



DEPARTMENT OF THE NAVY
NAVAL POSTGRADUATE SCHOOL
1 UNIVERSITY CIR
MONTEREY, CA 93943-5000

IN REPLY REFER TO:
NPSINST 12550.1
00G
2 Aug 13

NPS INSTRUCTION 12550.1

Subj: RECRUITMENT, RELOCATION AND RETENTION (3R) INCENTIVES PLAN

Ref: (a) 5 USC §§ 5753 and 5754
(b) 5 CFR Part 575
(c) USD memo, Implementation of Enhanced Retention
Incentives Authorities, of 5 Feb 08
(d) DON CHRM - Pay Administration (General) of 3 Feb 12

Encl: (1) NPS Recruitment Incentive Requirements
(2) NPS Relocation Incentive Requirements
(3) NPS Retention Incentive Requirements
(4) NPS Recruitment/Relocation Incentive Justification
Form
(5) NPS Retention Incentive Justification Form
(6) Recruitment/Relocation or Retention Incentive Service
Agreement for NPS employees

1. Purpose. The Recruitment, Relocation, and Retention (3R) Incentives are used to strategically address human capital needs and build and maintain a high-performing workforce with essential skills and competencies. This instruction and its enclosures constitute the Naval Postgraduate School (NPS) Recruitment, Relocation, and Retention Incentives Plan (Plan). The Plan provides policy and requirements for NPS use of 3R incentives.

2. Cancellation. None.

3. Policy. 3R incentives may be paid in accordance with this Plan and consistent with the requirements established in references (a) through (d). Specific requirements for award of 3R incentives are detailed in enclosures (1) through (3) respectively.

a. 3R incentives should be used in a measured way that takes into account availability of funds, difficulty associated with filling the position, and essential need for the skills to fulfill critical NPS needs.

b. In determining whether to recommend the use of any 3R incentive, and the amount of the incentive, NPS officials shall consider and balance the financial costs associated with use of the incentive against the department's critical NPS personnel resource needs. Recommending officials will use enclosures (4) through (6) to propose use of 3R incentives.

4. Scope. The use of 3R incentives under the Plan applies to all NPS civilian employees and prospective NPS employees under the General Schedule (GS), Administratively Determined (AD), and Federal Wage System (FWS) personnel systems.

5. 3R Plan Content. The Plan includes the designation of officials with the authority to review and approve payment of the incentives and waive the repayment of a recruitment or relocation incentive. This Plan also identifies:

a. Categories of employees eligible for, and prohibited from, receiving recruitment, retention, or relocation incentives (enclosures (1) through (3) pertain);

b. Criteria and factors for determining that a position is likely to be difficult to fill, in the case of recruitment and relocation incentives (enclosures (1) and (2) pertain);

c. Criteria and factors for determining high or unique qualifications, likelihood employees will leave Federal Service, and critical or essential services, in the case of retention incentives (enclosure (3) pertains);

d. Requirements for determining the amount of an incentive (enclosures (1) through (3) pertain);

e. The types of payment methods that may be authorized (enclosures (1) through (3) pertain);

f. Requirements governing service agreements, including the criteria for determining the length of a service period, the conditions for terminating a service agreement, and the obligations of NPS and the employee if a service agreement is terminated (enclosures (1) through (3) pertain);

g. Documentation and recordkeeping requirements; and

h. Annual reporting requirements.

6. Designation of Officials with Authority to Review and Approve 3Rs Incentives

a. All requests for recruitment, retention and relocation incentives will be forwarded through the chain of command to the NPS President for review and approval. Request for a group incentive will be originated by the Provost or Chief of Staff.

b. The final determination to set pay including 3Rs incentives resides outside of the NPS Command Structure at the servicing OCHR Operations Center. The approval and final determination must occur before any payment of incentive is made to the employee.

c. Requests for waivers of repayment for a recruitment or relocation incentive in the event the employees does not fulfill the required service requirements identified in the individual agreement must also be forwarded to the NPS President for approval. The waiver may be approved if the President, NPS determines that recovery of payment would be against equity and good conscience or against the public interest.

