

PAY ADMINISTRATION

1. **REASON FOR ISSUE:** To revise Department of Veterans Affairs (VA) policy regarding pay administration as it relates to pay flexibilities for recruitment, relocation, and retention incentives.

2. **SUMMARY OF CONTENTS/MAJOR CHANGES:** This handbook contains mandatory VA procedures on pay administration. The pages in this issuance replace the corresponding page numbers in VA Handbook 5007, Part IV, Chapter 2. Revised text is contained in [brackets]. These changes will be incorporated into the electronic version of VA Handbook 5007 that is maintained on the [Office of the Chief Human Capital Officer website](#). Significant changes include:
 - a. Requires employees receiving relocation incentive payments to establish and maintain residency within the specified geographic area for the duration of the service agreement;
 - b. Requires facilities to document the rating and ranking criteria used to distinguish the best qualified candidates from a vacancy announcement that yields a significant number of qualified applicants for authorization of recruitment and relocation incentives;
 - c. Requires waiver requests for an employee's repayment obligation due to a breached recruitment or relocation service agreement be submitted to the Office of the Chief Human Capital Officer, Compensation and Classification Service (055) for technical review prior to approval by the Assistant Secretary for Human Resources and Administration/Operations, Security, and Preparedness;
 - d. Removes the requirement for a Retention Service Agreement (RSA) for employees covered by a group authorization if the incentive is being paid at the full authorized percentage on a biweekly basis.
 - e. Revises [VA Form 10016](#) and instructions in Appendix VI-A to include requirements for authorizing group recruitment incentives. Provides additional guidance for completing VA Form 10016 for individuals selected from open continuous announcements;
 - f. Revises the sample Recruitment/Relocation Service Agreement in Appendix VI-B to include the requirement for establishing and maintaining residence in the new geographic area in order to receive relocation incentive payments;
 - g. Revises [VA Form 10017](#) in Part VI, Appendix C to require information on the original and current incentive authorization and clarifies the instructions for completing this form for individual and group retention incentives; and,

h. Provides a template for the Annual Certification on Usage of Recruitment, Relocation, and Retention Incentives and Appraised Value Offer (AVO) Allowance at the Under Secretary/Assistant Secretary/Other Key Official level in Part VI, Appendix T.

3. RESPONSIBLE OFFICE: The Compensation and Classification Service (055) at vacocomp@va.gov, Office of the Chief Human Capital Officer.

4. RELATED DIRECTIVE: VA Directive 5007, Pay Administration.

5. RESCISSION: None.

CERTIFIED BY:

**BY DIRECTION OF THE SECRETARY OF
VETERANS AFFAIRS:**

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- c. Under Secretaries, Assistant Secretaries, Other Key Officials, and Deputy Assistant Secretaries, or their designees, are the recommending officials [for incentives] for employees in their organization occupying positions centralized to the Office of the Secretary. They or their designees are the approving officials [for incentives] for employees occupying VA Central Office positions in their organizations that are not centralized to the Office of the Secretary and for employees occupying field positions centralized to their respective offices.
- d. Network Directors in the Veterans Health Administration (VHA), National Cemetery Administration (NCA) and [District] Directors in the Veterans Benefits Administration (VBA) are the approving officials [for incentives] for employees in non-centralized positions under their jurisdiction.
- e. Subject to [the] approval limits in this part, Medical Center, Regional Office and Cemetery Directors [] are the approving officials [for incentives] for employees in non-centralized positions under their jurisdiction. This approval authority may not be re-delegated.
- f. [The Assistant Secretary for Human Resources and Administration/Operations, Security, and Preparedness is the approving official for all waiver requests due to breach of service obligation.]
- g. Additional statements of responsibility may be included in separate chapters of this part, where appropriate.

CHAPTER 2. RECRUITMENT AND RELOCATION INCENTIVES

1. GENERAL.

- a. Recruitment and relocation incentives may be used to appoint high quality employees in positions that are likely to be difficult to fill without such incentives. These incentives are authorized under 5 U.S.C. § 5753, extended to title 38 employees under the authority of 38 U.S.C. § 7410, and are governed by regulations in 5 CFR part 575, subparts A and B, and the provisions of this chapter.
- b. Subject to the approval requirements in paragraph 5 and the procedures contained in this chapter, recruitment and relocation incentives of up to 25 percent of an employee's annual rate of basic pay in effect at the beginning of the service period multiplied by the number of years in a service agreement (four-year maximum) may be authorized to high quality employees in positions that are likely difficult to fill without such incentives. [Approving officials may authorize group recruitment incentives of up to 25 percent for a targeted group or category of similar positions that have been difficult to fill in the past or that may be difficult to fill in the future. The targeted group or category of employees authorized to receive a group recruitment incentive must be narrowly defined using the factors listed in subparagraph 8e of this chapter. Individual incentives or group recruitment incentives greater than 25 percent require additional approval by the Office of Personnel Management (OPM) for title 5 employees or the Under Secretary for Health for title 38 employees.] Total incentive payments may not exceed 100 percent of an employee's annual rate of basic pay. Incentives are not considered basic pay for any purpose. When calculating a recruitment or relocation incentive, an employee's rate of basic pay includes any locality-based comparability payment under 5 CFR part 531, subpart F, or any special rate under 5 CFR part 530, subpart C or 38 U.S.C. § 7455[,] but excludes additional pay of any kind[,] such as night shift differential or environmental differential. For the purposes of this chapter, market pay for physicians, podiatrists and dentists under 38 U.S.C. § 7431(c) will be included in basic pay. For the purposes of this chapter, special pay for pharmacist executives and nurse executives will be included in basic pay.
- c. Prior to authorizing a recruitment or relocation incentive, organizations must first fully justify the need for the incentive. Appendix VI-A contains VA Form 10016, Justification and Authorization of Recruitment and Relocation Incentives, which must be used in both the justification and subsequent authorization of incentives. Section A, Justification of Incentive, should be completed as soon as an organization considers the use of an incentive in order to determine if it is justified. Section A must be completed and signed by all appropriate officials prior to advertising incentives on a vacancy announcement. Once an incentive is justified for a vacant position, the vacancy announcement must contain a statement that the incentive may be authorized. Paragraph 7 contains factors that must be addressed to justify incentives and Appendix VI-A contains guidance for addressing each factor and instructions for completing VA Form 10016. [All group recruitment incentives must be reviewed and recertified by the approving official on at least an annual basis to determine whether the group of positions is still likely to be difficult to fill. If the approving official determines that the specified group of positions are no longer likely to be difficult to fill, then a recruitment incentive may not be offered

to newly appointed employees in that group.]

Once a candidate is selected to receive an incentive, organizations must complete Section B, Authorization of Incentive, of VA Form 10016. Section B contains information on the candidate's qualifications, the authorized percentage, payment method, service obligation length[,], and other information specific to the individual. [If delays in the recruitment process result in a candidate being authorized to receive an incentive more than six months (not to exceed one year) from the date Section A was originally approved, a separate memorandum certifying the conditions described in Section A still exist must be signed and dated by the appropriate authorizing official and attached to the original VA Form 10016.] This phase of the authorization process must also include a completed service agreement signed by the candidate and the approving official specifying the terms and conditions for which the incentive is payable. VA Form 10016 and the service agreement must be approved before a candidate enters on duty. Approvals may not be made on a retroactive basis. Appendix VI-B contains a sample recruitment/relocation service agreement and instructions for completion.

- d. Except for positions centralized to the Office of the Secretary, approving officials may delegate to an official at a level no lower than a candidate's potential supervisor the authority to offer a recruitment incentive when necessary to make a timely offer of employment. Section A of VA Form 10016 must be completed prior to or at the time of such delegation. The delegation must be in writing and specify the conditions under which an incentive may be offered, including payment range and time period in which the delegation is in effect. The delegation may also include a candidate's necessary qualifications, skill level, service agreement requirements[,], and other conditions specified by the approving official. A copy of the delegation will be filed in the servicing human resources office and [] maintained with the completed VA Form 10016 and employee service agreement. The approving official, not the delegated official, must ultimately sign VA Form 10016.
- [f. This chapter provides policy guidance related to the authorization of recruitment and relocation incentives. Approving officials, in consultation with human resources and budget officials, also have the flexibility to authorize relocation allowances under the Permanent Change of Station (PCS), to include the Appraised Value Offer (AVO) program. The justification and approval process for authorizing relocation allowances are separate and distinct from procedures for authorizing recruitment and relocation incentives covered by this chapter. The process for authorizing relocation allowances is covered in the Federal Travel Regulations. The Office of Management's Travel Policy Service's policy guidance related to the authorization of relocation allowances under PCS, including the AVO program, is in [VA Finance Policy, Volume XIV, Chapter 8](#), Relocation Packages. In addition, VA Handbook 5005 provides the basic criteria and approval procedures for utilization of PCS/relocation allowances.

2. COVERAGE.

- a. Recruitment incentives may be paid to full-time and part-time employees; recruitment incentives may not be paid to intermittent employees except when approved at the Network Director, Area Director, [Deputy Assistant Secretary level,] or higher.
- b. Relocation incentives may be paid to full-time employees only; relocation incentives may not be paid to part-time or intermittent employees.
- c. Subject to the employment status above and the eligibility requirements in paragraph 6 below, incentives may be offered to employees in the following positions or appointments:
 - (1) **Title 5 and Hybrid Positions.** General Schedule (GS) positions paid under 5 U.S.C. § 5332 (including "hybrid" positions listed under 38 U.S.C. § 7401(3) or approved for 38 U.S.C. § 7401(3) hybrid status by the Assistant Secretary for Human Resources and Administration[/Operations, Security, and Preparedness] in accordance with VA Handbook 5005, Part II, Chapter 3, Section A, paragraph 2), 5 U.S.C. § 5305[,] or 38 U.S.C. § 7455; senior-level[,] scientific[,] and professional positions paid under 5 U.S.C. § 5376; Senior Executive Service (SES) positions paid under 5 U.S.C. 5383; law enforcement officer [(LEO)] positions as defined by 5 CFR § 550.103; Executive Schedule [(EX)] positions paid under 5 U.S.C. §§ 5311-5317[,] or a position [for which] the rate of pay [] is fixed by law at a rate equal to a rate for the [][EX]; and Federal Wage System [(FWS)] positions.
 - (2) **Title 38 Positions.** Under the authority of 38 U.S.C. §§ 7410, 7421, the Secretary has extended the provisions of 5 U.S.C. § 5753 to physicians, dentists, podiatrists, optometrists, chiropractors, registered nurses, physician assistants, and expanded-function dental auxiliaries appointed under 38 U.S.C. § 7401(1). Individuals appointed under 38 U.S.C. § 7306, 7405(a)(1)(A) or (B) for a minimum period of at least one year are also covered. See 5 U.S.C. § 5753(a)(1)(B). This chapter constitutes VA [policy] with respect to recruitment and relocation incentives for title 38 employees.
- [d. Group recruitment incentives may be authorized for a group or category of full-time or part-time employees occupying the positions and appointments listed in subparagraph 2c, except those that are listed as an excluded position in subparagraph 3d of this chapter. The targeted group or category of employees authorized to receive a group recruitment incentive must be narrowly defined using the factors listed in subparagraph 8e of this chapter.]

3. EXCLUSIONS.

- a. Recruitment and relocation incentives may not be paid to individuals to be appointed for less than a one year period; as experts and consultants; on a without-compensation basis; as a Presidential appointee or in expectation of a Presidential appointment; as a non-career SES appointee as defined in 5 U.S.C. § 3132(a)(7); or in a position which

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has been excepted from the competitive service by reason of its confidential, policy-determining, policy-making, or policy-advocating character. These incentives may also not be paid to those with scholarship obligations to VA resulting from education or training activities. Employees in the Veterans Canteen Service (VCS) appointed under 38 U.S.C. Chapter 78 are excluded from the provisions of this chapter but are covered under the provisions of VCS Directive 08-02, Recruitment, Relocation[,], and Retention Incentives.

- b. Recruitment incentives may not be paid to individuals with less than a 90-day break in Federal service unless the 90-day period immediately preceding the appointment was in one or more of the following:
 - (1) A time-limited appointment in the competitive or excepted service;
 - (2) Employment with the Government of the District of Columbia (DC) when the candidate was first appointed by the DC Government on or after October 1, 1987;
 - (3) Appointment as an expert or consultant under 5 U.S.C. § 3109 and 5 CFR part 304;
 - (4) A non-permanent appointment [] in the competitive or excepted service;
 - (5) A provisional appointment under 5 CFR § 316.403;
 - (6) Appointment under [an internship program defined in 5 CFR 213.3402(a)];
 - (7) An SES limited term or limited emergency appointment as defined in 5 U.S.C. § 3132(a)(5) or (a)(6), respectively.
- c. Individuals in Federal service in a government-controlled corporation, the Tennessee Valley Authority, the Virgin Islands Corporation, the Atomic Energy Commission, the Central Intelligence Agency, the National Security Agency, the Government Accountability Office, the Defense Intelligence Agency[,], or the National Geospatial-Intelligence Agency must also have at least a 90-day break in service in order to be eligible for a recruitment incentive.
- [d. In addition to the general exclusions in subparagraph a through c above, recruitment incentives may not be authorized on a group or category basis for employees appointed in senior-level, scientific, or professional positions paid under 5 U.S.C. § 5376; in SES positions; in positions paid under the Executive Schedule (EX) or in positions for which the rate of pay is fixed by law at a rate equal to a rate for the EX.]

