of positions that should be given group or “blanket” approval for recruitment incentives. This recommendation includes the payment amount or range for these incentives.
3. Once the EDO has approved an exception to case-by-case approval, the office or region may, but is not required to, authorize offering the incentive to candidates selected for such positions.
4. Upon recommendation by the Office of the Inspector General (OIG) FEPCA Senior Management Review Panel (Panel), the Inspector General may target for recruitment incentives those positions or groups of positions that have been difficult to fill with suitable candidates in the past or that are projected as difficult to fill with suitable candidates, as well as the payment amount for these incentives.

**F. Advance Approval of Incentives**

1. When necessary to make a timely offer of employment, the appropriate panel may recommend and the approving official approve the establishment of approval criteria in advance for case-by-case situations for recruitment incentives. Provided that the criteria were met for the individual situation, this would authorize payment of the incentive in any amount within a preestablished range to any candidate without further review or approval.
2. The Director, Office of Human Resources (HR), advises office directors and regional administrators of any categories of positions for which the EDO has granted advance approval for recruitment incentives.

**G. Processing a Request for Payment of a Recruitment Incentive**

Section IV of this handbook describes the process for requesting and implementing incentives. Section V provides information about payments and repayments.

**H. Service Obligation**

Before a recruitment incentive may be paid, the NRC shall require that the employee sign a written service agreement to complete a specified period of employment (as indicated below) with the NRC (or the successor agency in the event of a transfer of function) at the new duty station.

**I. Service Obligation Agreement**

The length of the service agreement will depend upon the amount of the incentive as described below:

- |                          |   |                                |
|--------------------------|---|--------------------------------|
| 1. Up to 10 percent      | — | 12 months of continued service |
| 2. From 11 to 18 percent | — | 18 months of continued service |
| 3. From 19 to 25 percent | — | 24 months of continued service |
| 4. From 26 to 32 percent | — | 30 months of continued service |
| 5. From 33 to 38 percent | — | 36 months of continued service |
| 6. From 39 to 44 percent | — | 42 months of continued service |
| 7. From 45 to 50 percent | — | 48 months of continued service |

## **II. PURPOSE OF AND CRITERIA FOR THE RELOCATION INCENTIVE PROGRAM**

### **A. Purpose of the Pay Authority Within the Nuclear Regulatory Commission**

1. The purpose of the Relocation Incentive Program is to authorize incentives to employees who must relocate when and to the extent that a relocation incentive is deemed necessary to avoid difficulty in filling the position with a suitable candidate. NRC has the flexibility to adjust compensation packages offered to NRC or Federal employees relocating geographically. Judicious use of this pay authority positively affects the agency's ability to attract candidates from different geographic locations and effectively use its workforce.
2. In most cases, an employee must be relocating to a worksite 50 miles or more from the worksite of the position held immediately before the move. If the new worksite is less than 50 miles from the prior worksite, but the employee must relocate to accept the new position, the approving official may waive the 50 mile requirement.

### **B. Criteria for the Initial Eligibility Determination**

1. A determination must be made in writing that in the absence of the incentive, NRC would encounter difficulty in filling positions with suitable candidates. Each determination must be made before the employee actually begins service in the position to which he or she is relocated.
2. The agency may target groups of positions that have been difficult to fill in the past or that may be difficult to fill in the future. However, except as provided in Section E of this part, any determination to pay an incentive shall be made on a case-by-case basis for each employee.
3. To support this determination, the narrative must consider the following criteria, as applicable to the case at hand:
  - (a) The success of recent efforts to recruit suitable candidates for similar positions, including such indicators as offer acceptance rates, the proportion of positions filled, and the time required to fill similar positions;
  - (b) Recent turnover in the same or similar positions;
  - (c) Labor market factors that may affect the ability of the agency to recruit suitable candidates for similar positions now or in the future; and
  - (d) Any special qualifications needed, such as management's need for relocations because of specified succession planning objectives.