7. Responsibilities

a. NPS Chairs and Deans or NPS Staff Directors are responsible to make required determinations and provide required documentation, utilizing enclosures (4) through (6) for any 3R incentive proposed for employees under their cognizance, consistent with the policy and requirements set forth in this Plan.

b. NPS Human Resources Office (HRO) is responsible to review proposed incentive packages prior to submittal to the NPS President. NPS HRO is responsible for determinations regarding Eligible Employee status for a particular type of 3R incentive. Eligible and Ineligible Employees are established in reference (a) and set forth in enclosures (4) through (6). NPS HRO is responsible for providing the basic rate of pay for use in computing the amount of an incentive offered under this Plan.

c. For retention incentives that are paid in biweekly installments, the justification must be resubmitted annually (using enclosures (5) and (6)) to determine if the conditions cited in the original justification still exist.

8. Planning and Staffing Processes

a. Under the Provost, the Deans of the Graduate Schools, Dean of Research, Dean of Students, the Vice Provost for Academic Affairs, and the University Librarian plan and administer academic programs, including allocation of academic resources.

b. Chairs of academic departments or groups plan and administer academic programs, including resource management of education personnel budget and expenditures. Responsibilities include recruiting and retaining qualified academic personnel within authorized resource allocations.

c. Staff Directors plan and administer functional operations, including resource management of personnel budget and expenditures. Responsibilities include recruiting and retaining qualified personnel within authorized allocations.

d. 3R incentives are a management tool that may only be used consistent with the policy and requirements of this Plan.

9. Records and Annual Reporting Requirements

a. NPS must maintain thorough and accurate documentation of each determination to pay a 3R incentive. Retention of NPS records is the responsibility of NPS HRO. All records must be available for review and audit upon request and each record must include:

- (1) A copy of the service agreement;
- (2) The amount of the initial incentive determination;
- (3) The employee's rating of record for the previous performance period for any relocation or retention incentives. It is not required for recruitment incentives;
- (4) A detailed explanation of the criteria and factors used to determine eligibility for the 3R incentives;
- (5) A detailed explanation of the criteria used to determine the amount of the incentive accompanied by the computation of the specific incentive amount requested; and

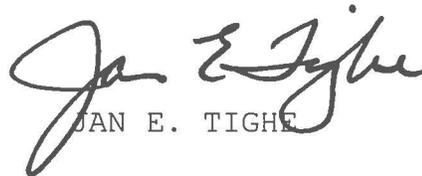
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(6) Qualifications of the candidate/employee that demonstrates that he/she meets any required special qualifications.

b. Copies of required documentation shall be forwarded to the Office of Civilian Human Resources (OCHR) Operations Center along with RPAs.

c. Annually, a written report will be prepared by the HRO and submitted to the President, NPS on the use of the 3Rs during the previous fiscal year.

10. Review or Audit Requirements. Use of the 3Rs incentives is subject to review by higher authority. Reviews may include the examination of: compliance with all regulatory requirements related to incentives; compliance with departmental and Office of Personnel Management (OPM) policies and procedures; and rationale for the justification for awarding 3R incentives.



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NPS RECRUITMENT INCENTIVE REQUIREMENTS

1. Description. NPS may pay a recruitment incentive to a newly appointed employee if NPS determines, in accordance with the Plan, that the position is likely to be difficult to fill in the absence of an incentive.

2. Newly Appointed. Recruitment incentives may be paid to an employee who is newly appointed to the federal government (FG). Newly appointed refers to the first appointment (regardless of tenure) as an employee of the FG, an appointment following a break in service of at least 90 days from a previous appointment as an employee of the FG, or, in certain cases, an appointment following a break in service of less than 90 days from a previous appointment as an employee of the FG.

3. Performance Requirements. A recruitment incentive may be paid only when the employee's rating of record under an official performance appraisal or evaluation system is at least "Acceptable" or equivalent.

4. Required Determinations. NPS shall determine, and document in writing, before the prospective employee enters on duty in the position for which recruited, that the position is likely to be difficult to fill in the absence of a recruitment incentive, the amount and timing of the incentive payments, and the length of the service period.

5. Criteria for Determining that a Position is Difficult to Fill

a. NPS is likely to have difficulty in recruiting candidates with the knowledge, skills, and abilities to perform in the position (or group of positions) without a recruitment incentive;

b. NPS may consider, and will document its determination, using the following factors:

(1) The availability and quality of candidates with requisite knowledge, skills, and abilities;

(2) The success, or lack thereof, of recent efforts to recruit for the position (or group of positions) and may use offer acceptance rates, proportion of positions filled, and length of time to fill;

(3) The salaries typically paid outside the federal government for similar positions;

(4) Recent turnover;

(5) Labor market forces that impact NPS' ability to fill the position (or group of positions);

(6) Special or unique qualifications required to fill the position;

(7) NPS' efforts to use non-pay incentives, such as special training or work flexibility;

(8) Desirability of duties, organization, or environment; or

(9) Whether Office of Personnel Management (OPM) has approved use of direct hire authority for the position (or group of positions).