4. RESPONSIBILITIES.

- a. Under Secretaries, Assistant Secretaries, Other Key Officials, Deputy Assistant Secretaries, and Facility Directors are responsible for the prudent and fiscally responsible administration of this policy and for ensuring that recruitment and relocation incentives, where recommended or approved, are determined in accordance with the criteria and procedures in this chapter.

- b. The Office of the Chief Human Capital Officer (OCHCO) is responsible for advising management officials on the regulations and procedures in this chapter, conducting technical reviews of incentives submitted for OPM's approval, conducting technical reviews for title 38 incentives requiring the Under Secretary for Health's approval, [conducting technical reviews of debt waiver requests due to breach of service obligation,] auditing incentives for non-centralized positions and centralized positions, monitoring usage trends and anomalies[,] and fulfilling Department-wide reporting requirements to the Secretary as contained in this chapter or as required by government entities.
- c. The Corporate Senior Executive Management Office (CSEMO) is responsible for advising management officials on the application of regulations and procedures for executive positions and for conducting technical reviews of incentives and assuring the completeness of authorizations for [] SES, title 38 SES-equivalent[,] and senior-level employees. The CSEMO will ensure that the incentive has been justified and approved prior to advertising incentives on a vacancy announcement and will maintain documentation adequate for reconstruction for each incentive submission.
- d. Human Resources Management Officers (HRMOs) are responsible for:
 - (1) Advising management officials on the provisions in this chapter, providing technical advice and assistance on incentive percentages, length of service obligation requirements, definition of the geographic area (when appropriate), [] [conducting technical reviews,] and assuring the completeness of authorizations prepared and approved at the local level.
 - (2) Reviewing and concurring on all justifications and approvals to ensure factors are fully addressed, accurate[,] and current and that all information meets the requirements for approval. The review and concurrence of justifications (Section A, Justification and Authorization of Recruitment and Relocation Incentives, VA Form 10016) must occur prior to advertising incentives on vacancy announcements; the review and concurrence of the authorizations (Section B, Justification and Authorization of Recruitment and Relocation Incentives, VA Form 10016) must occur before an employee enters on duty.
 - (3) Maintaining documentation adequate for reconstruction of each case, and [preparing] reports as required.
 - (4) Reviewing the records of those being considered for positions to determine whether a service obligation remains unfulfilled and, if so, notifying the recruiting office.
 - (5) For relocation incentives, confirming that a candidate's most recent performance rating of record is at least "Fully Successful" or equivalent[,] that the employee has established a residence in the new geographic area before payment is processed[, as well as ensuring the employee establishes and maintains a residence in the specified geographic area for the duration of the service period.

- e. Supervisors will ensure that each incentive recipient maintains a performance rating of record of at least “Fully Successful” or equivalent. If a rating of record is lower than “Fully Successful” or equivalent, they will contact the approving official for immediate termination of the service agreement.
- f. The Office of [] Management will develop, in coordination with OCHCO, incentive payment, refund, and waiver procedures.
- g. Employees are responsible for signing a service agreement to receive an incentive and for completing the required service in accordance with the terms of the service agreement. For relocation incentives, employees are responsible for certifying to the servicing human resources office the establishment of a residence in the geographic area for which the incentive is authorized.

5. APPROVING AND RECOMMENDING OFFICIALS.

- e. The Secretary, or designee, is the approving official [for incentives] for employees occupying positions centralized to the Secretary’s office. This includes employees in the SES, title 38 SES-equivalents[,] [] senior-level or scientific and professional positions[, and GS-15 employees in centralized positions]. [Prior to submission to the Secretary,] CSEMO conducts a technical review and makes recommendation[s] for all incentives for SES, title 38 SES-equivalents[,] and SL employees submitted to the Secretary, or designee, for approval.
- f. Under Secretaries, Assistant Secretaries, Other Key Officials, and Deputy Assistant Secretaries, or their designees, are the recommending officials [for incentives] for employees in their organizations occupying positions centralized to the Secretary. They, or their designees, are the approving officials [for incentives] for employees occupying VA Central Office positions in their organizations that are not centralized to the Secretary, and employees occupying field positions centralized to their offices.
- g. Network Directors in the Veterans Health Administration (VHA) and National Cemetery Administration (NCA), and [District] Directors in the Veterans Benefits Administration (VBA) are the approving officials for incentives for employees in non-centralized positions under their direct jurisdiction or organization. Also[,] these individuals are the approving officials for all incentives greater than 15 percent recommended by Facility Directors within their respective Network or [District]. These individuals are also approving officials for incentives paid to employees with an unfulfilled service obligation from a previous incentive and for recruitment incentives for intermittent employees. The approval authority for officials in this category may not be re-delegated.

[]

- [d]. Medical Center Directors, Regional Office Directors, [and] Cemetery Directors [] are the approving officials for incentives up to 15 percent for employees in non-centralized positions under their jurisdiction. This approval authority may not be re-delegated. These officials may not approve incentives greater than 15 percent, incentives to

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employees with unfulfilled service obligation from a previous incentive, or recruitment incentives for intermittent employees.

- [e] [OPM] may authorize recruitment and relocation incentives in excess of 25 percent, but not in excess of 50 percent, for SES and title 5 employees based on a critical VA need. The Secretary may take similar action for title 38 SES-equivalent employees; the Under Secretary for Health may do so for title 38 employees that are not SES-equivalent.
- [f.] Except as otherwise provided, an official at a level lower than the approving official is the recommending official for all incentives. Under Secretaries and Assistant Secretaries may serve both as the recommending official and approving official for incentives, except for incentives that require the Secretary's or designee's approval.
- [g. The Assistant Secretary for Human Resources and Administration/Operations, Security, and Preparedness is the approving official for all waiver requests due to breach of service obligation. This approval authority may not be re-delegated.]

6. ELIGIBILITY REQUIREMENTS.

- a. **Recruitment Incentives.** Recruitment incentives may be authorized to full-time, part-time[,] or intermittent individuals in their first appointment as a Federal employee or to a newly appointed former Federal employee with at least a 90-day break in service (except as provided in subparagraph 3b), when the approving official determines that it would be difficult to fill the position with a high quality candidate without the incentive. Recruitment incentives may be used in combination with certain other allowances and authorities, such as reimbursement of travel and transportation expenses, appointment at above-minimum rates, special [salary] rates, student loan repayments, and waivers of annuity offsets for retirees, to fill positions with high quality candidates. They are not, however, to be given as substitutes for payment of moving expenses.

- b. **Relocation Incentives.**

- (1) Relocation incentives may be authorized to full-time Federal employees who must change worksite[s] and physically relocate to a different geographic area when the approving official determines that without the incentive, it would be difficult to fill the position with a high-quality candidate. Relocation incentives may not be authorized for part-time or intermittent employees. Relocation incentives may be authorized for permanent relocations or for temporary relocations of 120 days or more. An additional incentive may not be paid if a temporary assignment is extended beyond the initial proposed completion date. Relocation incentives may be used in combination with certain other allowances and authorities, such as reimbursement of travel and transportation expenses, special [salary] rates, student loan repayments, and waivers of annuity offsets for retirees, to fill positions with high quality candidates. They are not, however, to be given as substitutes for payment of moving expenses. Relocation incentives are payable only to individuals who are employees of the Federal Government immediately before the relocation.

- (2) A position is in a different geographic area if the worksite of the new position is 50 or more miles from the worksite of the position held immediately before the move [(“new geographic area”)]. If the worksite of the new position is less than 50 miles from the worksite of the position held immediately before the move, but the employee must relocate to accept the position, the approving official may waive the 50-mile requirement and pay the employee a relocation incentive. Any such waiver shall be documented in the relocation incentive approval document.
- (3) A relocation incentive may be paid only when the employee’s rating of record for the position held immediately before the move is at least “Fully Successful” or equivalent.
- (4) Prior to receipt of a relocation incentive, employees must [relocate and establish a residence in the new geographic area as defined under paragraph 6b(2), and as specified in the relocation service agreement. An employee receiving a relocation incentive may establish a residence in the new geographic area in several ways, including but not limited to: purchasing or renting a home, apartment, or condominium; residing at a residence of a friend or family member; or residing in a hotel for the duration of the service agreement.] Employees will submit written self-certification, which must include the employee’s new address, to the human resources office once a residence is established in order to generate payment of the incentive.
- (5) Employees must maintain residency in the new geographic area for the duration of the service agreement to continue receiving relocation incentive payments and to otherwise complete the terms of the service agreement. Servicing human resources offices should periodically require an employee receiving a relocation incentive to provide proof of residency in order to verify the terms of the relocation service agreement have not been breached. Examples of proof of residency may include but are not limited to a lease, proof of purchasing property, utility bill, or a similar document that shows the employee still resides in the new geographic area.
- (6) A relocation incentive is not payable and may not commence for the same period of employment covered by a recruitment incentive or previous relocation incentive. A relocation incentive may be payable and may commence for a period of employment covered by a retention incentive service agreement or retention incentive payment. When a relocation incentive is authorized for an employee covered by a retention incentive, any such service agreements must run concurrently. A retention incentive paid on a biweekly basis must be terminated prior to authorizing a subsequent incentive. A retention incentive followed by a relocation incentive is the only instance in which an employee may receive more than one incentive and fulfill concurrent service agreements for the same period of service.
- (7) A retention incentive paid in biweekly installments without a Retention Service Agreement must be terminated in order to authorize a relocation incentive.

7. JUSTIFICATION OF INCENTIVES.

- a. Section A, Justification of Incentive, which is contained in VA Form 10016, Justification and Authorization of Recruitment and Relocation Incentives, is the basis for determining that a position is likely to be difficult to fill without the use of an incentive. This section must be completed by the recommending official as soon as an organization determines that an incentive may be needed. The servicing human resources office must review and concur on justifications to ensure they are specific, current[,] and relevant for the position(s). Section A must be completed and properly authorized prior to placing a statement on the vacancy announcement that a recruitment or relocation incentive may be authorized. When a position is filled through a vacancy announcement, an incentive cannot be approved unless it was advertised on the vacancy announcement.
- b. Recommending officials must consider and fully document how each of the following factors contribute to the determination that an incentive is needed. If a factor does not apply, the justification must explain why a factor is not appropriate. Appendix VI-A contains instructions and guidance on fully addressing each of the following:
 - (1) The availability and quality of candidates possessing the competencies required for the position including the success of efforts within the previous six months to recruit candidates for similar positions using indicators such as job acceptance rates, the proportion of positions filled, and the length of time to fill similar positions.
 - (2) The salaries typically paid outside the Federal Government for similar positions;
 - (3) Turnover within the previous six months in similar positions;
 - (4) Employment trends and labor-market factors that may affect the ability to recruit candidates for the position or similar positions;
 - (5) Special or unique competencies required for the position;
 - (6) 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; and[,]
 - (8) Other supporting factors, such as historical information on the occupations or types of positions VA has had trouble in filling with high quality candidates or geographic areas that traditionally have been considered less desirable.
- c. Justifications of incentives will not contain employee-specific information but rather will document why a position is likely to be difficult to fill in the absence of an incentive.

Employee-specific information will be documented in Section B, Authorization of Incentive, of VA Form 10016 once a candidate is selected and offered an incentive.

8. AUTHORIZATION OF INCENTIVES.

- a. Once a candidate is selected and offered an incentive, Section B, Authorization of Incentive, of VA Form 10016, Justification and Authorization of Recruitment and Relocation Incentives, must be completed with employee-specific information, authorized percentage, effective date, payment method and schedule, service obligation length period, the candidate's qualifications[,] and other required information. Section A, Justification of Incentive, must be fully completed and signed by the appropriate officials prior to the completion of Section B. Appendix VI-A contains instructions and guidance for the completion of Section B.
- b. Incentive requests will be reviewed on a case-by-case basis by the Human Resources Office and approving official. Requests for non-centralized positions will be submitted to the approving official through [the appropriate chain of command] [] and the local human resources office for technical review []. Requests should be submitted early enough to permit approval of the incentive before the effective date of employment or before the employee relocates. Incentives for positions centralized to the Office of the Secretary will be submitted as part of the appointment package through [the appropriate chain of command.] The CSEMO will conduct a technical review and make recommendation[s] for all incentive requests for SES, title 38 SES-equivalent[,] and SL employees. Decisions to pay a recruitment or relocation incentive must be made on a case-by-case basis for each employee or group[] of employees.
- c. Incentives may not be authorized to [an employee or group of employees] solely due to superior qualifications or to compensate employees for [a] pay disparity with comparable positions in the private sector[]. Incentives may only be authorized when justifications fully document the difficulty of filling a position [or a targeted group or category of positions] with a highly qualified candidate without an incentive. An incentive must be justified, documented[,] and approved for a position using Section A, Justification and Authorization of Recruitment and Relocation Incentive, [of] VA Form 10016, before a recruitment or relocation incentive may be authorized for a specific employee [or group or category of employees].
- d. For vacancy announcements that yield a significant number of qualified applicants, the facility must be able to document why the selectee is the top candidate and that the selectee will not accept the position without the use of an incentive. The documentation must include the rating and ranking criteria used to distinguish the best qualified candidates from those applicants determined to be minimally qualified. Incentives should be used to attract the best qualified candidate(s) to accept a difficult to fill position on an as needed basis. The selecting official may choose to make a job offer to a qualified candidate without an incentive or re-announce the position in hopes of attracting more suitable candidates.

