

# TSA MD 1100.57-3 Handbook

## Recruitment, Referral, Relocation, and Retention Incentives

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**Approval**

***Signed***

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Transportation  
Security  
Administration

*This Handbook and all related Appendices and/or Attachments contain stipulations to implement the provisions of TSA MD 1100.57-3, Recruitment, Referral, Relocation and Retention Incentives. Until such time as TSA MD 1100.57-3 is rescinded, the Management Directive, Handbook, Appendices, and any Attachments are considered TSA policy, and must be applied accordingly.*

**Summary of Changes:**

Section A, Definitions, updated Reviewing Official to include Division Directors.

Section B, Recruitment Incentives, updated to include justification criteria.

Section D, Relocation Incentives and Section E, Retention Incentives, updated to reflect voluntary position changes which are an additional condition under which incentive offers should be reduced or terminated, as well as updated performance rating title to Achieved Expectations.

Section D, Relocation Incentives, updated to clarify verification of funding through the OFA/CFO prior to OHC approval and completion of service agreement.

Section D, Relocation Incentives, clarified the procedures for debt forgiveness. The employee must present the specific circumstances in writing for debt forgiveness through their supervisory chain to the AA/OHC. This includes TSOs, F Band employees and below, having debt of \$10,000 or less. All other requests must be forwarded by the employee to OFA.

Section E, Retention Incentives, updated to clarify indebtedness, i.e., the employee's indebtedness equals the monthly incentive amount multiplied by the remaining months of service obligation unless a determination was made to forgive a portion or all of the debt.

Section E, Retention Incentives, added language under requesting and approving requirements. L and M Band and TSES employees, must be approved under the provisions set forth by DHS.

Section K, Waiver, added this as a separate section to explain the waiver request process.

Section L, Recordkeeping, updated to include original service agreements (TSA Form 1130 and TSA Form 1190) be submitted with the RPA by the program office and maintain records of fully executed service agreements or referral incentive recommendations.

Format changed to describe each incentive within its own individual section as well as basic administrative changes made throughout the Handbook.

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**A. Definitions:**

- (1) Annual Leave Recruitment Incentive: A discretionary flexibility that TSA may provide to a newly appointed or reappointed employee *or a retired member of the active duty uniformed service*, appointed within a non-TSES position, that provides additional service credit for determining the employee's annual leave accrual rate. The incentive must be approved prior to the entrance on duty (EOD) of the employee.
- (2) Commuting Area: The geographic area surrounding a work site that encompasses the localities where people live and reasonably can be expected to travel back and forth daily to work.
- (3) Core Compensation System: TSA's compensation management program covering all non-TSES employees, which outline the policies, procedures, and guidelines that TSA will use to determine the compensation of employees in those positions. Positions in the Core Compensation System are in pay plan SV.
- (4) Involuntary Separation: For purposes of this directive, a separation initiated by TSA against the employee's will and without his or her consent. A separation for cause (e.g., for reasons of misconduct or unacceptable performance, including a separation resulting from the employee's inability to do the work following efforts to perform the work) is considered involuntary for purposes of this directive. In addition, a separation is involuntary when an employee, not subject to a mobility or reassignment requirement, is separated because he or she declines to accept an assignment outside his or her commuting area. However, an employee's separation is considered voluntary if the employee is subject to a mobility or reassignment requirement and the employee subsequently declines the reassignment outside his/her commuting area.
- (5) New Appointment:
  - (a) The first appointment as an employee of the Federal Government;
  - (b) An appointment to a Federal Government position following a break in service of at least 90 days from the candidate's last period of federal employment; or,
  - (c) An appointment as an employee of the Federal Government when the employee's federal service during the 90-day period immediately preceding the appointment was limited to one or more of the following:
    - (i) employment on a time-limited or non-permanent basis;
    - (ii) 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;
    - (iii) employment as an expert or consultant; and/or,