**C. Criteria for Determining the Amount of the Incentive Payment**

1. A relocation incentive may not exceed 50 percent of the employee's annual rate of basic pay in effect at the beginning of the service period. It shall not be considered part of an employee's rate of basic pay for any purpose. NRC may pay the incentive as a lump sum or in installments.
2. Consider the following, as applicable, in determining the specific amount of the incentive:
  - (a) The availability and quality of candidates and degree of severity of the recruiting problem or past turnover;
  - (b) Special or unique competencies required for the position and the specialized skills that the individual possesses that will benefit the Agency and that are in addition to the basic position requirements;
  - (c) The degree of criticality of the positions to be filled and the impact on the NRC mission if they are not filled or if there is further delay in filling the positions;
  - (d) The projected cost of a renewed recruitment effort if the candidate does not accept the position;
  - (e) The average pay for the occupation or specialty described in the most recent pay surveys;
  - (f) The isolation, cost of living, and/or undesirability of the geographic area of the duty station;
  - (g) Average loss, if any, in home value in the area from which the individual is moving if such financial loss is a barrier to the individual's acceptance of the job;
  - (h) The amount that will induce acceptance of the offer;
  - (i) The total amount of all continuing payments authorized without the bonus; and
  - (j) Equity in payments for similar situations, including consideration of any other authorities used in making the offer.
3. Funds available to pay an incentive to the employee under current consideration and for any future incentives that may be needed.
4. In addition to the above criteria, the FEPCA Panel may provide additional guidance for making recommendations and decisions on appropriate incentive amounts. Such guidance is typically included with procedural guidance on the Intranet. (See <http://www.internal.nrc.gov/HR/incentive-programs.html>.)

#### **D. Other Considerations**

1. When appropriate, prudent, and beneficial to NRC, a relocation incentive may be used in combination with other pay provisions such as a special rate, a previously approved retention incentive, student loan repayment, or a waiver of dual compensation limitations.
2. When determining which employee may receive a relocation incentive, the NRC may target groups of positions that have been difficult to fill in the past or that may be difficult to fill in the future. However, except as provided in Section E of this part, incentive determinations must be made on a case-by-case basis for each employee.
3. Although a relocation incentive could be paid to an employee who is receiving a retention incentive, a retention incentive cannot be authorized for an employee who is fulfilling a service agreement for a relocation incentive. However, as noted in Section V.C.5. below, NRC may unilaterally terminate a service agreement at any time based on management needs of the agency.
4. Although a relocation incentive and a recruitment incentive could not be paid concurrently, an employee could, although rarely, be paid a relocation incentive after previously having been paid a recruitment incentive. In this case, the terms of the service obligation agreement would be served concurrently, not consecutively.
5. The cost-effectiveness and the advantages or disadvantages of paying a relocation incentive in lieu of or in addition to providing relocation services should also be considered.
6. Because so many options could be applied to a specific situation, it is essential that the requester carefully review the criteria and panel guidelines in determining the most cost-effective amount to be paid that also will overcome the disincentives associated with various types of geographic relocations. Employees should not be led to believe that they are entitled to a relocation incentive when geographic relocation is required. Managers should consider noting the possibility of an incentive in vacancy announcements.

#### **E. Exceptions to Case-by-Case Approval**

1. With the prior approval of the EDO, office directors and regional administrators may, upon recommendation of the FEPCA Panel, authorize for a *specified time* the payment of a relocation incentive to any employee whose rating of record is at least fully successful without the requirement for case-by-case approval when either of the following apply:
  - (a) The employee is a member of a specified group of employees *subject to a mobility agreement*, and the EDO determines that relocation incentives are

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necessary to ensure the agency's ability to retain suitable employees subject to such an agreement; or

- (b) A major organizational unit within the office or region is relocated to a different commuting area and the EDO determines that relocation incentives are necessary for a specified group of employees to ensure continued operation of that unit without undue disruption of an activity or a function that is deemed essential to the NRC's mission and/or without undue disruption of service to the public.

#### **F. Processing a Request for Payment of a Relocation Incentive**

Section IV of this handbook describes the process for requesting and implementing incentives. Section V provides information about payments and repayments.

#### **G. Service Obligation**

1. Before a relocation incentive may be paid, the NRC shall require that the employee sign a written service agreement to complete a specified period of employment (as indicated below) with the NRC (or the successor agency in the event of a transfer of function) at the new duty station.
2. The service agreement may be shorter if there is a temporary change in duty station of less than 12 months, but the deviation must be justified in writing.