- e. A facility may target groups of similar positions (excluding positions listed in subparagraph 3d of this part) that have been difficult to fill in the past or that may be difficult to fill in the future. Requests to pay group recruitment incentives must narrowly define the targeted group or category of employees and address the following factors:
- (1) Occupational series;
 - (2) Grade level;
 - (3) Distinctive job duties;
 - (4) Unique competencies required for the position;
 - (5) Organizational or team designation; and,
 - (6) Geographic location.]

9. DETERMINING INCENTIVE AMOUNTS.

- a. The total amount of incentive payments paid to an employee in a service period [is calculated by multiplying the employee's annual rate of basic pay at the beginning of the service period by the percentage authorized (not to exceed 25 percent), and then multiplying the resulting amount by the total number of years in the service period (not to exceed 4 years). The service period can include fractions of a year. For example, if the employee's annual rate of basic pay at the beginning of the service period is \$75,000, and a recruitment incentive of 15 percent is authorized with a three-year service agreement, the total amount of incentive payments paid to the employee in the service period will be \$33,750 ($\$75,000 \times 15\% \times 3 = \$33,750$.) Amounts greater than 15 percent must be approved at the Network or [District] Director level or higher (see paragraphs 5b, 5c and 5d). Amounts greater than 25 percent must be approved by OPM for title 5 employees, the Secretary for title 38 SES-equivalent employees[,] and the Under Secretary for Health for all other title 38 employees (see subparagraph 5f).

NOTE: For hourly rate employees, compute an annual rate of basic pay by multiplying the employee's hourly rate in effect at the beginning of the service period by 2,087.

- b. To determine the factor for the number of years in a service period, divide the total number of calendar days in the service period by 365 and round the result to two decimal places. For example, a service period covering 39 biweekly pay periods equals 546 days. The total calendar days divided by 365 days equal 1.50 years. In this example, if the local approving official approves a 20 percent recruitment incentive and the employee's annual rate of basic pay in effect at the beginning of the service period is \$40,000, the total incentive payable is \$12,000 ($\$40,000 [x] 20 \text{ percent } [x] 1.5$).
- c. The approved percentage and length of service selected should reasonably correlate to the difficulty experienced in obtaining high quality candidates. The highest percentage and maximum service lengths will be reserved for positions for which VA experiences the greatest difficulty in obtaining high quality candidates and for which VA has documented evidence of long-term staffing difficulties. It is important to make meaningful and consistent distinctions in determining approved percentages and service periods. The factors in paragraph 7 shall be considered when determining an appropriate percentage and required service period.
- d. Subject to the approval levels in paragraph 5, incentive amounts may not exceed 25 percent of the annual rate of basic pay; therefore, calculation of incentives of 25 percent which result in a fraction of a dollar will be rounded down to the next whole dollar. Incentive amounts of less than 25 percent will be rounded up for \$0.50 or more and down for \$0.49 or less to the nearest whole dollar.
- e. In order to exceed the 25 percent limitation (subject to the approval levels in paragraph 5e), the recommending official must fully address each factor in paragraph 7 and determine that the competencies required for the position are critical to the successful accomplishment of an important VA mission, project, or initiative, (e.g., program or project related to a national emergency, implementing a new law or critical management initiative). The additional criteria needed to exceed 25 percent may be documented in

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Section A, Item 7h, Other Supporting Factors or Special Circumstances [,] of VA Form 10016, Justification and Authorization of Recruitment and Relocation Incentives.

- (1) Under this subparagraph, the total amount of incentive payments requested may not exceed 50 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. However, under no circumstances may incentive payments exceed 100 percent of the employee's annual rate of basic pay in effect at the beginning of the service period. For example, an employee who signs a two year service agreement and whose annual rate of basic pay is \$75,000 can be paid a total incentive of \$75,000 (\$75,000 [x] 50 percent [x] 2). However, a 50 percent incentive could not be approved for this employee if the service agreement was longer than two years since this would result in an incentive amount greater than 100 percent of the employee's annual rate of basic pay in effect at the beginning of the service period.
- (2) Requests to pay incentives greater than 25 percent for employees other than SES, title 38 SES-equivalent[,], and SL employees must be submitted through [the] appropriate [chain of command] to OCHCO, Compensation and Classification Service (055)[,], for technical review and recommendation. Requests to pay [individual] incentives greater than 25 percent for SES, title 38 SES-equivalent[,], and SL employees must be submitted through [the] appropriate [chain of command] to the CSEMO (006E) for technical review and recommendation. [SES, title 38 SES-equivalent, and SL employees are not eligible for group incentives.] Only requests meeting the criteria in this chapter will be forwarded to OPM, the Under Secretary for Health, or the Secretary for approval.

10. PAYMENT METHODS AND PROCEDURES.

- a. Incentive payments may be paid biweekly, as a lump-sum, or in installments subject to the following limitations. Only one of the following payment methods may be used for each incentive:
 - (1) **Biweekly.** Payments must be in equal biweekly payments at the full authorized percentage each pay period;
 - (2) **Installments.** [Payments may be made in] installments [at the percentage authorized at the beginning of the service period in four or fewer equal installments per year,] throughout the service period required by the service agreement; or,
 - (3) **Lump-Sum.** An initial payment may be made at the beginning of the service period or a final lump-sum payment may be made upon full completion of the required service period.
- b. Payment of a relocation incentive may be made only after the incentive has been approved, the employee has signed a service agreement, the effective date of the employment action has passed[,], and the employee has relocated for the purpose of establishing a residence. Employees must submit a written self-certification to the

human resources office, which must include the employee's new address, to document that they have established a residence in the new geographic area before the incentive is actually paid.

- c. An initial lump sum payment for a recruitment incentive may be made prior to the effective date of employment only if the incentive has been approved and the employee has signed a service agreement.
- d. In order to reduce the repayment liability due to breached service agreements, approving officials are encouraged to structure payments to cover one-year increments. For example, if a recruitment incentive is authorized for three years, an employee will initially receive payment only for the first year. After one year of [completed] service, the employee will receive the second payment; after two years of completed service, the employee will receive the third and final payment.

11. AGGREGATE LIMIT ON COMPENSATION. An employee may not receive any portion of an incentive that, when added to the annual rate of the employee's continuing payments and any lump sum payments received earlier in the calendar year, would exceed aggregate limits on pay. [For title 5 employees, any excess portion of the incentive may not be paid until the beginning of the next calendar year. The title 5 deferral process does not apply to physicians, podiatrists, and dentists because of the compensation limitations set out in 38 U.S.C. § 7431(e)(4).] Refer to part VII, chapter 2 for information on aggregate limits. Local Human Resources office officials will inform an incentive recipient affected by an aggregate limitation and include an explanation in the service agreement.

12. RECRUITMENT OR RELOCATION SERVICE AGREEMENT.

- a. In order to receive a recruitment incentive, employees must sign a service agreement and agree to complete a specified period of service in VA, or at a specific duty station. For a relocation incentive, the service must be completed at a specific duty station or with a successor agency in the event of a transfer of function. Incentive recipients must complete the obligated service period or repay the incentive unless repayment is waived (see paragraph 15c). A sample service agreement is provided in Appendix VI-B.
- b. The service agreement must include the commencement and termination dates of the required service period. Except as provided in the agreement, the required service period for recruitment incentives must begin upon the commencement of service with VA. For relocation incentives, the required service period must begin after the employee establishes a residence in the new geographic area. [In order to continue to receive relocation incentive payments, the employee must maintain a residence in the new geographic area, as defined under paragraph 6b(2), for the duration of the service period.] The service period for both recruitment and relocation incentives must begin at the beginning of a pay period and terminate on the last day of a pay period. If service with []VA does not begin on the first day of a pay period, VA must delay the service period commencement date so that the required service period begins on the first day of the first pay period beginning on or after the commencement of service with VA or establishment of a residence.

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- c. A service agreement commencement date may be delayed until after the employee completes an initial period of formal training or required probationary period when continued employment in the position is contingent on successful completion of the formal training or probationary period. However, the determination to pay a recruitment incentive must be made before the employee enters on duty in the position and the service agreement must specify that if the employee does not successfully complete the training or probationary period before the service period commences, VA is not obligated to pay any portion of the recruitment incentive to the employee.
- d. The service agreement must specify the total amount of the incentive, the method of paying the incentive, the timing and amount of each incentive payment, the specific conditions under which VA must terminate a service agreement, the specific conditions under which VA may terminate a service agreement[,] and the effect of termination of a service agreement on any additional payments for partially completed service. The service agreement may include any other terms or conditions that, if violated, will result in a termination of the service agreement. For example, the service agreement may specify the employee's work schedule, type of position, and the duties that are expected to be performed. In addition, the service agreement may address the extent to which a period on detail or in paid leave status is creditable toward the completion of the service period.
- e. The service agreement must be signed and dated by the employee and the requesting official and attached to the completed VA Form 10016, Justification and Authorization of Recruitment and Relocation Incentives. The approved VA Form 10016 and service agreement will be filed on the temporary side of the employee's [e-OPF] until the completion of the required service period. Copies of the service agreement will be given to the employee and the servicing fiscal office and one will be kept with the documentation file.

entitled to retain incentive payments previously paid by VA that are attributable to the completed portion of the service period. If the employee received incentive payments that are less than the amount that would be attributable to the completed portion of the service period, VA is not obligated to pay the employee the amount attributable to completed service, unless VA agreed to such payment under the terms of the service agreement. If the employee received incentive payments in excess of the amount that would be attributable to the completed portion of the service period, the employee must repay the excess amount.

- c. The approving official must terminate a service agreement and the employee must repay the entire recruitment incentive when the employee is separated as a result of material false or inaccurate statements[,] [] deception or fraud in examination or appointment[,] or as a result of failing to meet employment qualifications.
- d. The approving official must terminate a relocation service agreement if the employee fails to maintain residency in the new geographic area, as defined under paragraph 6b(2), for the duration of the service period. If a service agreement is terminated under this subparagraph, the employee is entitled to retain incentive payments previously paid by VA that are attributable to the completed portion of the service period for which the employee maintained a residence in the designated geographic area. If the employee received incentive payments after moving out of the designated geographic area, the employee must repay the excess amount received.
- e. An employee must be notified in writing when a service agreement is terminated. The termination of a service agreement is not grievable or appealable.

15. REPAYMENT REQUIREMENTS

- a. **General.** An employee who fails to complete a service obligation or otherwise fulfill the terms of a service agreement shall be indebted to the Federal Government for incentive payments received in excess of the amount that would be attributable to the completed portion of the service period, and must repay the excess amount of the incentive on a prorated basis, unless a waiver is approved. A repayment requirement also occurs when a service agreement is terminated by the approving official under the conditions in subparagraph 14b or 14c.
- b. **Determining the Amount of Repayment Obligation.** The following calculations apply only when an employee is entitled to retain payments that are attributable to completed service. They do not apply when a service agreement is terminated under paragraph 14c since the employee must repay the entire incentive.
 - (1) Credit will be granted for each full biweekly pay period in the service period completed by the employee.
 - (2) If the incentive was paid in equal biweekly installments, a repayment obligation will not exist unless there is a reduction in the employee's work hours.
 - (3) For breached or terminated service agreements, determine the repayment obligation as follows:

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- (a) Divide the total incentive amount authorized by the total number of pay periods in the service obligation (e.g., \$12,000 incentive divided by 39-pay period obligation = \$307.69). This is the biweekly incentive amount.
- (b) Multiply the resulting amount in subparagraph (a) above by the number of pay periods remaining in the service obligation (e.g., if the employee completed 28 pay periods of a 39-pay period obligation: $\$307.69 \times 11$ pay periods remaining in the service obligation = \$3,384.59). This is the amount the employee must repay.