- (iv) employment under a provisional appointment.
- (6) Program Office: A TSA office, or subcomponent, which is typically managed by an Assistant Administrator, or equivalent position, or higher level TSA executive.
- (7) Provisional Appointment: A temporary appointment to a continuing position when the intent is to later convert the employee to a non-temporary appointment, and has appropriate authority for the conversion at the time of the temporary appointment.
- (8) Rate of Adjusted Pay: The rate of basic pay and locality pay before any deductions. Recruitment, relocation, and retention incentives will be paid based on an employee's rate of adjusted pay.
- (9) Rate of Basic Pay: The rate of pay, (also known as base salary), in the Core Compensation or TSES system for the position to which the employee is or will be newly appointed. An employee's rate of basic pay includes a retained rate, but excludes additional pay of any other kind. A recruitment, referral, relocation or retention incentive is not part of an employee's basic pay for any purpose such as calculation of retirement benefits. With the exception of an annual leave incentive, all incentives are considered monetary and subject to income for tax purposes.
- (10) Recommending Official: Any TSA supervisor that recommends the award of an incentive based on the criteria in TSA [MD 1100.57-3](#), *Recruitment, Referral, Relocation, and Retention Incentives*, and this Handbook.
- (11) Recruitment Incentive: An incentive that TSA may pay to a newly appointed employee if TSA has determined that the position is likely to be difficult to fill in the absence of such an incentive. In return, the employee must sign an agreement to fulfill a period of service of not less than 12 months and not more than 4 years. No service agreement is required when the incentive is paid on a bi-weekly basis.
- (12) Referral Incentive: An incentive that TSA may pay to an employee who refers a potential candidate for a vacant TSA position based on defined criteria. A TSA employee is eligible to receive no more than four referral incentives (a total of eight payments) in any 12-month period. No service agreement is required for a referral incentive.
- (13) Referral Incentive Request: A form completed by an eligible TSA employee referring a candidate for TSA employment. (See [TSA Form 1190, Incentive Request-Referral Bonus](#)).
- (14) Relocation Incentive: An incentive TSA may pay to a current employee who must relocate to a position in a different geographic area that is likely to be difficult to fill in the absence of such an incentive. In return, the employee must sign an agreement to fulfill a period of service of not less than 12 months and not more than 4 years. No service agreement is required when the incentive is paid on a bi-weekly basis. In

addition, the employee must establish a residence in the new geographic area prior to payment.

- (15) **Retention Incentive**: An incentive TSA may pay to a current employee if TSA determines that the unusually high or unique qualifications of the employee or a special need of TSA for the employee's services makes it essential to retain the employee and the employee would be likely to leave the federal service in the absence of a retention incentive. In addition, TSA may have a special need for the employee's services that make it essential to retain the employee in his or her current position during a period of time before the closure or relocation of the employee's office, facility, activity, or organization and the employee would be likely to leave for a different position in the federal service in the absence of a retention incentive. In return, the employee must sign an agreement to fulfill a period of service of not less than 12 months and not more than 4 years. No service agreement is required when the incentive is paid on a bi-weekly basis.
- (16) **Reviewing Official**: The manager in the supervisory chain of the recommending official responsible for reviewing and either rejecting recommendations for incentives or concurring and forwarding recommendations to the Office of Human Capital (OHC) for final determination (approval/denial). Reviewing officials include the Administrator, Deputy Administrator, Assistant Administrators, Division Directors, Regional Directors, Federal Security Directors, and Supervisory Air Marshals in Charge. This authority cannot be delegated.
- (17) **Service Agreement**: A written agreement between TSA and an employee under which the employee agrees to a pre-defined period of employment within TSA, ranging from 12 months to 48 months, in return for payment of a recruitment, relocation, or retention incentive. A service agreement for an annual leave recruitment incentive must be 12 months in duration. The agreement will also state that the employee is liable for repayment of a pro-rated portion of the incentive if the employee fails to complete the entire agreed period of service or that the employee loses service credit granted for an annual leave recruitment incentive if the terms of the service agreement are not fulfilled. No service agreement is required when the incentive is paid on a bi-weekly basis. (See [TSA Form 1130, Recruitment, Relocation, or Retention Incentive Service Agreement](#)).