#### **H. Service Obligation Agreement**

The length of the service agreement will depend upon the amount of the incentive as described below:

- |                          |   |                                |
|--------------------------|---|--------------------------------|
| 1. Up to 10 percent      | — | 12 months of continued service |
| 2. From 11 to 18 percent | — | 18 months of continued service |
| 3. From 19 to 25 percent | — | 24 months of continued service |
| 4. From 26 to 32 percent | — | 30 months of continued service |
| 5. From 33 to 38 percent | — | 36 months of continued service |
| 6. From 39 to 44 percent | — | 42 months of continued service |
| 7. From 45 to 50 percent | — | 48 months of continued service |

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### **III. PURPOSE OF AND CRITERIA FOR THE RETENTION INCENTIVE PROGRAM**

#### **A. Purpose of the Pay Authority Within the Nuclear Regulatory Commission**

1. The purpose of the Retention Incentive Program is to authorize retention incentives for employees with essential skills or unique or unusual qualifications who are likely to leave the Federal service. Judicious use of the pay authority has a direct, positive effect on the agency's ability to retain highly qualified employees with unique or unusual qualifications or essential skills. This pay authority should be used only when the need for the employee's services make it essential to retain the employee.
2. The agency may pay a retention incentive to an eligible employee if the employee is likely to leave the Federal service for any reason.
3. The agency may pay a retention incentive to an employee likely to leave for a different position in the Federal service only when NRC has provided written notice to the employee that his or her position may or would be affected by the closure or relocation of the employee's office, facility, activity, or organization (e.g., the employee's position may or would move to a new geographic location or the employee's position may or would be eliminated).
4. An agency may not offer or authorize a retention incentive for an individual before employment with the agency.

#### **B. Criteria for the Initial Eligibility Determination**

1. There must be a written determination that it is essential to retain an employee who is highly or uniquely qualified or fulfills a special agency need that makes it necessary to retain the employee and that the employee would otherwise leave Federal service.
2. To support this determination, consider the following criteria in the narrative, as applicable:
  - (a) Provide evidence that the employee is likely to leave the Federal service.
  - (b) Describe the extent to which the employee's departure would affect the agency's ability to carry out an activity or perform a function deemed essential to the agency's mission.
  - (c) Describe recent efforts to recruit candidates and retain employees with qualifications similar to those possessed by the employees in similar positions.
  - (d) Specify the availability in the labor market of candidates who could perform the employee's full range of duties with minimal training or disruption of services to the public.

3. A retention incentive based on the narrow criteria for retaining an employee likely to leave for a different Federal position must fully describe the circumstances and how the incentive meets these criteria.
4. A retention incentive cannot be paid to an employee who is fulfilling a service agreement for previously approved relocation, recruitment, or retention incentive. However, after retention incentive payments have commenced, a relocation incentive may be paid without affecting the payment of a retention incentive.
5. Before initiating retention incentives, NRC generally expects employees to have worked long enough to have established a record of successful performance. An employee must be performing at least at the Fully Successful level or equivalent to be eligible to receive a retention incentive.
6. The agency has authority to pay retention incentives to a targeted group or category of employees when it is reasonable to presume that there is a high risk that a significant number of employees in the targeted group are likely to leave the Federal service. There must be a written determination that the category of employees has unusually high or unique qualifications, or the agency has a special need for the employees' services that makes it essential to retain the employees in that category. The authority to approve a pay retention incentive for a group or category does not apply to employees in the Senior Executive Service (SES) or Senior-Level System.

### **C. Criteria for Determining the Amount of the Incentive Payment**

1. The basis for each retention incentive paid shall be a written determination that the unusually high or unique qualifications of the employee or special need of the agency for the employee's services makes it essential to retain the employee and that, in the absence of such an incentive, the employee would be likely to leave the Federal service.
2. The incentive is calculated as a percentage of the employee's rate of basic pay.
  - (a) Retention incentives approved on a case-by-case basis may be set at any amount, not to exceed 25 percent of the employee's basic rate of pay.
  - (b) A retention incentive approved for a group of employees may not exceed 10 percent of the employee's basic rate of pay.
  - (c) Retention incentives may be paid as a biweekly allowance, in installments, as a lump sum at the conclusion of the service period, or as a combination of these options; however, a retention incentive may not be paid before fulfilling the service period for which the retention incentive is received.