6. Required Documentation. A written justification using enclosures (4) and (6) that includes:

a. The factors considered in determining difficult to fill positions (or groups of positions);

b. The HRO determination that the position (or group of positions) are covered position(s);

c. The basis for the amount and timing of the approved recruitment incentive;

d. Terms of service agreement, if applicable;

e. Amount and duration of payments.

7. Payment. A recruitment incentive may not exceed 25 percent of the employee's annual rate of basic pay in effect at the beginning of the service period multiplied by the number of years (including fractions of a year) in the service period (not to exceed four years. OPM approval is required for any recruitment incentive above this amount. OPM approval is capped at 50 percent and must be based on NPS critical needs. NPS must determine that the knowledge, skills, and abilities required for the position are critical to the successful accomplishment of a critical agency mission, project, or

Enclosure (1)

initiative (e.g. programs or projects related to a national emergency or implementing a new law or critical management initiative). With approval from OPM, this cap may be increased to 50 percent, as long as the total incentive does not exceed 100 percent of the employee's annual rate of basic pay at the beginning of the service period.

a. The incentive may be paid as an initial lump sum payment at the beginning of the service period, in installments throughout the service period, as a final-lump sum payment upon completion of the service period, or in a combination of these methods. An incentive may be paid to an individual not yet employed who has received a written offer of employment and signed a written service agreement.

b. Rate of Basic Pay shall be determined by NPS HRO.

8. Service Agreement

a. Before receiving a recruitment incentive, an employee must sign a written agreement (enclosure (6) pertains) and agree to complete a specified period of employment. The service agreement must specify the length, commencement, and termination dates of the service period; the amount of the incentive; the method and timing of incentive payments; the conditions under which an agreement will be terminated by NPS; the conditions if NPS or employee service agreement obligations is terminated (including the conditions under which the employee must repay an incentive or under which NPS must make additional payments for partially completed service); and, any other terms and conditions for receiving and retaining a recruitment incentive.

b. NPS may not commence a recruitment incentive service agreement while an employee receives retention incentive payments without a service agreement or during the service period established by an employee's relocation or retention incentive service agreement.

c. Service Period. An employee's required service period may not be less than six months and may not exceed four years. The service period must begin upon the commencement of service with NPS and end on the last day of a pay period. The commencement of the service period may be delayed under certain conditions described in reference (a).

9. Termination of a Service Agreement

a. Discretionary. NPS may unilaterally terminate a recruitment incentive service agreement based solely on the management needs of NPS, for example but not limited to when the employee's position is affected by reduction in force, when there are insufficient funds to continue planned incentive payments, or when management reassigns the employee to a position not covered by a service agreement. In this event, the employee is entitled to recruitment incentive payments attributable to completed service and to retain any incentive payments already received that is attributable to uncompleted service.

b. Mandatory. NPS must terminate a service agreement if an employee is demoted or separated for cause (i. e., for unacceptable performance or conduct), receives a rating of record lower than "Acceptable" or equivalent during the service period, or otherwise fails to fulfill the terms of the service agreement. In such cases, the employee must repay any portion of the incentive attributable to uncompleted service. (See reference (b) for a repayment waiver authority.)

(1) An employee may retain recruitment incentive payments attributable to completed service. Exception: When an employee is separated as a result of material false or inaccurate statements or deception or fraud in examination or appointment, or as a result of failing to meet employment qualifications, an employee must repay all recruitment incentives received under the service agreement. NPS is not obligated to pay the employee any outstanding incentive payment attributable to completed service unless such payment was required under the terms of the recruitment incentive service agreement.

(2) The full amount of the authorized recruitment incentive must be prorated across the length of the service period to determine the amount attributable to completed service and uncompleted service.

(3) NPS will notify the employee in writing when it terminates a recruitment incentive service agreement. The termination of a service agreement is not grievable or appealable.