**B. Recruitment Incentives:**

- (1) **Eligibility Requirements**: A recruitment incentive may only be paid to an individual under a new appointment as defined in Section A(5).
- (2) **Requesting and Approving Requirements**:
  - (a) TSA may pay a recruitment incentive if it would encounter difficulty filling a position with a highly qualified employee, absent the incentive.

- (b) TSA may target groups of similar positions that have been difficult to fill in the past or that likely will be difficult to fill in the future and may make the determination to offer a recruitment incentive for a group of positions and employees on that basis.
- (3) Factors for determining the appropriateness of a recruitment incentive:
- (a) The success of recent efforts to recruit candidates which under multiple vacancy announcements were open for a sufficient amount of time and/or to retain highly qualified candidates for similar positions, including indicators such as offer acceptance rates, the proportion of positions filled, turnover rates, and the length of time required to fill similar positions;
  - (b) Labor-market factors, such as salaries paid outside the Federal Government, that may affect the ability to recruit and retain highly qualified candidates for similar positions now or in the future;
  - (c) Special or unique competencies needed for the position;
  - (d) The practicalities of setting pay above the minimum rate of the pay band, alone or in combination with a recruitment incentive;
  - (e) Efforts to use non-pay flexibilities, such as special training and work flexibilities, to resolve difficulties, alone or in combination with an incentive;
  - (f) The desirability of the duties, work, organizational environment, or geographic location of the position; and
  - (g) Other supporting factors.
  - (h) Additional considerations for annual leave recruitment incentives:
    - (i) Specific work previously performed and relationship of previous work to current work for which the incentive is being considered;
    - (ii) Specific time period for each period of employment (including period of military service for military retirees) for which service credit is provided toward an annual leave enhancement; and
    - (iii) Leave accrual rate in non-federal service if leave accrual rate is being matched.

**NOTE: An annual leave recruitment incentive may only be authorized based on the skills and experiences an individual gained in non-federal service (i.e. private sector, state/municipal government, etc.) or in active duty uniformed service that is not otherwise creditable for the purpose of**

**determining the annual leave accrual rate of an employee who is a retired member of a uniformed service as defined by 38 U.S.C. 4303. This service credit is for the accrual of annual leave only and will not be applied to service credit for retirement purposes.**

- (i) The TSA Program Office should work with a prospective employee to obtain written documentation of his or her qualifying non-federal experience for purposes of determining an annual leave recruitment incentive. Types of documentation that may be used to satisfy this requirement include:
  - (i) An e-mail or letter from the previous supervisor indicating or detailing the types of duties performed and the period of performance;
  - (ii) An e-mail or letter from the prospective employee detailing the types of duties performed and the period of performance with an e-mail of concurrence by the previous supervisor;
  - (iii) A performance plan signed by the previous supervisor detailing duties, functions and responsibilities; or
  - (iv) A position description, signed by the previous supervisor, detailing duties, functions and responsibilities.

**NOTE: A resume does not provide sufficient documentation to establish additional service credit for annual leave accrual.**

*Example:* A candidate is offered a position as a Program Analyst with TSA. The candidate has 5 years of related specialized experience with the City of Los Angeles, CA and earns 2 weeks of vacation per year. Part of the total compensation package offered to the candidate includes 4 hours of annual leave per pay period (13 days per year). However, by crediting the candidate's 5 years of related experience, after completion of 1 year of successful service with TSA, the candidate's annual leave accrual rate will increase to 6 hours per pay period (20 days per year). Based on the candidate's relevant specialized experience, he/she will accrue additional annual leave after only 1 year of service with TSA instead of the typical 3 years that most new non-federal employees would be required to serve before accruing 6 hours of annual leave per pay period.