- (1) A request for waiver will be approved when an employee is involuntarily separated for [a reason] other than cause[] (e.g., pursuant to a reorganization or reduction-in-force).
 - (2) As provided in 5 CFR § 575.111 and 5 CFR § 575.211, [] all or part of an employee's repayment requirements for breach of service agreements [may be waived] if there is a determination that recovery would be against equity and good conscience and not in the best interest of the United States. For example, [a] waiver[] may be granted if an employee is unable to complete the service obligation due to an off-duty injury or if repayment would constitute an undue hardship due to unforeseen personal reasons. Waiver[] [requests] under this authority will be granted judiciously and only under compelling circumstances.
 - (3) A waiver will not be approved, and the incentive will be repaid on a prorated basis for an employee who is separated for cause (e.g., [] [for] charges of misconduct or delinquency)[] before completion of the required service period. The employee must repay the entire [] incentive when the employee is separated as a result of material[,] false[,] or inaccurate statements[;] [] deception or fraud in examination or appointment[;] or as a result of failing to meet employment qualifications.
 - (4) Approving officials do not have authority to waive overpayments due to erroneous incentive payments []. Waivers for erroneous incentives must be processed through normal debt collection procedures through the Committee on Waivers and Compromises [(COWC)]. Erroneous incentive payments include incentives paid to employees in which there was no authority to approve [the incentive], incentives paid without [the] proper authorization[,] or the [incentive] amount paid was larger than the approved amount. For example, [a] recruitment incentive[] paid to a current Federal employee, or an incentive paid without the appropriate authorization, are considered erroneous incentives.
 - [(5) On a quarterly basis, each Administration and Staff Office shall request a report from the Defense Finance Accounting Service (DFAS) on incentive indebtedness, to ensure that appropriate action has been taken to initiate debt collection for individuals in breach of service obligation. Each Administration and Staff Office will be required to certify each fiscal year that appropriate action has been taken to initiate debt collection when an individual has breached their service agreement. Servicing human resources offices will be required to include incentive indebtedness review as a separate item on the exit checklist used when an employee leaves federal service or transfers to another facility or agency.]
- d. **Requesting Waivers.** Requests for waivers due to breach of service obligation [] [must be approved by the Assistant Secretary for Human Resources and

Administration/Operations, Security, and Preparedness (ASHR&A/OSP). Waiver requests for all incentives except for SES, title 38 SES-equivalent, and SL employees, will be submitted through the appropriate chain of command for each Administration or Staff Office, through the Office of the Chief Human Capital Officer (OCHCO), Compensation and Classification Service (055), for technical review prior to approval by the ASHR&A/OSP]. Incentives which were approved for SES, title 38 SES-equivalent[,] and SL employees will be routed through [the appropriate chain of command] [] to the CSEMO for technical review [prior to approval by the ASHR&A/OSP]. Decisions on waiver requests are final within VA. []

16. RECORDS AND REPORTS. Records sufficient to reconstruct the action will be maintained by the servicing human resources office for a minimum of six years following the end of the service obligation period or incentive payment date, whichever is later. Each facility must keep a record of each determination to pay an incentive and make such records available for review upon request by OCHCO or any other authorized organization. Records on incentives approved for SES, title 38 SES-equivalent[,] and SL employees will be maintained by the CSEMO. These records will include, at a minimum: the approved justification and authorization (VA Form 10016), the service agreement, supporting documentation described in paragraph 7, and waiver requests, approvals or denials, as applicable. Records shall also be made available to appropriate union officials upon request in accordance with governing laws, rules, and regulations.

17. ANNUAL CERTIFICATION AND INTERNAL MONITORING.

[] [a. OCHCO's Compensation and Classification Service (055) will extract recruitment, relocation, and retention incentive and AVO data from Human Resources Information System(s) (HRIS) on a quarterly basis to identify any trends or anomalies in usage. As needed, the Compensation and Classification Service will contact the servicing human resources offices to verify information and to obtain copies of authorizations or other relevant documents needed for the analysis.]

[]

[] [b. An annual report on recruitment, relocation, and retention Incentives (referred to as the Annual 3Rs Report) will be submitted from OCHCO to the ASHR&A/OSP no later than the second quarter of the fiscal year for distribution to Under Secretaries, Assistant Secretaries, and Other Key Officials. The Annual 3Rs Report will include incentive and AVO data for each Administration and Staff Office to review and identify usage and trends. On an annual basis, each Administration, Staff Office and Other Key Officials will be responsible for completing an annual certification attesting to the strategic and prudent use of all incentives authorized during the prior fiscal year. The certification will require each office to review the Annual 3Rs Report for accuracy, validate the data for their organization, and provide information on workforce and succession planning

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efforts to eliminate or reduce the use of incentives. Each office will also be required to certify that each incentive authorized in their organization was appropriate and in compliance with VA policy contained in this part, that each retention incentive addressed workforce and succession plans to reduce the long-term reliance on incentives, and that appropriate action has been taken to initiate debt collection from individuals who did not fulfill approved service obligations. The annual certification must be signed at the Under Secretary, Assistant Secretary or appropriate Other Key Official level. This certification level may not be further delegated. Completed certifications will be submitted each year by the end of the 3rd quarter to the Deputy Assistant Secretary for Human Resources Management (05). A copy of the Annual Certification on Usage of Recruitment, Relocation, and Retention Incentives and AVO Allowance template is provided in Appendix VI-T.]

- [c.] OCHCO's Oversight and Effectiveness Service will routinely review a facility's incentive authorizations during onsite visits and reviews. This will include verifying justifications and authorizations and ensuring incentives are approved in accordance with VA policies and Federal Government regulations.

18. CONCURRENT SERVICE AGREEMENTS.

- a. In very unusual situations, an employee who has not yet completed the service obligation for a prior incentive may be considered for another assignment. Except as provided in [sub]paragraph c below, concurrent service agreements and multiple incentive payments for the same period of employment are not permitted. Employees who accept a new position but have a service obligation due to a previous relocation or recruitment incentive are subject to the repayment liabilities of the previously authorized service agreement unless the approving official terminates the agreement or waives repayment. Terminating a service agreement or waiving repayment in order to offer an employee a subsequent incentive is generally inappropriate and must be approved as stated in paragraph c below.
- b. A relocation incentive is not payable and may not commence for a period of employment covered by a recruitment incentive service agreement or a previous relocation incentive service agreement. A retention incentive followed by a relocation incentive is the only instance in which an employee may receive more than one incentive and fulfill concurrent service agreements for the same service period.
- c. A relocation incentive may be payable for a period of employment covered by a retention incentive provided the conditions for both the retention incentive and relocation exist. Concurrent service agreements for retention incentives and relocation incentives as well as terminating an agreement or waiving repayment in order to pay a subsequent incentive require approval at the Network, Area, or Deputy Assistant Secretary (DAS) level or higher. Such approvals should be limited to rare and unusual circumstances in which an employee's retention is directly linked to a mission critical function in which documented evidence shows an inability to fill the position unless a subsequent incentive is approved.

2. COVERAGE.

- a. **Individual Retention Incentives.** Retention incentives may be authorized on an individual basis for full-time and part-time employees who occupy the following types of positions or appointments provided the eligibility requirements of paragraph [6] are met:

(1) **Title 5 and Hybrid Positions.** General Schedule (GS) positions paid under 5 U.S.C. § 5332 (including "hybrid" positions listed under 38 U.S.C. § 7401(3) or approved for 38 U.S.C. § 7401(3) hybrid status by the Assistant Secretary for Human Resources and Administration[/Operations, Security, and Preparedness] in accordance with VA Handbook 5005, Part II, Chapter 3, Section A, paragraph 2), 5 U.S.C. § 5305 or 38 U.S.C. § 7455; senior-level[,][scientific[,] and professional positions paid under 5 U.S.C. § 5376; [[SES] positions paid under 5 U.S.C. 5383; [[LEO] positions as defined by 5 CFR 550.103; Executive Schedule positions paid under 5 U.S.C. §§ 5311-5317 or a position [for which [the rate of pay] is fixed by law at a rate equal to a rate for the [[EX]; and [FWS]positions.

(2) **Title 38 Positions.** Under the authority of 38 U.S.C. §§ 7410,7421, the Secretary has extended the provisions of 5 U.S.C. § 5754 to physicians, dentists, podiatrists, optometrists, chiropractors, registered nurses, physician assistants, and expanded-function dental auxiliaries appointed under 38 U.S.C. 7401(1). Individuals appointed under 38 U.S.C. § 7306 or § 7405(a)(1)(A) or (B), for a minimum period of at least one year are also covered. See 5 U.S.C. § 5753(a)(1)(B). This chapter constitutes VA's implementing regulations with respect to retention incentives applicable to title 38 employees.

- b. **Group Retention Incentives.** Retention incentives may be authorized for a group or category of full-time or part-time employees occupying the positions and appointments listed in subparagraph 2a except []employees in senior-level[,][]scientific[,] or professional positions paid under 5 U.S.C. § 5376; SES positions paid under 5 U.S.C. § 5383; EX positions paid under 5 U.S.C. §§ 5311-5317 or a position [for which] the rate of pay [] is fixed by law at a rate equal to a rate for the EX; and title 38 SES-equivalent employees are not eligible for group incentives.

3. EXCLUSIONS.

- a. **General.**

(1) Retention incentives may not be authorized for intermittent employees. Retention incentives may not be authorized for employees appointed on a time-limited basis of less than one year; as experts or consultants; on a without-compensation basis; as Presidential appointees; in the SES as

noncareer appointees as defined in 5 U.S.C. § 3132(a)(7); in a position excepted from the competitive service by reason of its confidential, policy-determining, policy-making[,] or policy-advocating character; as a resident or intern under 38 U.S.C. § 7406; or in the Veterans Canteen Service (see VCS Directive 08.02, Recruitment, Relocation and Retention Incentives). Retention incentives may not be authorized for employees with scholarship obligations to VA resulting from education or training activities.

10017. If a factor is not used in the determination, there must be an explanation as to why the factor does not apply. Appendix VI-C contains instructions and guidance on fully addressing each of the following:

- (1) **Essential Need to Retain.** Each of the following factors must be considered and addressed:
 - (a) Employment trends and labor-market factors such as the availability and quality of candidates in the labor-market possessing the competencies required for the position;
 - (b) The success of efforts within the previous six months to recruit candidates and retain employees with competencies similar to those possessed by the employee for positions similar to the position held by the employee;
 - (c) Special or unique competencies required for the position;
 - (d) Efforts to use non-pay authorities to help retain the employee instead of or in addition to a retention incentive;
 - (e) The desirability of the duties, work[,] [] organizational environment, or geographic location of the position;
 - (f) The extent to which the employee's departure would affect VA's ability to carry out an activity, perform a function, or complete a project that is essential (or critical) to VA's mission;
 - (g) The salaries typically paid outside the Federal Government;
 - (h) The quality and availability of the potential sources of employees that are identified in the agency's, facility's[,] or organization's succession plan, who possess the competencies required for the position, and who, with minimal training, cost, and disruption of service to the public, could perform the full range of duties and responsibilities of the employee's position at the level performed by the employee; [and,]
 - (i) Other supporting factors not previously addressed that demonstrate the essential need to retain.
- (2) **Likelihood of Leaving Federal Employment.** In addition to documenting that retention is essential, recommending officials must certify and provide [a] written narrative and other evidence that they are reasonably convinced [] an employee (or group) is likely to leave Federal service in the absence of an incentive. Except for a retention incentive authorized due to the closure or relocation of an employing office, facility[,] or organization in Appendix VI-Q, there is no provision to authorize an incentive to an employee or group who

are not likely to leave Federal service. The basis for determining []an employee or group is likely to leave Federal service must be fully addressed in Section D of VA Form 10017 and may be based on one or more of the following [examples:

NOTE: The following examples represent ways that recommending officials can certify an employee (or group) is likely to leave Federal service. Recommending officials can provide a written narrative with any other evidence which indicates that they are reasonably convinced an employee (or group) is likely to leave Federal service in the absence of an incentive to fulfill the intent of this certification.]

(a) [Examples f]or an individual incentive:

- (1) Confirmation of the employee's submission of a retirement application or letter of resignation to the local human resources office[; or,
- (2) Documented evidence of high demand in the private sector for the knowledge and skills possessed by the employee and significant pay disparities between Federal and non-Federal salaries.]

(b) [Examples f]or a group incentive:

- (1) Employees within the group or category have unusually high or unique qualifications or there is a special need to retain the employees' services that makes it essential to retain the employees in the group or category; and
- (2) It is reasonable to presume []there is a high risk that a significant number of employees in the targeted category or group would be likely to leave Federal service in the absence of a retention incentive. The following information may substantiate or justify a group retention incentive:
 - (a) Documented evidence of high demand in the private sector for the knowledge and skills possessed by the group of employees and significant pay disparities between Federal and non-Federal salaries along with documented history of recent or expected turnover of employees in the position or category.

NOTE: For privacy reasons, supervisors, managers, and other VA officials are not permitted to obtain or view copies of an employee's retirement application or letter of resignation. Instead, the recommending official may seek confirmation of the submission from the servicing human resources office and must include a written narrative containing the name of the HR employee who confirmed the submission [,] the date and time of the confirmation, and the employee's anticipated retirement or resignation date. Do not attach copies of an employee's retirement application or letter of resignation to the retention incentive authorization.

- (3) **Additional Criteria for Group Determinations.** In addition to addressing the criteria in subparagraphs (1) and (2) above, requests to pay group retention incentives must narrowly define the targeted group or category of employees and address the following factors:

- (a) Occupational series;
- (b) Grade level;
- (c) Distinctive job duties;

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- c. **Lump Sum.** Full payment may be made after the completion of the obligated service period. A service agreement is required. Payment will generally not be made unless the employee completes the entire obligated service period. In limited extenuating circumstances, employees may receive payment for a period of service that is less than the obligated service period if such conditions are specified in the agreement.