NPS RELOCATION INCENTIVE REQUIREMENTS

1. Description. NPS may pay a relocation incentive to an eligible current federal employee who must relocate to accept a position in a different geographic area if NPS determines that the position is likely to be difficult to fill in the absence of an incentive.

2. Performance Requirements. A relocation incentive may be paid only when the employee's rating of record under an official performance appraisal or evaluation system is at least "Acceptable" or equivalent.

3. Relocation to Different Geographic Area. Relocation incentives may be paid to an employee who:

a. Must relocate to a different geographic area (permanently or temporarily) to accept a covered position in an agency when the position is likely to be difficult to fill; and is an employee of the Federal Government immediately before the relocation.

b. A position is considered to be 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. 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 (i.e., establish a new residence) to accept the position, an authorized Office of Civilian Human Resources (OCHR) official may waive the 50-mile requirement and pay the employee a relocation incentive. In all cases, an employee must establish a residence in the new geographic area before NPS may pay the employee a relocation incentive.

4. Required Determinations. For each determination to pay a relocation incentive, NPS will use enclosure (4) to document the basis of determining if the position is likely to be difficult to fill in the absence of a relocation incentive, the basis for determining the incentive amount and timing of the incentive payments, and the length of the service period. The determination to pay a relocation incentive must be made before the prospective employee enters on duty in the position for which recruited. Criteria and Documentation are the same as set forth in enclosure (1) for recruitment incentives.

5. Payment. Terms of payment are the same as set forth in enclosure (1) for recruitment incentives. NPS may not pay a relocation incentive until the employee establishes a residence in the new geographic area. Office of Personnel Management may approve other categories for coverage upon written request from the DON.

6. Rate of basic pay shall be determined by NPS HRO.

7. Service Agreement. Before receiving a relocation incentive, an employee must sign enclosure (6), to complete a specified period of employment with the agency at the new duty station. Terms of the service agreement are as set forth in enclosure (1). However, NPS may not commence a relocation incentive service agreement during a service period established by an employee's recruitment incentive service agreement or previously authorized relocation incentive service agreement. NPS may commence a relocation incentive service agreement during a service period established by an employee's previously authorized retention incentive service agreement or while an employee receives previously authorized retention incentive payments without a service agreement.

8. Service Period. The employee's required service period may not exceed four years. The service period must begin upon the commencement of service at the new duty station and end on the last day of a pay period. The commencement of the service period may be delayed under certain conditions described in reference (a).

9. Termination of a Service Agreement

a. Discretionary. NPS may unilaterally terminate a relocation incentive service agreement based solely on the management needs of NPS, this may include but is not limited to a reduction in force, when there are insufficient funds to continue planned incentive payments, or when the employee is moved to another position by management that is not within the terms of the service agreement. Employee entitlements to payments in this event are as set forth in reference (b).

b. Mandatory. The basis for NPS mandatory termination are the same as set forth in enclosure (4). Employee entitlement to relocation incentive payments are different than those for mandatory termination of a recruitment incentive. NPS is not obligated to pay the employee any outstanding incentive payment attributable to completed service unless such payment was

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required under the terms of the relocation incentive service agreement.

(1) Employee entitlement to payments in this event are as set forth in reference (b).

(2) The full amount of the authorized relocation incentive must be prorated across the length of the service period to determine the amount attributable to completed service and uncompleted service. Repayments if any, and waiver thereof are to be treated in accordance with reference (b).

(3) NPS will notify the employee in writing when it terminates a relocation incentive service agreement. The termination of a service agreement is not grievable or appealable.

NPS RETENTION INCENTIVE REQUIREMENTS

1. Description. NPS may pay a retention incentive to an eligible individual employee or eligible group of employees in a category if determinations required by reference (a) and (b) are made, and the incentives are approved and administered in accordance with the Plan.

2. Performance Standard Requirement. A retention incentive may be paid only when the employee's rating of record under an official performance appraisal or evaluation System is at least "Fully Successful" or equivalent.

3. Required Determinations. The required determinations for an individual, or group of employees in a category, retention incentive, set forth below, shall be made prior to payment of the respective incentive. NPS must also determine the amount and timing of the incentive payments and the length of the service period.

4. Individual Employee. NPS must determine that the unusually high or unique qualifications of the employee or a special need of the NPS for the employee's services makes it essential to retain the employee; and that the employee would be likely to leave the federal service in the absence of a retention incentive.