- (j) An annual leave recruitment incentive should be considered as part of the total compensation package offered to a candidate and may be granted in lieu of, or in addition to, other forms of incentives. The amount of service credit granted to an employee is at the sole discretion of the AA/OHC.
- (k) Recommending officials must submit a written request justifying the need to pay a recruitment incentive based on the factors in Section B.(3) for review through their chain of supervision, and for final determination (approval/denial)



by the Assistant Administrator, Office of Human Capital (AA/OHC). Appropriate service agreements may be executed once approval has been received from the AA/OHC. Availability of funds will be approved through the Assistant Administrator for Finance and Administration/Chief Financial Officer (OFA/CFO). A disapproved incentive request will be returned by OHC to the submitting office with justification for denial.

- (1) A written determination and approval to pay a recruitment incentive must be made **before** the employee enters on duty in the position for which recruited.
  - (i) A service agreement for a recruitment incentive must be completed after the written approval to pay the requested incentive has been made by the AA/OHC. In addition, the service agreement must be signed by the recipient and authorized approving official **before** the expenditure of any funds for payment.
  
- (4) Service Agreement:
  - (a) Generally, 1 year of service (set at the beginning of the service period) is required for every 25 percent of salary or fraction thereof in incentive, except in unique and critical circumstances. Any request to require a service agreement of less than 1 year, for each 25 percent of salary; or in an amount greater than 25 percent per year for the duration of the service agreement, must be fully documented in the requester's written justification supporting payment of an incentive.
  - (b) Service agreements ([TSA Form 1130](#)) are required for recruitment incentives, except when paid on a bi-weekly basis. (The terms of an incentive agreement paid on a bi-weekly basis should nevertheless be memorialized in an offer letter or similar document). The agreement must be signed by the employee before the incentive may be paid. Service agreements will normally range from a minimum of 12 months to a maximum of 48 months.
  - (c) A service agreement must begin on the first day of a pay period and end on the last day of a pay period.
  - (d) An individual's refusal to sign a service agreement negates the terms of the agreement and no incentive will be paid.

*Example:* A candidate is offered a 1-year time-limited appointment with TSA as a Chemist, K Band, at an annual rate of adjusted pay of \$100,000. As part of the total compensation package, the candidate is offered a \$75,000 (75%) recruitment incentive in exchange for completion of a high-profile project by the end of the 1-year appointment. The candidate possesses highly specialized qualifications required by TSA. Written justification fully and completely documents the need to pay this incentive at a rate above 25% for a 1-year period

of service. The incentive will be paid at the end of the 1-year appointment upon meeting specific performance goals and objectives that are defined in the service agreement.

- (5) Payment of a Recruitment Incentive:
- (a) A recruitment incentive (individual or group) will usually be calculated as a percentage of the employee's annual rate of adjusted pay, generally not to exceed 25 percent per year, but may also be calculated as a specific dollar amount (e.g., \$5,000).
  - (b) The total incentive may not exceed 100 percent of the employee's annual rate of adjusted pay with a service agreement not exceeding 4 years. The incentive amount awarded in any 1 year period of a service agreement will generally not exceed 25 percent of the employee's annual rate of adjusted pay. An employee with an annual rate of adjusted pay of \$100,000 who received a recruitment incentive of 100 percent would most commonly have a service agreement of 4 years with \$25,000 paid each of those 4 years. However, exceptions may be approved or disapproved based on a written justification by the AA/OHC, as the special needs of the TSA require.

*Example:* A candidate is offered employment with TSA as a Program Analyst, J Band, at an annual rate of adjusted pay of \$90,000. As part of the total compensation package, the candidate is offered a \$45,000 (50%) recruitment incentive in exchange for a minimum service agreement of 2 years. The incentive will be paid in 4 equal installments of \$11,250, at 6-month intervals, over the 2-year service agreement.

