



U.S. Department
of Transportation

**National Highway
Traffic Safety
Administration**

ORDER #: 355-5B

Date of Issuance: April 24, 2006

Subject: RECRUITMENT INCENTIVE

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Exhibits:

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1. PURPOSE. This Order establishes the National Highway Traffic Safety Administration's (NHTSA) plan for granting recruitment incentives under 5 USC 5753.
2. EFFECT ON OTHER ORDERS. This order supersedes NHTSA Order 355-5A, dated August 31, 2004.
3. REFERENCES.
 - a. 5 USC 5753
 - b. 5 CFR 575, Subpart B
 - c. Federal Workforce Flexibility Act of 2004
4. SCOPE. A recruitment incentive may not exceed 25 percent of the employee's annual rate of basic pay in effect at the beginning of the service period multiplied by the number of years (including fractions of a year) in the service period (not to exceed 4 years). With OPM approval, this cap may be increased to 50 percent (based on a critical agency need), as long as the total incentive does not exceed 100 percent of the employee's annual rate of basic pay at the beginning of the service period. The incentive may be paid as an initial lump-sum payment at the beginning of the service period, in installments throughout the service period, as a final lump-sum payment upon completion of the service period, or in a combination of these methods. An incentive may be paid to an individual not yet employed who has received a written offer of employment and signed a written service agreement. A recruitment incentive may be paid to an employee who is appointed to one of the following:
 - a. General Schedule position.
 - b. Senior Executive Service position.
 - c. Executive Schedule position or a position for which the rate of pay is fixed by law at a rate equal to a rate for the Executive Schedule.

- d. Senior-level or scientific or professional position.
- e. Law Enforcement Officer position.
- f. Senior Biomedical Research Service position.

5. POLICY.

a. Criteria for Eligibility

A request for a recruitment incentive must be supported by a written determination that without the incentive, NHTSA would find it difficult to fill the position with a suitable candidate. The request should also include a written justification for the incentive.

The written determination should:

- (1) Describe the reasons why it is difficult filling the position with a suitable candidate. Address the following, 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 that affect NHTSA's ability to recruit for similar positions now or in the future.
 - (d) Special qualifications needed for the position.
 - (e) The practicality of using the superior qualifications appointment alone or in combination with the recruitment incentive.
- (2) Support the amount of the recruitment incentive. Address one or more of the following, as applicable:
 - (a) Current non-Federal salary or salary and fringe benefits.
 - (b) A competing non-Federal job offer.
 - (c) The cost-of-living disparity between the candidate's current address and the proposed duty station.
 - (d) The length of the proposed service agreement (see below) beyond 6 months.
 - (e) The personal/professional disruption that will occur as a result of relocation and /or the undesirability of the geographic area of the proposed duty station.
 - (f) The severity of the recruiting problem.
 - (g) The average pay for the occupation or specialty documented in a recent salary survey.
 - (h) The criticality of the position to be filled and the effect on NHTSA's mission if it is not filled or if there is further delay in filling the position.
 - (i) The projected cost of a renewed recruitment effort if the candidate does not accept the position.
 - (j) The role of the individual in the program, e.g., leadership, expert, management, etc., and the potential impact of the individual on the program.

- (k) The specialized skills that the individual possesses that will benefit the Agency and are additional to the basic position requirements.

The incentive amount must be set at the minimum percentage (as determined by the Administrator) that is necessary to obtain the services of a candidate.

b. Streamlined Recruitment Incentive

- (1) Management officials may request in writing the "targeting" of an occupation or groups of positions for streamlined processing of recruitment incentives. Management may target a group of positions that has been difficult to fill in the past or that is likely to be difficult to fill in the future. This process may be used when it is necessary to make a timely offer of employment. Under the streamline process, the determination to pay an incentive will be approved for the specified occupation or group of positions. Thereafter, only the amount of the incentive will need to be justified.
- (2) The request to designate an occupation or group of positions for the streamlined process must address the same criteria that are required for the individual determination to pay an incentive. The occupation or group of positions must be clearly defined.