5. Group of Employees in a Category. NPS must determine the unusually high or unique qualifications of the employees in the group or a special need of NPS for the groups of employees' services makes it essential to retain the group of employees; and that there is a high risk that a significant portion of the employees in the group would be likely to leave in the absence of a retention incentive.

6. Criteria for Required Determinations. For each individual or group of employees in a category retention incentive NPS will use enclosure (5) to document the following:

a. The unusually high or unique qualifications of the employee or group of employees in the category may be established by information from a resume, performance in the position data, or other distinguishing qualifications data.

b. A special need of NPS for the employee's, or group of employees in the category's services which make it essential to retain the employee may be established by documented NPS

education, research, or staff support needs and lack of available, timely, economic, alternatives to source the services.

c. In the case of an individual employee that the employee would be likely to leave the federal service in the absence of a retention incentive;

d. In the case of a group of employees in a category, that there is high risk that a significant portion of employees in the group would be likely to leave in the absence of a retention incentive. Must include more than salary differentials between the private and public sector for the category of employees.

7. Payment. NPS must establish a single retention incentive rate for the employee, expressed as a percentage of the employee's rate of basic pay, not to exceed 25 percent. With Office of Personnel Management (OPM) approval, this cap may be increased to 50 percent, based on an NPS critical need, and agreement by DON and DOD to forward such request.

a. The incentive may be paid in installments after the completion of specified periods of service within the full period of service required by the service agreement or in a single lump sum after completion of the full period of service required by the service agreement.

b. NPS may not pay a retention incentive as an initial lump-sum payment at the start of a service period or in advance of fulfilling the service period for which the retention incentive is received. A retention incentive installment payment may be computed at the full retention incentive percentage rate or at a reduced rate with the excess deferred for payment at the end of the full service period.

c. Explanations of how to compute retention incentive installment payments may be found in reference (b) and in the OPM guidance on retention incentive payment and termination calculations.

d. Retention incentives or payments may not be made in certain situations. NPS may not offer or authorize a retention incentive for an individual prior to employment with NPS. NPS may not begin paying a retention incentive during the service period established by an employee's recruitment or relocation incentive service agreement. However, a relocation incentive may be paid to an employee who is already receiving a retention

incentive. NPS may not begin paying a retention incentive during the service period established by an employee's previously authorized retention incentive or while an employee is receiving a previously authorized retention incentive without a service agreement.

8. Rate of Basic Pay. For the purpose of calculating a retention incentive, an employee's rate of basic pay includes a special rate, a locality payment, or similar payment under other legal authority, but excludes additional pay of any other kind. A retention incentive is not part of an employee's rate of basic pay for any purpose.

9. Service Agreement

a. Before receiving a retention incentive, an employee must sign enclosure (6) to complete a specified period of service with NPS. The service period must begin on the first day of a pay period and end on the last day of a pay period. Enclosure (6) must specify the retention incentive percentage rate established for the employee, the method and timing of incentive payments; the conditions under which an agreement will be terminated by NPS, any NPS obligations if a service agreement is terminated (including the conditions under which NPS must make an additional payment for partially completed service), and any other terms and conditions for receiving and retaining retention incentives.

b. A written service agreement is not required if NPS pays the retention incentive in biweekly installments and sets the biweekly installment payments at the full retention incentive percentage rate established for the employee.

10. Continuation, Reduction, or Termination of Retention Incentive

a. Discretionary. NPS may unilaterally terminate a retention incentive service agreement based solely on the management needs of NPS, in which case the employee is entitled to retain any retention incentive payment attributable to completed service and to receive any portion of a retention incentive payment owed by NPS for completed service.

b. Mandatory

(1) NPS must terminate a retention incentive service agreement when conditions change such that the original determination to pay the retention incentive no longer applies (such as when NPS assigns the employee to a different position that is not within the terms of the service agreement) or when payment is no longer warranted. The employee is entitled to retain any retention incentive payment attributable to completed service and to receive any portion of a retention incentive payment owed by NPS for completed service.

(2) NPS also must terminate a service agreement if the employee is demoted or separated for cause (i.e., for unacceptable performance or conduct), receives a rating of record below "Fully Successful" or equivalent during the service period, or otherwise fails to fulfill the terms of the service agreement. In such cases, the employee is entitled to retain retention incentive payments previously paid by NPS that are attributable to the completed portion of the service period. If the employee received retention incentive payments that are less than the amount that would be attributable to completed service, NPS is not obligated to pay the employee any outstanding incentive payments attributable to completed service unless such payment was required under the terms of the retention incentive service agreement.