- (6) A recruitment incentive may be paid under the following conditions:
- (a) As an initial lump sum payment at the beginning of the service period;
  - (b) Bi-weekly;
  - (c) In installments throughout the service period;
  - (d) In a final lump sum payment upon completion of the service period; or
  - (e) In a combination of these methods.
- (7) Continuation, Reduction, or Termination of a Recruitment Incentive: Existing incentive offers should be reduced or terminated under the following conditions:
- (a) If a determination is made that a lesser amount (or none at all) would be sufficient to retain the employee (or group of employees);

- (b) If labor-market factors make it more likely (or reasonably likely) to recruit a candidate with qualifications similar to those possessed by the employee (or group of employees);
  - (c) If TSA's need for the services of the employee (or group of employees) has been reduced to a level that makes it unnecessary to continue payment at the level originally approved or to continue the payment at all; or
  - (d) If during the service period, an employee:
    - (i) Voluntarily changed to another position, is demoted or involuntarily separated for cause (i.e., unacceptable performance or conduct);
    - (ii) Receives a performance rating of record below "Achieved Expectations" or equivalent;
    - (iii) Otherwise fails to fulfill the terms of the service agreement; or
    - (iv) Is subject to organizational restructuring resulting in the termination of the position.
    - (v) In cases identified in (d)(i) through (d)(iv) above, an employee is entitled only to that portion of the incentive payment(s) previously paid by TSA that is attributable to the completed portion of the service period. In other words, TSA is not obligated to pay the employee outstanding incentive payments attributable to the months of the service agreement that have not been completed as of the effective date of the event. Also, if the incentive payment has already been made in an amount that exceeds the portion attributable to the months of completed service (i.e., a lump-sum payment was made at the beginning of the service period), the employee is indebted for the excess amount. However, in the case of an organizational restructuring, the employee may retain a lump-sum payment. (See Section K, Waiver, below). The debt may be waived depending on specific circumstances, for example, where an employee enters military service or dies while in TSA service or where reorganization occurs and an employee's services are no longer required.
- (8) Recovery of a Recruitment Incentive: If an employee voluntarily separates, or is involuntarily separated for certain reasons to include for cause, the employee may be indebted to TSA for a prorated amount of the incentive already paid to the employee as of the separation date. The amount of indebtedness will be determined based on the necessary calculation (see Example (10) below). An employee receiving an incentive on a biweekly basis will generally incur no indebtedness because the incentive is already paid out in a prorated fashion.

- (9) Indebtedness: Two calculations are required to determine a separated employee's indebtedness to TSA: (1) the monthly incentive amount and (2) the total number of months remaining on the service obligation.
- (a) To determine the monthly incentive amount: Divide the original total amount of the employee's incentive by the number of months in the service agreement.
  - (b) To determine the months remaining on the service obligation: Subtract the number of full months of the service obligation completed from the original total number of months in the service agreement.
  - (c) The employee's indebtedness equals the monthly incentive amount multiplied by the remaining months of service obligation.

*Example:* An employee, who received a \$12,000 recruitment incentive and signed a 24-month service requirement, separates after 7 months and 20 days of service. To compute the employee's indebtedness, divide the \$12,000 incentive by 24 to arrive at a \$500 monthly incentive. Only full months of service are counted to compute the indebtedness, so subtract seven from 24. This results in the employee having 17 months remaining on his or her service obligation at the time of separation, and a debt to TSA of \$8,500 (17 X \$500).

- (10) Annual Leave Recruitment Incentive:
- (a) If an employee who receives an annual recruitment incentive fails to complete 12 months of continuous service with TSA, any accrued or accumulated annual leave remains to the employee's credit and may be transferred to a new agency or paid out as a lump sum, as appropriate.
  - (b) An employee is not entitled, however, to retain the service credit used to determine annual leave accrual.
  - (c) TSA will subtract the additional service credit from the employee's total creditable service, and a new service computation date for leave will be established before the employee separates or transfers to a new agency.