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3. The agency may specify a targeted group or category of employees for which retention incentives may be authorized (such as employees in specific occupational series or disciplines and grade level(s)) and may pay a retention incentive of up to 10 percent of the employee's basic rate to individuals included in this targeted group.
  4. Consider the following in determining the specific amount of the incentive:
    - (a) The severity or criticality of the loss of the employee(s) to the NRC's mission;
    - (b) The reason that a lesser amount would not be sufficient to retain the employee;
    - (c) Equity with similar situations;
    - (d) The criticality of the project for which the employee's services must be retained;
    - (e) Available information about labor market rates paid to candidates with comparable experience and skills;
    - (f) The estimated time the retention incentive will be needed;
    - (g) Whether other payments or incentives could be used to retain the individual in lieu of or in addition to the retention incentive.
  5. In addition to the above criteria, the FEPCA Panel may provide additional guidance for making recommendations or decisions for appropriate incentive amounts. Such guidance is typically included with procedural guidance on the Intranet. (See <http://www.internal.nrc.gov/HR/incentive-programs.html>.)

#### **D. Periodic Review of Retention Incentives**

1. Retention incentives may continue to be paid as long as the conditions giving rise to the original determination exist.
2. If the retention incentive is approved for a specific time, the office or region must initiate a new request to continue the incentive beyond the approved time.
3. If the retention incentive is approved as a continuing allowance, it is subject to annual review to determine whether it is still warranted and whether any adjustment in the amount is warranted. The office director or the regional administrator advises HR by memorandum of the action being requested.
  - (a) Continuation of the allowance requires certification by the office director or the regional administrator that the original conditions warranting the allowance have not changed.
  - (b) Recommendations to increase, reduce, or terminate the allowance must include the specific reasons for the change.

- (c) A request to continue, increase, or reduce a retention incentive is subject to review by the Panel and the appropriate approving official.
4. In addition, the office or region should consider whether to continue, terminate, or reduce a retention incentive at any time that the employee receives a pay increase (such as a within grade increase or promotion) or changes positions.
  5. The approving official may reduce or terminate an incentive at any time when based on the management needs of the agency. For example, this may be appropriate because the agency determines that a lesser amount would be sufficient to retain the individual, labor market factors make recruitment of a candidate with similar qualifications more likely, NRC's need for the employee's service has been reduced, or budgetary considerations make it difficult to continue payment at the original level. When an incentive is terminated for such reasons, the employee retains any retention incentive payment attributable to completed service and receives any portion of a retention incentive payment owed by the agency for completed service.

#### **E. Processing a Request for Payment of a Retention Incentive**

Section IV of this handbook describes the process for requesting and implementing incentives. Section V provides information about payments and repayments.

#### **F. Service Obligation**

1. No service agreement is required if NRC pays the retention incentive entirely in biweekly installments.
2. If the incentive is to be paid partially or entirely through other-than-biweekly installments or as a lump sum, then the employee must sign a written agreement to complete a specified period of service with the agency before receiving the incentive. The obligation may be to serve in a particular position, organization, or occupation with NRC.

### **IV. PROCESSING A REQUEST FOR PAYMENT OF AN INCENTIVE**

#### **A. Requests**

The requesting official prepares a justification for the request, using a standard format available through HR at <http://www.internal.nrc.gov/HR/incentive-programs.html>, to address the criteria to be met in making an initial determination of eligibility and in determining the amount of the payment. The requesting official submits case-by-case requests or exceptions to case-by-case approval (that is, any request for a group or "blanket" incentive) to HR. While a request is being processed, the employee may defer accepting the new position or accept only tentatively.

### **B. Timing of Requests**

1. A decision to pay a recruitment incentive must be made before the employee enters on duty.
2. A decision to pay a relocation incentive must be made before the employee begins service at the new duty location.
3. NRC may not offer or authorize a retention incentive for an individual before employment with the agency.

### **C. Technical Review**

HR provides technical review of the request and technical advice and support to the Panel, when appropriate, and approving official.