10. AGGREGATE LIMIT ON COMPENSATION. An employee may not receive any portion of an incentive that, when added to the annual rate of the employee's continuing payments and any lump sum payments received earlier in the calendar year, would exceed aggregate limits on pay. [For title 5 positions,] any excess portion of the incentive may not be paid until the beginning of the next calendar year. [This deferral process does not apply to physicians, dentists, and podiatrists because of the compensation limitations set out in 38 U.S.C. § 7431(e)(4).] Refer to part VII, chapter 2 for information on aggregate limits. Human resources officials will inform an incentive recipient affected by an aggregate limitation and include an explanation in the service agreement or statement of understanding.

11. RETENTION SERVICE AGREEMENT.

- a. All employees[, including a group or category of employees,] who are authorized to receive payments in installments or as a lump sum, [or] are authorized to receive an incentive greater than 25 percent must sign a Retention Service Agreement [(RSA)] and agree to complete a specified period of service in VA (or a successor agency in the event of a transfer of function). Service in a non-pay status will not count toward satisfying the service obligation and will extend the period of obligated service by an equal amount of time. A [[RSA]is not required for employees authorized to receive an individual retention incentive of 25 percent or less[, or for employees covered by a group authorization, when the individual or group incentive is] paid at the full authorized percentage on a biweekly basis. A sample service agreement is provided in Appendix VI-P.
- b. The service agreement must include the length of the required service period and the commencement and termination dates of the required service period. The required service period must begin on the first day of a pay period and end on the last day of a pay period.
- c. The service agreement must specify the percentage authorized and the payment method.
- d. The service agreement will include the conditions under which VA must terminate the service agreement before the employee completes the agreed-upon service period. VA must terminate the service agreement if an employee is demoted or separated for cause, receives a rating of record of less than "Fully Successful" or equivalent, otherwise fails to fulfill the terms of the service agreement, or when

the conditions giving rise to the original determination to authorize the retention incentive no longer exists.

- e. The service agreement must include the conditions under which VA may terminate the service agreement. Examples include insufficient funds, management needs, reassignment of the employee to another position, or other extenuating circumstances beyond the employee's control such as death, severe illness, or accidents. When the service agreement is terminated for reasons beyond the control of the employee, payment may be made for completed periods of service.

- f. The service agreement may include any other terms or conditions that, if violated, will result in a termination of the service agreement. For example, the service agreement may specify the employee's work schedule, the required service period, type of position, the duties that are expected to be performed, and the extent to which periods of time on detail or in paid leave status are creditable toward the completion of the service period.
- g. The service agreement, signed by the employee and the requesting official, must be included in the request for approval of an incentive, except an agreement for an SES, title 38 SES-equivalent[,], or SL incentive which is signed after the incentive has been approved by the Secretary []or designee. After the request is approved, the signed and dated service agreement will be filed on the temporary side of the employee's electronic Official Personnel Folder [(e-OPF)] until completion of the required service. Copies of the service agreement will be given to the employee and the servicing fiscal office and one will be maintained in accordance with paragraph 16.

12. STATEMENT OF UNDERSTANDING (SOU)

- a. A Statement of Understanding (SOU) is required for all employees authorized an individual retention incentive of 25 percent or less[, or a group retention incentive which is] paid at the full authorized percentage on a biweekly basis. A sample SOU is provided in Appendix VI-D.
- b. The SOU will include the employee's position title, occupation title, series, grade, step, percentage authorized, and a statement that payments will be made on a biweekly basis at the full percentage rate based on the number of regular hours worked and the employee's rate of pay. The SOU must advise that the incentive will not be paid for overtime and periods of non-pay and may be terminated or reduced at any time based on the needs of the Department. The SOU must state that the incentive will be terminated if the employee's rating of record is less than "Fully Successful" or equivalent, or if it is not properly reviewed and recertified after one year by the approving official, and that termination or reduction of the incentive at any time is not an adverse action and may not be grieved.
- c. The SOU must be signed by the employee and the requesting official and attached to the incentive authorization. A SOU for an SES, title 38 SES-equivalent[,], or SL employee is signed after the incentive has been approved by the Secretary or designee. After the incentive is approved, the authorization and the SOU must be filed on the temporary side of the employee's []e-OPF and maintained in accordance with the records retention requirements in paragraph 16.

13. TERMINATION OF A RETENTION INCENTIVE

- a. An approving official may unilaterally terminate a retention incentive based solely on the management needs of VA. For example, VA may terminate an incentive when the employee's position is affected by a reduction-in-force, when there are insufficient funds to continue the planned payments, when conditions no longer warrant payment at the level originally approved (or at any level), or when VA assigns the employee to a different position (if the different position is not within the terms of the service agreement or SOU). If an authorized VA official terminates an incentive under this subparagraph, the employee is entitled to receive the incentive through the end of the pay period in which the incentive is terminated.

- (1) Whether a lesser amount (or no incentive at all) would be sufficient to retain the employee;
- (2) Whether labor-market factors make it more likely (or reasonably likely) to recruit a candidate with competencies similar to those possessed by the employee;
- (3) Whether the need for the services of the employee has been reduced to a level that makes it unnecessary to continue payment at the level originally approved (or at all);
- (4) Whether budgetary considerations make it difficult to continue payment at the level originally approved (or at all); and,
- (5) Other supporting factors.

HR offices must notify employees in writing prior to the end of the pay period in which the termination, the new incentive amount, if applicable, and the reason for the change or termination. Terminated retention incentives may not be reinstated retroactively.

15. RECORDS AND REPORTS. Records sufficient to reconstruct the action will be maintained by the servicing human resources office for a minimum of six years following the end of the service obligation period or incentive payment date. Each facility must keep a record of each determination to pay an incentive and make such records available for review upon request by OCHCO or any other authorized organization. Records on incentives approved for SES, title 38 SES-equivalent[,] and SL employees will be maintained by [the] CSEMO. These records will include, at a minimum: the approved justification and authorization documents, the service agreement or statement of understanding, supporting documentation described in paragraph 7, and waiver requests, approvals[,] or denials, as applicable. Records shall also be made available to appropriate union officials upon request in accordance with governing laws, rules, and regulations.

16. ANNUAL CERTIFICATION REPORT AND INTERNAL MONITORING

- [] [a. OCHCO Compensation and Classification Service (055) will extract recruitment, relocation, and retention incentive, and AVO data from Human Resources Information System(s) (HRIS) on a quarterly basis to identify any trends or anomalies in usage. As needed, Compensation and Classification Service will contact servicing human resources offices to verify information and to obtain copies of authorizations or other relevant documents needed for the analysis.]

[]

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- [] [b. An Annual Report on Recruitment, Relocation, and Retention Incentives will be submitted to the ASHR&A/OSP from OCHCO no later than the second quarter of the fiscal year for distribution to Under Secretaries, Assistant Secretaries, and Other Key Officials. The Annual 3Rs Report will include incentive and AVO data for each Administration and Staff Office to review and identify usage and trends. On an annual basis, each Administration and Staff Office will be responsible for completing an annual certification attesting to the strategic and prudent use of all incentives authorized during the prior fiscal year. The certification will require each Administration and Staff Office to review the Annual 3Rs Report for accuracy, validate the data for their organization, and provide information on workforce and succession planning efforts to eliminate or reduce the use of incentives. Each Administration and Staff Office will also be required to certify that each incentive authorized in their organization was appropriate and in compliance with VA policy contained in this part, that each retention incentive addressed workforce and succession plans to reduce the long-term reliance on incentives, and that appropriate action has been taken to initiate debt collection from individuals who did not fulfill approved service obligations. The annual certification must be signed at the Under Secretary or Assistant Secretary level. This certification level may not be further delegated. Completed certifications will be submitted each year by the end of the 3rd quarter to the Chief Human Capital Officer (05). A copy of the Annual Certification on Usage of Recruitment, Relocation, and Retention Incentives and AVO Allowance template is provided in Appendix VI-T.]
- c. OCHCO's Oversight and Effectiveness Service will routinely review a facility's incentive authorizations during onsite visits and reviews. This will include verifying justifications and authorizations and ensuring incentives are approved in accordance with VA policies and Federal Government regulations.]

APPENDIX A



Department of Veterans Affairs

**JUSTIFICATION AND AUTHORIZATION OF
RECRUITMENT AND RELOCATION INCENTIVES**

SECTION A - JUSTIFICATION OF

1. INCENTIVE TYPE <input type="checkbox"/> RECRUITMENT-INDIV. <input type="checkbox"/> RECRUITMENT- GROUP <input type="checkbox"/> RELOCATION		2a. OCCUPATION SERIES TITLE, PAY PLAN, OCCUPATION SERIES	2b. POSITION TITLE
3. NUMBER OF VACANCIES FOR WHICH INCENTIVE IS JUSTIFIED		4a. DUTY STATION <i>(Name and location)</i>	4b. DUTY STATION NUMBER
5a. SERVICING HUMAN RESOURCES (HR) OFFICE FACILITY <i>(Name and location)</i>		5b. SERVICING HUMAN RESOURCES OFFICE STATION NUMBER	
6. FOR GROUP RECRUITMENT INCENTIVES ONLY - CRITERIA FOR GROUP INCENTIVES <i>(Enter criteria to narrowly define employees eligible for a group incentive. The definition must show occupation series, grade level, distinctive job duties, unique competencies required for the position, organization or team designation, and geographic location.)</i>			
7. FACTORS DEMONSTRATING DIFFICULTY IN FILLING POSITIONS			
a. AVAILABILITY AND QUALITY OF CANDIDATES POSSESSING COMPETENCIES REQUIRED FOR THE POSITION(S)			
b. SALARIES TYPICALLY PAID OUTSIDE THE FEDERAL GOVERNMENT FOR SIMILAR POSITIONS			
c. RECENT TURNOVER IN POSITION OR SIMILAR POSITIONS			
d. EMPLOYMENT TRENDS AND LABOR-MARKET FACTORS			
e. SPECIAL OR UNIQUE COMPETENCIES REQUIRED FOR THE POSITION			
f. EFFORTS TO USE NON-PAY AUTHORITIES			
g. DESIRABILITY OF THE DUTIES, WORK OR ORGANIZATIONAL ENVIRONMENT, OR GEOGRAPHIC LOCATION OF THE POSITION			

h. OTHER SUPPORTING FACTORS OR SPECIAL CIRCUMSTANCES			
8. RECOMMENDATIONS AND APPROVALS			
I certify that the justification accurately describes the factors demonstrating the difficulty in filling the position and the need for an incentive for the position identified.			
a. NAME AND TITLE OF RECOMMENDING OFFICIAL	SIGNATURE	DATE SIGNED	
b. NAME AND TITLE OF HUMAN RESOURCES REVIEWER	SIGNATURE	<input type="checkbox"/> CONCUR <input type="checkbox"/> NON-CONCUR	DATE SIGNED
c. NAME AND TITLE OF APPROVING OFFICIAL	SIGNATURE	<input type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED	DATE SIGNED
SECTION B - AUTHORIZATION OF INCENTIVE - CANDIDATE INFORMATION			
9. NAME <i>(Last, First, MI)</i>		10. POSITION TITLE	
11. PAY PLAN, OCCUPATION SERIES, GRADE/STEP			
12a. TYPE OF APPOINTMENT <input type="checkbox"/> PERMANENT	12b. IF TEMPORARY, ENTER NOT-TO-EXCEED DATE	13. APPOINTMENT AUTHORITY	
14. APPOINTMENT EFFECTIVE DATE			
15a. WORK SCHEDULE <input type="checkbox"/> FULL-TIME	15b. IF PART-TIME, ENTER NORMAL HOURS PER PAY PERIOD	16. DUTY STATION <i>(Name and location)</i>	
17. DUTY STATION NUMBER			
18. ORGANIZATIONAL UNIT <i>(Name)</i>		19. SERVICING HR STATION <i>(Name and location)</i>	
20. SERVICING HR STATION NUMBER			
21a. ANNUAL SALARY RATE <i>(Non-physicians/dentists)</i>	21b. ANNUAL PAY <i>(For Title 38 Physicians and Dentists)</i>		
	ANNUAL BASE PAY	ANNUAL MARKET PAY	ANNUAL PAY
	PLUS		=
INCENTIVE TYPE, PERCENTAGE, PAYMENT METHOD, SERVICE PERIOD			
22. INCENTIVE TYPE <input type="checkbox"/> RECRUITMENT-INDIV. <input type="checkbox"/> RECRUITMENT-GROUP	23. PERCENTAGE AUTHORIZED	24. DATES OF SERVICE PERIOD	25. LENGTH OF SERVICE PERIOD <i>(In Years/Months)</i>
26. TOTAL INCENTIVE AMOUNT AUTHORIZED			
ANNUAL SALARY RATE/ANNUAL PAY AUTHORIZED	PERCENTAGE AUTHORIZED	SERVICE PERIOD FACTOR	TOTAL INCENTIVE AMOUNT
TIMES	TIMES	=	