11. When No Service Agreement is required

a. For retention incentives that are paid in biweekly installments when no service agreement is required, the NPS Provost must review each determination to pay the incentive annually to determine whether payment is still warranted and certify this determination in writing. NPS must reduce or terminate the retention incentive whenever conditions change such that the original determination to pay the retention incentive no longer applies, such as NPS assigns the employee to a different position that is not within the terms of the original determination, or payment at the original level is no longer warranted. In addition, NPS must terminate a retention incentive authorization when no service agreement is required if the employee is demoted or separated for cause or receives a rating of record of less than "Fully Successful" or equivalent. NPS may unilaterally terminate a retention incentive based solely on the management needs of NPS.

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b. NPS will notify the employee in writing when it terminates a retention service agreement or a retention incentive when no service agreement is required. Termination or reduction of a retention incentive is not grievable or appealable.

NPS RECRUITMENT/RELOCATION INCENTIVE
JUSTIFICATION FORM

Name:	Activity:
Position Title/PP/Series/Grade:	Organization:

Type of Incentive: RECRUITMENT RELOCATION

1. I reviewed the criteria for offering recruitment/relocation incentives established in 5 CFR 575, and set forth in enclosures (4) and (5) of the Plan. I've determined that its use is justified based on the following: (mark applicable factors with an X and provide a narrative explanation as an attachment).

The position is difficult to fill, based upon

Results of recent efforts to attract quality candidates for similar/identical positions as evidenced by offer/acceptance rates, the proportion of positions filled, and/or the length of time required to fill similar/identical positions,

Recent turnover in similar/identical positions;

Labor-market factors that may affect the organization's ability to recruit quality candidates for similar/identical positions now or in the future;

Special qualifications needed for the position; and/or

the practicality of using a superior qualifications appointment, separately or in conjunction with a recruitment incentive

Narrative Justification (Documentation supporting the factual assertions **must** be attached to this form.):

2. I certify that absent payment of this recruitment/relocation incentive as noted above, this activity would encounter difficulty in filling the position.

3. The applicant is being appointed to a (pay plan, occupational series, and grade) position at the step appropriately determined by use of highest previous rate or by application of superior qualifications. I recommend approval of a (recruitment/relocation) incentive in the amount equivalent to _____% (any percentage up to 25%) of the candidate's rate of basic pay including locality pay.

4. For the recommended relocation incentive, I've attached the most recent rating of record showing that the employee's most recent rating is at least "Fully Successful" or equivalent.

5. For the determination that the worksite of the employee's new position is 50 or more miles from the worksite of the position held immediately before the move the following is provided

_____ geographic area of the former work site

_____ geographic area of the required new work site

6. I certify that the employee will establish a residence in the new geographic area (applies to relocation incentives only).

7. A copy of the Service Agreement is attached.

8. In requesting this approval, I have given careful consideration to the financial costs associated with the recommended incentive and balanced the need for its use against all department resource needs and the availability of funds for such purposes, including salary management needs.

Department Chair/Staff Director Date Dean Date

HRO Reviewer Date President, NPS Date

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NPS RETENTION INCENTIVE JUSTIFICATION FORM

Name:	Activity:
Position Title/PP/Series/Grade:	Organization:

I have reviewed the requirements and criteria for use of retention incentives established by 5 USC §§ 5753 and 5754 and 5 CFR Part 575, set forth in the Recruitment/Relocation or Retention Incentive Service Agreement. I determined that use of the incentive is justified because:

_____The individual or groups of employees in a category have unusually high or unique qualifications. (must provide narrative explanation of "unusually high or unique qualifications" determination and attach to form); OR

_____There is a special NPS need for the individual or group of employees' services that makes it essential to retain the individual or group of employees; (must provide narrative explanation of "special need and essential to retain" and attach to form); AND

FOR INDIVIDUAL INCENTIVE

_____I certify the employee would be likely to leave Federal Service in the absence of a retention incentive. (must provide narrative explanation for the determination "likely to leave Federal Service" and attach to form) Examples of information that demonstrates this factor are: labor market information identifying an insufficient number or quality of applicants in the skill set required; or specific information the manager obtained from the employee that demonstrates he/she is likely to leave Federal Service absent the incentive.