### **D. Panel**

The appropriate Panel reviews the request and the amount requested in consideration of the criteria as well as principles of equity, and forwards its recommendation to the approving official for a final decision.

### **E. Approval/Disapproval**

The approving official reviews any recommendations of the panel and all other relevant documentation and makes a final decision. The approving official then forwards the decision to HR for implementation. Upon request from the employee, NRC will provide the reasons for a denial.

### **F. Implementing the Decision**

1. HR offers the incentive to the employee, obtains the Chief Financial Officer's (CFO) concurrence for funding, obtains a signed service agreement when applicable, and advises the employee of applicable repayment provisions. When an employee is offered an incentive, the employee should indicate his or her acceptance or refusal within 6 months of the offer.
2. When a service agreement is appropriate, the agreement specifies the length, beginning and ending dates of the service period; the amount of the incentive; the method and timing of incentive payments when applicable; the conditions under which NRC will terminate the agreement; any NRC and employee obligations if the agreement is terminated; and any other relevant terms or conditions of the incentive.
3. HR immediately notifies the CFO of any personnel action relating to the employee that would cause the employee to owe a debt as a result of failing to fulfill the terms of the service agreement.



4. Before a relocation incentive may be paid to an employee, the employee must establish a residence in the new commuting area. To receive a relocation incentive, an employee need not physically move his or her family, household goods, and so forth, from the "old" commuting area. However, the employee must establish a residence (e.g., rent an apartment) in the "new" commuting area.

## **V. PAYMENTS AND REPAYMENTS**

### **A. Limits on Pay**

Incentive payments are subject to the aggregate limit on pay in a calendar year. The aggregate limit is set at Executive Level I for most employees and at the Vice President's salary for members of the SES when the SES performance appraisal system is certified.

### **B. Type of Payment**

1. A recruitment incentive may be paid as a lump-sum payment at the beginning of the service period or before the employee enters on duty if the employee has already signed the service agreement. Alternatively, a recruitment incentive may be paid in installments or as a lump sum at the end of the service period.
2. A relocation incentive may be paid as a lump-sum payment after the employee has established a residence in the new commuting area. Alternatively, a relocation incentive may be paid in installments or as a lump sum at the end of the service period.
3. A retention incentive may be paid in installments each pay period, at specified intervals of multiple pay periods, or as a lump sum at the end of the service period. A retention incentive may not be paid as an initial lump sum or before the employee completes the service period on which the incentive is based.
4. The incentive is not part of the employee's rate of basic pay for any purpose.

### **C. Payment/Repayment Procedures**

1. The CFO determines procedures for the actual payment of the incentive.
2. An employee who fails to complete the period of employment established under a service agreement is indebted to the Federal Government and will repay the incentive on a pro rata basis, which is determined by providing credit for each full month of employment completed by the employee under the service agreement. The CFO determines these procedures.

3. The employee fails to complete the period of employment if he or she fails to meet the conditions of the agreement, including maintaining a performance rating of Fully Successful or better and completing the amount of service required. Involuntary separation or relocation of the employee directed by the NRC, in writing, or NRC's decision to terminate the service obligation based on management needs does not constitute such a failure.
4. Amounts will be recovered under NRC's rules for collection by offset from an indebted Government employee under 5 U.S.C. 5514 and Subpart K of 5 CFR Part 550.
5. NRC may unilaterally terminate a service agreement at any time based on management needs of the agency, in which case the employee is entitled to incentive payments attributable to completed service and to retain any incentive payments already received that are attributable to uncompleted service.

**D. Waiver of Right of Recovery**

1. The authorized official may waive a right of recovery in whole or in part if he or she determines that recovery would be against equity and good conscience or against the public interest.
2. An office director or a regional administrator may recommend this waiver and must submit substantive justification in support of the request. Any request for a waiver must receive concurrence from the Director of HR for sound personnel practices and by the CFO for sound fiscal management.

**E. Records**

The selection files, official personnel files, or other appropriate files will contain the documentation justifying payment.

**F. Oversight**

The Director of HR, or the OIG Personnel Officer for OIG, will conduct appropriate oversight and evaluation activities to ensure that the use of these pay authorities is in conformance with law and regulation.