27. PAYMENT METHOD	
<input type="checkbox"/> LUMP SUM AT THE BEGINNING OF THE SERVICE PERIOD	_____
<input type="checkbox"/> LUMP SUM AT THE END OF THE SERVICE PERIOD	_____
<input type="checkbox"/> EQUAL Biweekly PAYMENTS	_____
<input type="checkbox"/> INSTALLMENTS	_____ NUMBER PER YEAR (Not to exceed 4) _____

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28. INSTALLMENT PAYMENT SCHEDULE: <i>If the incentive is paid in installments, enter the installment amount, year and pay period number for each payment. The total of the installment payments must equal Total Incentive Amount Authorized (Item 26).</i>		
INSTALLMENT #1: AMOUNT _____	YEAR/PAY PERIOD _____	
NUMBER INSTALLMENT #2: AMOUNT _____	YEAR/PAY _____	
PERIOD NUMBER INSTALLMENT #3: AMOUNT _____	YEAR/PAY _____	
PERIOD NUMBER INSTALLMENT #4: AMOUNT _____	YEAR/PAY _____	
29. BASIS FOR PERCENTAGE, PAYMENT METHOD AND SERVICE PERIOD LENGTH: DESCRIBE THE CRITERIA AND BASIS USED IN DETERMINING THE AUTHORIZED PERCENTAGE, PAYMENT METHOD AND LENGTH OF OBLIGATED SERVICE PERIOD.		
30. DESCRIBE THE CANDIDATE/EMPLOYEE'S SPECIAL SKILLS AND QUALIFICATIONS		
FOR RELOCATION INCENTIVES ONLY, ANSWER QUESTIONS 31 THROUGH 34		
31. PERFORMANCE RATING: ENTER AGENCY, DATE AND RATING OF THE MOST RECENT PERFORMANCE RATING OF RECORD		
31a. AGENCY _____	31b. DATE OF RATING _____	31c. PERFORMANCE RATING _____
32. IS THE EMPLOYEE REQUIRED TO RELOCATE IN ORDER TO ACCEPT POSITION? <input type="checkbox"/> YES <input type="checkbox"/> NO	33. IS THE EMPLOYEE'S PRIOR DUTY STATION LOCATION IN A DIFFERENT GEOGRAPHIC AREA, GREATER THAN 50 MILES FROM THE NEW DUTY LOCATION? <input type="checkbox"/> YES <input type="checkbox"/> NO	
34. JUSTIFICATION FOR WAIVER OF 50 MILE REQUIREMENT: IF THE PRIOR DUTY STATION IS LESS THAN 50 MILES FROM THE NEW DUTY STATION, ENTER JUSTIFICATION FOR WAIVER OF THE 50 MILE REQUIREMENT.		
FOR RECRUITMENT INCENTIVES ONLY, ANSWER QUESTION 35,		
35. PRIOR EMPLOYMENT STATUS: ENTER CANDIDATE'S EMPLOYMENT STATUS DURING THE 90-DAY PERIOD IMMEDIATELY PRIOR TO APPOINTMENT. INLCUDE EMPLOYER NAME(S), LOCATION(S) AND POSITION(S) HELD.		
36. RECOMMENDATIONS AND APPROVALS		
I certify that the information in this authorization meets the criteria for approval as contained in VA Handbook 5007, Part VI, Chapter 2.		

June 22, 2020

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APPENDIX A

a. NAME AND TITLE OF RECOMMENDING OFFICIAL	SIGNATURE		DATE SIGNED
b. NAME AND TITLE OF HUMAN RESOURCES OFFICIAL	SIGNATURE	<input type="checkbox"/> CONCUR <input type="checkbox"/> NON-CONCUR	DATE SIGNED
c. NAME AND TITLE OF APPROVING OFFICIAL	SIGNATURE	<input type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED	DATE SIGNED

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**INSTRUCTIONS FOR COMPLETING VA FORM 10016,
JUSTIFICATION AND AUTHORIZATION OF
RECRUITMENT AND RELOCATION INCENTIVES**

GENERAL: Recruitment and relocation incentives are important tools when strategically and prudently used to address human capital needs. These incentives permit the staffing of difficult to fill positions with highly qualified candidates who possess unique skills and competencies needed to perform critical mission-essential functions. The effective use of recruitment and relocation incentives requires an assessment of the Department's needs, fully documented justification and authorization documents, periodic reviews to determine the need for continued use, and the consideration of other staffing flexibilities and incentives whenever appropriate.

VA Form 10016, Justification and Authorization of Recruitment and Relocation Incentives is required for the justification and authorization of all recruitment and relocation incentives (except for incentives authorized by the Office of Inspector General). The following instructions for completing VA Form 10016 must be used in conjunction with VA Handbook 5007, Part VI, Chapter 2, and any procedural or approval requirements specific to an organization.

The approval of recruitment and relocation incentives is a two-step process. First, an organization must fully justify the need for an incentive(s) by completing Section A of VA Form 10016, Justification and Authorization of Recruitment and Relocation Incentives. This step must be accomplished as soon as an organization considers the use of an incentive in order to determine if use of an incentive is justified for the position. In all cases, Section A must be completed and approved prior to advertising incentives on a vacancy announcement. To ensure justifications are relevant and based on current information, Section A must be signed by the appropriate officials within the six months prior to authorizing the incentive. [If more than six months (not to exceed one year) has passed from the date Section A was originally approved due to delays in the recruitment process, a separate memorandum certifying that the conditions described in Section A still exist, must be signed and dated by the appropriate authorizing official, and attached to the original VA Form 10016 before a candidate can be authorized to receive an incentive.

When the facility has an open continuous announcement for multiple vacancies or has authorized a group recruitment incentive for a selected group of positions, Section A of VA Form 10016 should be completed once prior to the beginning date of the announcement. Complete Section B for each individual approved to receive a recruitment or relocation incentive from the same open continuous announcement and attach a copy of the original authorization for Section A. All group recruitment incentive authorizations must be reviewed annually to determine whether the positions are still likely to be difficult to fill. VA Form 10016 must be completed annually as part of the annual review of group recruitment incentives.]

The second step is completion of Section B with information pertaining to the candidate, including the authorized percentage, total payment amount, payment method, candidate's qualifications, and total obligated service period. This step also requires the completion of a recruitment or relocation service agreement in which the employee agrees to complete a specified period of service with the Department. The completion of Sections A and B and a service agreement must occur prior to an employee entering on duty or, for relocation incentives, relocating to the new geographic location.

The following provides basic guidelines for completing VA Form 10016, Justification and Authorization of Recruitment and Relocation Incentives. Before completing VA Form 10016, it is important to understand VA's policy contained in Part VI, Chapter 2, as well the strategy and guiding principles of the Department, requesting organization, and approving official(s).

SECTION A – JUSTIFICATION OF INCENTIVE.

1. Incentive Type: Enter "x" for the type of incentive being justified.

[2a.] Occupation Series Title, Pay Plan, Occupation Series: Enter occupation series title, pay plan[,], and four-digit occupation series. For example, Human Resources Specialist, GS-0201.

[2b.] Position Title: Enter title of position(s) such as "Director, Compensation Service". In some cases, Occupation Series Title and Position Title may be the same.

[3.] Number of Vacancies for which Incentive is Justified: Enter the number of vacancies for which the incentive is justified. The number of incentives authorized under this justification may not exceed this number and the incentive(s) must be authorized within six months of the approved justification[, unless the approving official has signed and dated a memo certifying that the conditions for the original authorization still exist, along with an explanation of the delay in the authorization process. A new VA 10016 form must be completed a minimum of one year from the date of initial authorization.]

[4a.] Duty Station Name and Location: This is the name and location of the facility at which the employee will be assigned to perform his or her regular duties. For example, this may be the name of an Outpatient Clinic or other satellite office away from the main VA facility.

[4b.] Duty Station Number: Enter the duty station number including any suffixes.

[5a.] Servicing Human Resources Office Facility Name and Location: This is the facility name and location of the servicing human resources office that maintains the employee's electronic Official Personnel Folder

[5b.] **Servicing Human Resources Office Station Number:** Enter the three-digit station number.

[6. For Group Recruitment Incentives Only – Justification for Group Incentives:

For group authorizations, narrowly define the group of employees covered by this authorization. The factors considered must include the occupation series, title, grade level(s), distinctive job duties, unique competencies required for the positions, organization or team designation(s), and geographic location(s). Upon approval, any employee hired that meets the criteria will receive a recruitment incentive under the group incentive authorization unless they are covered by a different recruitment, relocation, or other service agreement that obligates the employee to complete a specific period of service.]

7. Factors Demonstrating Difficulty in Filling [a] Position: OPM regulations require agencies to consider the following factors in determining whether a position is likely to be difficult to fill in the absence of an incentive. The consideration of each factor must be fully documented. If a factor does not apply, enter a narrative explaining why it is not applicable in determining the difficulty in filling the position(s).

- a. **Availability and quality of candidates possessing competencies required for the position:** This is a major factor in demonstrating the need to offer an incentive. Enter detailed narrative and verifiable evidence showing why quality candidates are not available without the use of an incentive. This should include the results of recent recruitment efforts for the position or similar positions using [] indicators [such] as job acceptance rates, current vacancy rates[,] and the length of time required to fill similar positions.

To compute job acceptance rates, divide the number of job offers candidates accepted by the number of job offers made and multiply by 100. For example, if two candidates accepted an offer but eight offers were made, the job acceptance rate is 25 percent (two divided by eight times 100). A low acceptance rate is one indicator of difficulty in filling a position without an incentive.

To compute current vacancy rates, divide the number of vacant positions by the total number of positions and multiply by 100. For example, if six out of 12 positions are vacant, the vacancy rate is 50 percent (six divided by 12 times 100). A high vacancy rate is one indicator of difficulty in filling a position without an incentive.

It is not acceptable to rely on outdated recruitment efforts to demonstrate that quality candidates are not available. Indicators for this factor must be current and relevant.

14. Proposed Appointment Effective Date: Enter the date the employee will be appointed.

15a. Work Schedule: Enter full-time, part-time, or intermittent.

15b. If part-time, enter the number of hours per pay period. For part-time employees, enter the number of hours scheduled for each pay period. For intermittent employees, estimate the number of hours for each pay period.

16. Duty Station: Enter name and location of the employee's duty station.

17. Duty Station Number: Enter the three-digit duty station number followed by the one or two-digit suffix. For example, the duty station number for an employee assigned to station 101, Central Office, but stationed in Quantico[,] Virginia is "101[-74]." In this example, the Duty Station Number is "101[-74]."

18. Organizational Unit (Name/Office Symbol): Enter the name of the employee's organization, office, and routing symbol, as appropriate. For example, Compensation and Classification Service (055).

19. Servicing Human Resources Station Name: Enter the servicing human resources station name and location. This is the name of the VA facility responsible for providing human resources service for the employee.

20. Servicing Human Resources Station Number: Enter the three-digit station number of the servicing human resources station.

21a. Annual Salary Rate (Non-Physicians/Dentists): For employees other than title 38 physicians, dentists, and podiatrists enter the employee's annual salary rate as of the employee's entry on duty date. This rate includes a locality pay rate or special salary rate. The annual salary rate should also include any special pay authorized for [Pharmacy Executives] or Nurse Executives. This rate will be used to compute the total incentive amount and will be the same rate entered as Annual Salary in Item 26 below. If the employee is a title 38 physician or dentist, enter "n/a" and complete Item 21b.

21b. Annual Pay (Title 38 Physicians/Dentists): For title 38 physicians, dentists and podiatrists compute Annual Pay by entering the annual base pay rate and annual market pay rates. The total (Annual Pay) will be used to compute the total incentive amount and will be the same rate entered as Annual Salary/Annual Pay in Item 26 below.

[]

Incentive Type, Percentage, Payment Method, Service Period

22. Incentive Type: Enter "X" to indicate type of incentive

23. Percentage Authorized: Enter the percentage authorized, up to two decimal places. For example, you may enter amounts such as 10 percent, 10.33 percent, or 13.99 percent, etc. Facility Directors,

SAMPLE RECRUITMENT/RELOCATION SERVICE AGREEMENT

As a condition of being paid a recruitment/relocation incentive of (amount/percentage) in connection with my appointment on a (full-time or part-time and number of normal hours each biweekly pay period) basis, to the position of (position) at (VA facility) effective (month, day, and year), I agree to serve (number biweekly pay periods) biweekly pay periods of employment with the Department of Veterans Affairs (VA) and, in the event of a transfer of function, to complete all remaining obligated service with the successor agency. Service in a non-pay status will not count towards satisfaction of this obligation. Any time in a non-pay status will postpone my service obligation to VA and will extend my period of obligated service by a number of days equal to the number of days spent in a non-pay status.

I understand that the incentive will be paid to me as (method of payment) on (timing and amount of each payment). My service period begins on (must be first day of a pay period) and ends on (must be last day of a pay period). (If applicable add, "The commencement period of my service agreement is delayed until I successfully complete a 1-year probationary period.") I understand []VA is not obligated to pay any portion of the incentive if I fail to successfully complete the probationary period."