c. Service Agreement

- (1) Service agreements are required before employees can receive a recruitment incentive. The agreement must be signed before the employee enters on duty. The effective date of the agreement will be the same as the effective date of the appointment.
- (2) Service agreements must be for a minimum of 12 months and may not exceed 4 years
- (3) The length of the service agreement beyond 12 months will be determined by management in negotiation with the candidate. *Since an employee who is serving under a service agreement is not eligible to receive a retention allowance, care should be exercised in establishing a service agreement beyond the minimum period.*
- (4) Unless waived as provided below, employees who fail to complete the period of service established in conjunction with the recruitment incentive must remit a prorated amount of the incentive for the unfulfilled period of service (calculated in terms of full months completed).
- (5) A waiver may be requested in cases of failure to complete the period of service due to circumstances beyond the employee's control (i.e., not including misconduct). The request must include: 1) the circumstances necessitating the termination of service; 2) the period of service that has yet to be completed; and 3) the amount of the incentive that was approved and the amount of repayment to be waived. The NHTSA Administrator has the authority to approve the waiver. This authority may be re-delegated.
- (6) Employees who fail to complete a period of service due to a Reduction-In-Force or a competitive sourcing action under OMB Circular A-76 are excluded from repayment and waiver requirements.

d. Payment

- (1) An employee may receive up to 25 percent of basic pay. For the purpose of calculating a recruitment incentive, an employee's rate of basic pay includes a special rate under 5 CFR part

530, subpart C, a locality payment under 5 CFR part 531, subpart F, or similar payment under other legal authority, but excludes additional pay of any other kind. A recruitment incentive is not part of an employee's rate of basic pay for any purpose.

- (2) Recruitment incentives are subject to the Executive Level 1 aggregate limit on pay in a calendar year.
- (3) The incentive may be paid as an initial lump-sum payment at the beginning of the service period, in installments throughout the service period, as a final lump-sum payment upon completion of the service period, or in a combination of these methods. An incentive may be paid to an individual not yet employed who has received a written offer of employment and signed a written service agreement.
- (4) The incentive may be paid in combination with Above the Minimum and other discretionary payments. *Whenever incentives are used in conjunction with discretionary compensation, the incentive request must address the total compensation proposed.*
- (5) The recruitment incentive must be approved before the employee enters on duty.
- (6) The service agreement must be signed before the recruitment incentive is paid.
- (8) The recruitment incentive will be prorated for part-time service based on the number of hours in the employee's regular tour of duty.

6. PROCEDURES FOR REQUESTING A RECRUITMENT INCENTIVE.

- a. Management officials (Associate Administrator or higher) requesting the use of a recruitment incentive must complete and submit the following documentation to the Office of Human Resources (HR):
 - (1) Request for Recruitment Incentives, Relocation Incentives, Retention Allowances, and Retention Allowance Renewals (Exhibit A).
 - (2) Written justification for the incentive and the amount of the incentive.
 - (3) Copy of the proposed service agreement (Exhibit B) that will be negotiated.
 - (4) Any other relevant information, e.g., pay stubs, salary survey, competing job offer.
- b. HR will forward requests to the Administrator for approval. Once approval has been obtained, HR will be responsible for:
 - (1) Finalizing the service agreement.
 - (2) Processing of a Notification of Personnel Action (SF-50) to initiate payment of the incentive.
 - (3) Maintenance of records in the employee's Official Personnel Folder (OPF). Supporting documentation (request form, with appropriate approval, and the service agreement) should be maintained on the left side of the OPF.

7. APPROVING OFFICIALS. The Administrator has the authority to approve recruitment incentives and waivers of repayment of recruitment incentives for the Agency. This authority may be re-delegated.

8. RECORDS. The service agreement and approval form will be maintained in the employee's OPF. The Office of Human Resources will maintain an additional copy of the service agreement, approval form, and supporting documentation. HR will maintain a record of each case and make the records available for review upon request by OPM.

Gregory A. Walter
Senior Associate Administrator
for Policy and Operations