FOR GROUP OR CATEGORY INCENTIVES

_____I certify there is a high risk that a significant number of employees in the group would be likely to leave Federal Service absent the incentive. (Must provide narrative explanation of "high risk and significant number" determination and attach to form) Examples of information that demonstrates this factor are: labor market information which indicates the lack of sufficient numbers and quality of candidates in this category; or the lack of success of recent recruitment efforts for candidates in this category; or historical records of attrition of NPS personnel in this category. More information than salary differentials between the private and public sector for the category of employees is required.

IN ADDITION TO ATTACHING THE NARRATIVE JUSTIFICATION (please check each item):

_____I have attached the most recent rating of record showing that the employee's most recent rating is at least "Fully Successful" or equivalent.

Check the individual or group incentive:

For individual retention incentives, the incentive amount may not exceed 25 percent. For a group of employees in a category, the incentive amount may not exceed 10 percent absent Office of Personnel Management approval.

_____I recommend approval of an individual retention incentive in the amount of _____, which is less than or equal to 25 percent of basic pay for the individual.

_____I recommend approval of a retention incentive in the amount of _____ for a group of employees in _____category, which is less than or equal to 10 percent of basic pay for the group or category.

_____I have attached a copy of the Service Agreement is attached.

_____In reviewing this approval, I have given careful consideration to the financial costs associated with the recommended incentive and balanced the need for its use against all department resource needs and the availability of funds for such purposes, including salary management needs.

Department Chair/Staff Director Date Dean Date

HRO Reviewer Date President, NPS Date

RECRUITMENT/RELOCATION OR RETENTION INCENTIVE
SERVICE AGREEMENT FOR NPS EMPLOYEES

5 U.S.C. 5753 and 5754 and Part 575 of Title 5, Code of Federal Regulations provide, under certain conditions, that the incentives indicated below can be offered, under the Plan, to certain categories of employees. Accordingly, the following agreement is required prior to receipt of the incentive.

This agreement is for a: _____ **RECRUITMENT INCENTIVE** _____ **RELOCATION INCENTIVE**

The recruitment/relocation incentive, in the amount of _____ will be paid by one of the following methods (check one):

- In a lump sum at the beginning of the service period stated in this agreement;
 In equal or variable installment payments throughout the service period; or
 As a final lump-sum payment at the end of the specified service period.

_____ **RETENTION INCENTIVE**

The retention incentive, in the amount of _____ will be paid by one of the following methods (check one):

- Bi-weekly installments;
 In a single lump-sum payment after the completion of the full service period; or
 In installments after the completion of specified periods of service.

I, _____ have accepted the incentive indicated above for the position of (title, pay plan, occupational series and grade). At (name of activity and location). I understand that the incentive will be _____% (up to 25%) of my rate of basic pay (including locality pay).

For recruitment/relocation incentives only: By accepting this incentive I agree to remain in government service for a minimum period of _____ (number of months, but no less than six months nor more than four years) beginning with the date I report for duty, _____ at (activity's name) and ending _____

I understand that the recruitment/relocation incentive must be recovered if I fail to complete the period of employment established by this Service Agreement, or if I am removed or demoted for cause or receive a rating of record of less than "Fully Successful" or equivalent before expiration of the required minimum service period. The amount of the repayment will be determined in accordance with the policy set by the Department of Navy or by the Naval Postgraduate School.

I understand the government may withhold any final pay due to me to apply against or liquidate any indebtedness arising from my violation of this agreement.

For recruitment incentive only: I further understand that NPS may unilaterally terminate a recruitment incentive service agreement based solely on the management needs of NPS, but must notify me in writing. Such agency needs may include, but are not limited to, reduction in force, insufficient funds to continue payments, or management moves me to another position not covered by this service agreement.

For retention incentive only: I understand that the payment of this incentive will be reviewed annually and may be reduced or terminated at any time. It may be terminated unilaterally by NPS at any time, even if the conditions giving rise to the incentive continue to exist, based solely on management needs of NPS. Such agency needs may include, but are not limited to, reduction in force, insufficient funds to continue payments, or management moves me to another position not covered by this service agreement. It must be terminated when conditions change such that the original determination to pay the incentive no longer applies.

I further understand that the decision to terminate this agreement may not be grieved or appealed.

Employee's Signature/Date

HRO Reviewer Signature/Date