[Include the following paragraph for relocation incentives only:

I understand that I must establish and maintain a residence in a different geographic area than where I presently reside in order to receive relocation incentive payments. I understand I will be in violation of the terms of this agreement if I fail to maintain a residence in the new geographic area for the duration of the specified service period. I understand that I am only entitled to retain incentive payments previously paid by VA that are attributable to the completed portion of the service period for which I maintained a residence in the designated geographic area. A breach of this agreement may result in indebtedness to the Federal Government for incentive payments received in excess of the amount that would be attributable to the completed portion of the service period specified in this agreement.]

I understand []VA may unilaterally terminate this agreement based solely on the management needs of VA. If this occurs, I will be entitled to all recruitment[/relocation] incentive payments that are attributable to completed service and to retain any portion of an incentive payment received that is attributable to uncompleted service. [I understand the termination of a service agreement is not grievable or appealable.]

I understand []this agreement will be terminated if I am demoted, separated for cause, receive a rating of record of less than "Fully Successful" or equivalent, or fail to fulfill other terms of this agreement (such as by reducing my work hours or changing positions). If this occurs, I am entitled to retain incentive payments previously paid by VA that are attributable to the completed portion of the service period. If, at the time the agreement is terminated, I have received incentive payments that are less than the

amount that would be attributable to the completed portion of the service period, VA will not be obligated to pay any additional amount attributable to completed service. If, at the time this agreement is terminated, I have received incentive payments in excess of the amount attributable to the completed portion of the service period, I understand that I must repay that excess amount. I further agree that any amount I am obligated to refund will be a debt due the United States, which I hereby agree to pay in full as directed by VA, unless the Secretary of Veterans Affairs (or designee) determines that failure to complete the obligated service was for reasons beyond my control or that repayment is against equity [and good conscience] [and] [] not in the [best] interest of the Government.

(Add information for aggregate limit on pay if applicable; other terms as appropriate)[.]

[I understand any recruitment/relocation incentive payments I receive will not be considered part of my basic pay for retirement, life insurance, worker's compensation, lump-sum leave payments, severance pay, or any other benefits.]

I understand [] this agreement is valid only when signed by me, the recommending official, and the approving official.

(signature and name of employee) (date) (signature, name[,] and title of recommending official) (date)

APPROVED: I certify that payment of an incentive is appropriate in order to fill the above position.

(signature, name[,] and title of approving official) (date)

18b. INSTALLMENT SCHEDULE			
INSTALLMENT #1: AMOUNT	_____	YEAR/PAY PERIOD	_____
NUMBER			
INSTALLMENT #2: AMOUNT	_____	YEAR/PAY PERIOD	_____
NUMBER			
INSTALLMENT #3: AMOUNT	_____	YEAR/PAY PERIOD	_____

VA FORM **10017**
NOV 2014

19. BASIS FOR PERCENTAGE, PAYMENT METHOD AND SERVICE OBLIGATION PERIOD *(Enter basis for determining percentage, payment method, and service obligation period)*

SECTION C - FACTORS DEMONSTRATING ESSENTIAL NEEDS TO RETAIN

20. DESCRIBE HOW EACH OF THE FOLLOWING FACTORS CONTRIBUTE TO THE DETERMINATION THAT THE EMPLOYEE'S HIGH OR UNIQUE QUALIFICATIONS OR SPECIAL NEEDS OF THE DEPARTMENT MAKES IT ESSENTIAL TO RETAIN THE EMPLOYEE. EACH FACTOR MUST BE FULLY ADDRESSED

a. EMPLOYMENT TRENDS AND LABOR-MARKET FACTORS

b. RECENT RECRUITMENT EFFORTS

c. SPECIAL UNIQUE COMPETENCIES REQUIRED FOR THE POSITION

d. EFFORTS TO USE NON-PAY AUTHORITIES

e. DESIRABILITY OF THE DUTIES, WORK OR ORGANIZATIONAL ENVIRONMENTAL, OR GEOGRAPHIC LOCATION OF THE POSITION

f. AFFECT ON DEPARTMENT IF EMPLOYEE IS NOT RETAINED; IDENTIFY SPECIAL NEED AND IMPACT

g. SALARIES TYPICALLY PAID OUTSIDE FEDERAL SERVICE

h. THE QUALITY AND AVAILABILITY OF POTENTIAL SOURCES OF EMPLOYEES IDENTIFIED IN THE ORGANIZATION'S SUCCESSION PLAN, WHO POSSESS THE COMPETENCIES REQUIRED FOR THE POSITION AND WHO, WITH MINIMAL TRAINING, COST AND DISRUPTION OF SERVICE COULD PERFORM THE FULL RANGE OF DUTIES AND RESPONSIBILITIES AT THE LEVEL PERFORMED BY THE EMPLOYEE. DESCRIBE ANY OTHER EFFORTS IN THE ORGANIZATION'S PLAN TO EVENTUALLY ELIMINATE OR REDUCE THE USE OF RETENTION INCENTIVES.

i. OTHER SUPPORTING FACTORS

SECTION D - LIKELIHOOD OF LEAVING FEDERAL SERVICE

21. BASIS FOR LIKELIHOOD LEAVING FEDERAL SERVICE *(Explain the basis for determining that the employee or group is likely to leave Federal service without the use of a retention incentive. Cite and attach job offers, confirmation of employee's submission of a retirement application or letter of resignation, data showing high demand and pay disparity or other supporting documentation as appropriate.)*

SECTION E - GROUP INCENTIVES

22. CRITERIA FOR GROUP INCENTIVES *(Enter criteria to narrowly define employees eligible for a group incentive. The definition must show occupation series, grade level, distinctive job duties, unique competencies required for the position, required rating of record, organization or team designation, geographic location, special project assignment, and minimum service requirements.)*

23. RECOMMENDATIONS AND APPROVALS

I certify that the justification in this request meets the criteria for approval as contained in VA Handbook 5007, Part VI, Chapter 3[,] for the payment of a retention incentive.[]

a. NAME AND TITLE OF RECOMMENDING OFFICIAL	SIGNATURE	DATE SIGNED
b. NAME AND TITLE OF HUMAN RESOURCES REVIEWER	SIGNATURE	<input type="checkbox"/> CONCUR <input type="checkbox"/> NON-CONCUR DATE SIGNED
c. NAME AND TITLE OF APPROVING OFFICIAL	SIGNATURE	<input type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED DATE SIGNED

INSTRUCTIONS FOR COMPLETING VA FORM 10017, AUTHORIZATION AND REVIEW OF RETENTION INCENTIVE

GENERAL: Retention incentives are important tools when strategically and prudently used to maintain a high-performing workforce who possess unique skills and competencies and whose services are essential to the Department and who would otherwise leave Federal service. The effective use of retention incentives requires a proper assessment of the Department's needs, fully justified authorization documents, periodic reviews to determine whether continued use is appropriate[,] and consideration of other staffing flexibilities[,] where appropriate.

VA Form 10017, Authorization and Review of Retention Incentive is required for the justification, authorization, and review of all retention incentives (except for incentives authorized by the Office of Inspector General). The following instructions for completing VA Form 10017 must be used in conjunction with VA Handbook 5007, part VI, chapter 3.

VA Form 10017 will be used to approve and review all retention incentives for employees likely to leave Federal service. See VA Handbook 5007, Part VI, Appendix R, for policy and documentation requirements for retention incentives for employees likely to leave for another Federal agency due to closure or relocation of employing office, facility, or organization.

VA Form 10017 must be approved prior to the effective date of an initial retention incentive or prior to the annual review due date for a renewal. For annual review requirements and criteria, see VA Handbook 5007, Part VI, Chapter 3, paragraph 14. A retention incentive cannot be retroactive.

A Retention Service Agreement [(RSA)] or Statement of Understanding (SOU) signed by the employee and the approving official must be attached to VA Form 10017. For SES, title 38 SES-equivalent[,] and SL incentives, the Service Agreement or SOU is signed after the incentive is approved by the Secretary or designee. Other supporting documents that [] may [also] be attached include copies of job offers, vacancy announcements, salary survey data, published reports, etc.

[For each group retention incentive that is authorized or reauthorized, Sections B, C, D, and E of VA Form 10017 must be completed. Individual names of each employee to be included in the specific group incentive may be attached to the form in lieu of completing Section A.]

The purpose of VA Form 10017 is to fully document an employee's high or unique qualifications, the special needs of the Department that make retention essential, and the basis for the reasonable assurance that the employee or group of employees would likely leave Federal service in the absence of an incentive.

SECTION A: EMPLOYEE INFORMATION:

1. **Name:** Enter the employee's name (last, first, middle initial)[.]
2. **Position Title:** Enter the title of the employee's position. For example, Director of Compensation Service.
3. ***Pay Plan, Occupation Series, Grade/Step**
 - Enter the two letters pay plan, such as GS, WG, EX, AD.
 - Enter the occupation series, such as "0201."
 - Enter the grade and step, such as "13/5."
- 4a. ***Type Appointment:** Select the appropriate block for either a Permanent or Temporary appointment.
- 4b. **If Temporary, Enter NTE Date:** Enter the appointment not to exceed date.
5. ***Appointment Authority:** Enter the appointment authority used to appoint the employee. The proper appointment authority may be obtained from the staffing or other specialist in the local human resources office.

*
***NOTE:** See relevant codes and series in the HR Smart User Guide at: [HR Smart User Guide](#).
6. **Appointment Effective Date:** Enter the effective date of the employee's current appointment.
- 7a. **Work Schedule:** Enter full-time or part-time.
- 7b. **If part-time, enter the number of normal hours per pay period.**
8. **Duty Station:** Enter the name and location of the employee's duty station.
9. **Duty Station Number:** Enter the three-digit duty station number followed by the one or two-digit suffix. For example, the duty station number for an employee assigned to station 101, Central Office, but stationed in Quantico, Virginia is "101[-74]". In this example, the Duty Station Number is "[101-74]."
10. **Organizational Unit (Name/Office Symbol):** Enter the name of the employee's organization, office, and routing symbol, as appropriate. For example, []Compensation and Classification Service (055).[]

PART VI
APPENDIX C

11. Servicing HR Station Name: Enter the servicing HR station name and location. This is the name of the VA facility that maintains the employee's electronic Official Personnel Folder.

12. Servicing HR Station Number: Enter the three-digit station number of the servicing HR station.

13a. Annual Salary Rate (Non-Physician/Dentist): For employees other than title 38 physicians, dentists and podiatrists enter the employee's current annual salary rate. The annual salary rate should also include any special pay authorized for [Pharmacy Executives] or Nurse Executives. This rate may include a locality pay rate or special salary rate. If the employee is a title 38 physician or dentist, enter "n/a" and complete Item 13b.

13b. Annual Pay (Title 38 Physicians/Dentists): For title 38 physicians/dentists, compute Annual Pay by entering the annual base pay rate and annual market pay rate.

SECTION B – AUTHORIZATION TYPE, PERCENTAGE, PAYMENT METHOD, SERVICE PERIOD

14a. Initial Retention Incentive: Enter “x” if this is the initial retention incentive or if a previous incentive has expired or was terminated. [If this form is being completed for an annual review of a retention incentive that is currently in effect, enter the dollar amount initially authorized when the employee first began continuously receiving retention incentive payments. For example, if an employee earning \$82,500 per annum first began receiving an 18 percent retention incentive in 2009, and continuously received the retention incentive payments since the initial request, \$14,850 would be entered in this section.]

14b. [Initial] Percentage: [For an initial retention incentive, e]nter the percentage authorized, up to two decimal places. For example, you may enter amounts such as 10 percent, 10.33 percent, or 13.99 percent etc. Facility Directors, Regional Office Directors, [and] Cemetery Directors [] may only approve [incentives] up to 15 percent. Percentages greater than 15 percent must be approved at the Network, [District], or Deputy Assistant Secretary level[] or higher. [If this form is being completed for an annual review of a current retention incentive, enter the percentage initially authorized when the employee first began continuously receiving retention incentive payments.]

14c. [Initial] Effective date: The effective date must be at the beginning of a biweekly pay period. [If this form is being completed for an annual review of a current retention incentive, enter the effective date of the original authorization.

15a]. Review of Retention Incentive: Enter “x” if this is a review of an incentive that is currently in effect. [Leave this field blank if this is an initial request and skip to number 17.

15b. Current Percentage and Amount. Enter the current percentage of the retention incentive that is being reviewed, up to two decimal places.

15c. Current Effective Date: Enter the current effective date of the retention incentive that is being reviewed. This date should be the effective date of the most recent authorization.

15d. Review Action]. Indicate the action taken as a result of the review, including the percentage, if applicable, and effective date. During the review, the approving official may continue, reduce, increase[,] or terminate the incentive.

Effective Date: Except for incentives terminated due to demotion, unacceptable performance[,] or misconduct (see VA Handbook 5007, Part VI, Chapter 3, paragraph 13b), all review actions are effective no sooner than the pay period following approval. Terminations due to demotions, unacceptable performance, misconduct, etc., are effective the pay period prior to approval unless VA agreed to payment through a

different effective date under the terms of the service agreement or SOU.