**C. Referral Incentives:**

- (1) Eligibility Requirements: [TSA form 1190](#), must be completed by an eligible TSA employee referring a candidate for TSA employment as defined under Referral Incentive in Section A(12).
- (2) Requesting and Approving Requirements:
  - (a) Each AA, equivalent position, or higher level TSA executive is responsible for having written documentation that sets forth parameters for payments of

*referral incentives* within their respective program office. The communication should describe the availability of referral incentives in the specific program office including, but not limited to, applicable positions, opening and closing dates of the referral program, deadline to submit referrals, internal process to request referral incentives, documentation required, amount of the referral incentives, intervals at which the incentives will be paid, and the maximum number of referrals that may be paid to an individual employee. The AA/OHC approves or disapproves the request for the payment of a referral incentive.

- (b) TSA may pay a referral incentive to an employee who refers a potential candidate for a vacant TSA position based on criteria defined in Section C(3) below. The referral incentive may include all positions in a program office or only certain positions based on occupational series, title, pay band, or geographic location.
  - (c) The referring employee should contact the candidate to be referred and obtain his/her permission to submit his/her name/application for consideration for a vacant position designated by the AA, equivalent position, or higher level TSA executive as being eligible for a referral incentive.
    - (i) The referring employee must complete Sections 1 and 2 of TSA Form 1190;
    - (ii) The supervisor of the referring TSA employee must complete Section 3 and submit the completed TSA Form 1190 to their office Human Resources (HR) POC;
    - (iii) The HR POC must complete Sections 4, 5, and 6 of TSA Form 1190.
- (3) Factors for determining the appropriateness of a referral incentive:
- (a) The success of recent efforts to recruit candidates under multiple vacancy announcements that were open for a sufficient amount of time and/or retain highly qualified candidates for similar positions, including indicators such as offer acceptance rates, the proportion of positions filled, turnover rates, and the length of time required to fill similar positions;
  - (b) Labor-market factors, such as salaries paid outside the Federal Government, that may affect the ability to recruit and retain highly qualified candidates for similar positions now or in the future;
  - (c) Special or unique competencies needed for the position;
  - (d) Efforts to use non-pay flexibilities, such as special training and work schedule flexibilities, to resolve difficulties alone or in combination with an incentive;

- (e) The desirability of the duties, work, organizational environment, or geographic location of the position; and,
  - (f) Other supporting factors.
- (4) Payment of a Referral Incentive: A Referral Incentive may be paid to a current TSA employee who is successful in recruiting a candidate (who is not currently a TSA employee) for a TSA position. However, a referral incentive may not be paid to any TSA employee directly involved in the recruitment or selection process for the position to which a candidate is referred. A referral incentive will be paid in two lump sum installments with total gross for the two payments not to exceed \$1,000.
- (a) The first installment will occur when the referred candidate enters on duty with TSA.
  - (b) Alternatively, an AA may determine that the first installment will be made after a certain period of service has been fulfilled such as completion of entry level training and certification by a new Transportation Security Officer.
  - (c) The second installment will generally occur on or before the 1 year anniversary date of the candidate's entrance on duty date with TSA.
  - (d) Under both circumstances the referred candidate and referring employee must be on TSA's rolls at the time of each payment.
- (5) A TSA employee is eligible to receive no more than four referral incentives (a total of eight payments) in any 12-month period. An AA or higher level TSA executive has the discretion to establish, in writing, a lower limitation on the maximum number of referral incentives that may be received by an individual employee in a specific program office.
- (6) An AA or higher level TSA executive has discretion to set the total gross payment within the \$1,000 limit for the identified positions in his/her program office.
- (7) Requests to provide referral incentives in amounts greater than \$1,000 must be submitted in writing to the AA/OHC for approval/disapproval. The request must include a justification outlining the benefits to TSA for granting the larger amount.
- (8) No service agreement is required for a referral incentive.