16. Basis for Review Action: Enter a narrative describing the factors considered in the review. (See VA Handbook 5007, Part VI, Chapter 3, paragraph 14, for review requirements.) Since retention incentives must be terminated when the conditions giving rise to the original determination no longer exist, it is important to review the original authorization. In the narrative description, you may describe (1) whether a lesser amount (or none at all) would be sufficient to retain the employee(s); (2) whether labor-market conditions make it more or less likely to recruit a candidate with the employee's, [] [or group of employees'] competencies; (3) whether the need for the employee's [] [or group of employees'] services has been reduced to a level that makes it unnecessary to continue payment at the level originally approved (or at all); and (4) whether budgetary constraints make it difficult to continue payment at the level originally approved (or at all).

Periodic reviews and assessments of retention incentives are critical factors in properly managing this flexibility. Approving officials must actively engage in the review process at least annually to ensure continued incentives are in the best interest of the Government and that managers are efficiently using other staffing flexibilities and making progress in their workforce and succession planning efforts.

NOTE: *Retention incentives that are not reviewed at least annually will be systematically terminated. Once terminated, retention incentives cannot be reinstated retroactively.*

17. Service Obligation Period: Individual incentives greater than 25 percent, [] and incentives paid on other than a biweekly basis[,] require employees to sign a Retention Service Agreement [(RSA)] (See Appendix VI-P) to remain with VA for a specified service obligation period. Enter the commencement date and termination date that correspond with the signed service agreement. A service background information to fully illustrate why the employee's departure would have such an effect. In other words, describe what will happen if the employee is not retained.

20g. Salaries Typically Paid Outside the Federal Government for Similar Positions:

Enter a narrative citing a credible source showing the salaries typically paid outside the Federal Government for similar positions. Credible sources may include salary data purchased from a salary survey company or reported in a professional organization's journal, published report, or a report published by a Government agency such as the Bureau of Labor Statistics. Online salary websites that offer self-reported data, such as Salary.com, are not acceptable and may not be used as a sole source of salary data.

Approving officials should require data for this factor not only when private sector salaries are higher, but also to identify when Federal salaries are already competitive. When Federal salaries are already competitive, approving officials must ensure other factors sufficiently demonstrate the difficulty in filling the position without the use of an incentive.

20h. The Quality and Availability of Potential Sources of Employees in the Organization's [Workforce and] Succession Plan: Enter information from the organization's workforce and succession plan that identifies employees who possess the competencies required for the position and who could perform the duties and responsibilities of the position with minimal training, cost, and disruption of service. If no employees are identified, the organization should develop a strategy to recruit or train such employees and include this strategy in the workforce and succession plans. In addition, describe any other plans to eventually eliminate or reduce the use of retention incentives. The narrative for this factor must be evaluated by the approving official and human resources office during the annual review and organizations must be held accountable to actively pursue their plans.

20i. Other Supporting Factors: Enter any other information or factors that demonstrate the need for a retention incentive.

SECTION D - LIKELIHOOD OF LEAVING FEDERAL SERVICE

21. Basis for Likelihood of Leaving Federal Service: Enter a narrative describing the basis for the reasonable assurance that the employee or group of employees is likely to leave Federal service in the absence of an incentive. This determination may be based one or more of the following [examples]:

[Examples for Individual Incentives:]

- a copy of a written job offer received by the employee within the last 90 days; [or]
- verification of the employee's submission of a retirement application (see note below);

[Examples for Group Incentives:

- certification that employees within the group or category have unusually high or unique qualifications or there is a special need to retain employees' services which makes it essential to retain employees in the group or category; and
- a significant number of employees in the group or category have received written offers of employment;]

An additional example which can be used for the narrative description to determine the employee, or group of employees, is likely to leave Federal service is] documented evidence of high demand in the private sector for the knowledge and skills possessed by the employee(s) and significant pay [disparities] between Federal and non-Federal salaries.

Attach a copy of any written job offer or other documents used in the recommending official's reasonable assurance that the [individual] employee or group [of employees] is likely to leave Federal service.

Documented evidence of high demand and pay disparity must be obtained from a reputable source. Examples include reports and publications from professional organizations, labor-market and occupational trend data from a fee for service online tool, a reputable third-party survey company, etc. In addition, the narrative must describe the basis for the determination that the employee is likely to leave in light of the high demand and/or pay disparity. For example, although there may be a high demand and/or pay disparity in the private sector for a particular occupation, a Federal employee vested in the Civil Service Retirement System who has three years remaining until he/she can retire is unlikely to resign from Federal service.

NOTE: *For privacy reasons, supervisors, managers[,] and other VA officials are not permitted to obtain or view copies of an employee's retirement application or letter of resignation. Instead, the recommending official may seek confirmation of the submission from the servicing HR office and must include a written narrative containing the name of the HR employee who confirmed the submission, the date and time of the confirmation, and the employee's anticipated retirement or resignation date. Do not attach copies of an employee's retirement application or letter of resignation to the retention incentive authorization.*

SECTION E – GROUP INCENTIVES

22. Criteria for Group Incentives: For group authorizations, enter criteria to narrowly define the group of employees covered by this authorization. The criteria must include occupation series, grade level(s), distinctive job duties, unique competencies required for the position(s), a minimum required rating of record, organization or team designation(s), geographic location(s), special project assignment(s)[,] and a minimum service requirement. Upon approval, any employee meeting the criteria will receive a retention incentive under the group incentive authorization unless they are covered by a recruitment, relocation, or other service agreement that obligates the employee to a complete a specific period of service. The minimum service requirement is 90 days before an employee is eligible to receive a group incentive. Approving officials may increase the minimum service requirement especially when needed to assess an employee's performance in a new position.

23. Recommendations and Approvals: This section must be signed and dated by the recommending official, human resources officer (or designee)[,] and the approving official in accordance with the guidance contained in Chapter 3 of this part.

Facilities and organizations may add additional concurrences, approving officials[,], or other policies or procedures to comply with local or organizational requirements.

APPENDIX D.

SAMPLE STATEMENT OF UNDERSTANDING/RETENTION INCENTIVE

I, _____ (name) _____, understand that the retention incentive that I am to receive as a _____ (title, series, grade, step) _____, currently earning _____ (\$) per year in _____ (service, division, or office) _____ at _____ (facility), city _____, _____ state _____, is being paid in order to retain my services in this position.

I understand that the incentive:

- will be (X percent) of my rate of basic pay (excluding any additional pay) in each biweekly pay period;
- will not be paid for overtime or periods in a non-pay status and that such periods will reduce the incentive amount received;
- [will not be considered part of my basic pay for retirement, life insurance, worker's compensation, lump-sum leave payments, severance pay, or any other benefits;]
- must be terminated if my rating of record is less than "Fully Successful" or equivalent;
- will be terminated after 26 pay periods if not reviewed and recertified by the appropriate approving official;
- will not be reinstated retroactively if terminated due to a delay in review or recertification;
- may be reduced or terminated at any time and [that] this is not an adverse action.

[]

I understand [] the total amount of Federal compensation I receive during the year may not exceed the aggregate limitation of \$[XXX,XXX] for (year). [] [I understand the termination of a retention incentive is not grievable or appealable.]

[(employee's signature) _____]

_____ (date)

(signature, name, and title of requesting official)

_____ (date)]

NOTE: *A Statement of Understanding is required only if the retention incentive is to be paid in biweekly installments of equal amounts. If the retention incentive is paid in any other method, the employee must enter into a Retention Service Agreement (see sample in Appendix VI-P).*

APPENDIX P. RETENTION SERVICE AGREEMENT

1. GENERAL.

A Retention Service Agreement [(RSA)] is required for a retention incentive unless paid in biweekly installments at the full percentage rate of 25 percent or less.[] The agreement must include the commencement and termination dates of the service period, the total amount of the incentive, the method of paying the incentive, the timing and amounts of each incentive payment, [the] conditions under which the service agreement will be terminated, the conditions under which the employee must repay an incentive [and] the effect of terminating a service agreement including the conditions under which VA will pay a retention incentive payment for partially completed service. It must also include the effect of the aggregate limitation on pay. It must be signed by the employee and the requesting official and be included in the request for approval. The approving official's authorization certifies that payment of an incentive is needed to retain an employee that is likely to leave Federal service without the incentive and has unusually high or unique qualifications or special need of the VA that make it essential to retain the employee. An incentive is effective the beginning of the first pay period after approval.

2. INSTRUCTIONS FOR PREPARING THE SERVICE AGREEMENT.

Before preparing the service agreement, HR officials should carefully review the employee's compensation and the policy on aggregate limit restrictions (see part VII of this handbook). Develop the service agreement as follows:

- a. **Percentage.** Insert the percentage of the retention incentive.
- b. **Work Schedule.** State whether full-time or part-time. If part-time, enter the normal hours (e.g., 48 hours per pay period).
- c. **Position.** Insert the title, series, and grade of the position.
- d. **VA Facility.** Name [of] the facility where the employee will work.
- e. **Total Service Period.** Insert the total length of the service period. The maximum service period is four years.
- f. **Service Period Commencement Date.** Insert the beginning date of the service period (must be the first day of a pay period).
- g. **Service Period Termination Date.** Insert the ending date of the service period (must be the last day of a pay period).
- h. **Method of Paying the Incentive.** Insert how the incentive will be paid (in installments after completion of specified periods of service at the full percentage rate [] or in a lump sum at the end of the full period of service).

SAMPLE RETENTION SERVICE AGREEMENT

As a condition of being paid a retention incentive of (percentage) percent in connection with my service on a (full-time or part-time basis and number of normal hours each biweekly pay period) basis, in the position of (position) at (VA facility), I agree to serve (number of) biweekly pay periods of employment with the Department of Veterans Affairs (VA). Service in a non-pay status will not count towards satisfaction of this obligation. Any portion of a pay period in a non-pay status will postpone the service obligation to VA and will extend the period of obligated service by an equal number of full biweekly pay periods.

I understand [] the incentive will be paid to me as (method of payment) on (timing and amount of each payment). My service period beginning date for this agreement is (must be first day of a pay period) and my service period ending date is (must be last day of a pay period).

I understand VA may unilaterally terminate this agreement based solely on the management needs of VA. If VA does so, I will be entitled to all retention incentive payments that are attributable to the already-completed portion of the service period.

I understand [] this agreement will be terminated if I am demoted or separated for cause, receive a rating of record of less than "Fully Successful" or equivalent, or fail to fulfill other terms of this agreement (such as reducing my work hours or changing positions). If this agreement is terminated under these conditions, I understand that I am entitled to retain any incentive payments previously paid by VA that are attributable to the completed portion of the service period. I understand that if I received incentive payments that are less than the amount that would be attributable to the completed portion of the service period, VA is not obligated to pay me the amount attributable to completed service.

I understand that I will be notified in writing of any reduction or termination of my retention incentive and will be entitled to receive incentive payments through the end of the pay period in which the written notice is provided or until I separate from VA employment, or whichever is sooner. [I understand the termination of a service agreement is not grievable or appealable.]

(Add information for aggregate limit on pay; other terms as appropriate)[.]

[I understand any retention incentive payments I receive will not be considered part of my basic pay for retirement, life insurance, worker's compensation, lump-sum leave payments, severance pay, or any other benefits.] I understand [] this agreement is valid only when signed by me, the recommending official and the approving official.

(signature and name of employee) (date) (signature, name[,] and title of requesting official) (date)

APPROVED: I certify that payment of an incentive is appropriate in order to retain this employee.

(signature, name[,] and title of approving official) (date)

[APPENDIX T. ANNUAL CERTIFICATION ON USAGE OF RECRUITMENT, RELOCATION, AND RETENTION INCENTIVES AND AVO ALLOWANCE

In accordance with the reporting requirements established in VA Handbook 5007, Part VI, Chapters 2 and 3, the following information is submitted regarding the usage of recruitment, relocation, and retention incentives (3Rs) and Appraised Value Offer (AVO) allowance during fiscal year 20XX.

1. Organization Information.

- a. Administration/Staff Office Designation:
- b. Point of Contact Name and Phone Number:

2. The 3Rs Annual Report was reviewed and analyzed to validate data on the usage of recruitment, relocation, and retention incentives and AVO allowance within my organization. The findings from our review are outlined below.

3. The following is a description of the workforce or succession planning efforts carried out by our organization to ensure optimal use of 3R incentives and AVO. As shown by the trends in our 3Rs and AVO data, the implementation of the organization's succession plan resulted in the following.

4. Certification.

I attest to the strategic and prudent use of all incentives authorized in this organization. Each recruitment, relocation, and retention incentive and AVO allowance authorized in fiscal year 20XX was reviewed and found to follow VA policy contained in VA Handbook 5007. I certify that each retention incentive was approved, in consideration of our organization's workforce and succession plan, to reduce the risk of long-term reliance on incentives. In addition, I certify appropriate action has been taken to initiate debt collection from individuals who did not fulfill agreed upon service obligations.

Under Secretary/Assistant Secretary/Other Key Official Signature

Date]