**D. Relocation Incentives:**

- (1) Eligibility Requirements:

- (a) A relocation incentive may be paid to a current employee who must relocate to a position in a different geographic area that is likely to be difficult to fill in the absence of such an incentive as described in Section A(14).
  - (b) A relocation incentive may also be used as a restructuring/placement tool to help management avoid or minimize the need to involuntarily separate employees before or during restructuring efforts.
  - (c) An employee will possess the skills and experience essential to the position to which he or she is appointed/assigned and for which an incentive is considered/approved. A written determination and approval must be made before the employee enters on duty in the position for which a relocation incentive is warranted.
  - (d) Occupational groups of employees may be targeted in similar positions that have been difficult to fill in the past or that will likely be difficult to fill in the future in order to offer a relocation incentive for a group of positions and employees on that basis.
- (2) Requesting and Approving Requirements:
- (a) The duty station of the current position and the position for which the incentive is being recommended are in different commuting areas, as determined by TSA;
  - (b) The duty station of the current position and position for which the incentive is being recommended are in the same commuting area, but reporting to the new worksite will require a commuting trip that TSA considers significantly more burdensome. For instance, a relocation incentive may be paid if TSA believes the reassignment would compel the employee to change his or her place of residence to continue employment, taking into account commuting time and distance, availability of public transportation, cost, and any other relevant factors; and
  - (c) A relocation incentive may not be paid unless and until the employee establishes a new residence in the new commuting (geographic) area for the duration of the service agreement. Proof such as a driver's license or ID card showing the new address may be used to determine that a new residence in the new commuting area has been established.
- (3) Factors for determining the appropriateness of a relocation incentive:
- (a) The success of recent efforts to recruit candidates which under multiple vacancy announcements open for a sufficient amount of time and/or to retain highly qualified candidates for similar positions, including indicators such as offer acceptance rates, the proportion of positions filled, turnover rates, and the length of time required to fill similar positions;

- (b) Labor market factors, such as salaries paid outside the Federal Government, that may affect the ability to recruit and retain highly qualified candidates for similar positions now or in the future;
  - (c) Special unique competencies needed for the position;
  - (d) Efforts to use non-pay flexibilities, such as special training and work schedule flexibilities, to resolve difficulties alone or in combination with an incentive;
  - (e) The desirability of the duties, work, organizational environment, or geographic location of the position; and
  - (f) Other supporting factors.
- (4) Service Agreement.
- (a) Generally, 1 year of service (set at the beginning of the service period) is required for every 25 percent of salary or fraction thereof, except in rare, unique and critical circumstances. Any request to require a service agreement of less than 1 year, for each 25 percent of salary; or in an amount greater than 25 percent per year for the duration of the service agreement, must be fully documented in the requester's written justification supporting payment of an incentive.
  - (b) Service agreements ([TSA Form 1130](#)) are required for relocation incentives, except when paid on a bi-weekly basis. A service agreement must be completed after the written approval to pay the requested incentive has been made by the AA/OHC. The service agreement must be signed by the employee before the incentive may be paid. Service agreements will normally range from a minimum of 12 months to a maximum of 48 months.
  - (c) A service agreement must begin on the first day of a pay period and end on the last day of a pay period.
  - (d) An individual's refusal to sign a service agreement negates the terms of the agreement and no incentive will be paid.
  - (e) Availability of funds will be approved through the OFA/CFO prior to OHC approval and completion of the service agreement. A disapproved incentive will be returned by OHC to the submitting office with justification for denial.
- (5) Payment of a Relocation Incentive.
- (a) A relocation incentive (individual or group) will usually be calculated as a percentage of the employee's annual rate of adjusted pay, generally not to



exceed 25 percent per year, but may also be calculated as a specific dollar amount (e.g. \$5,000).

The total incentive may not exceed 100 percent of the employee's annual rate of adjusted pay with a service agreement not to exceed 4 years. The incentive amount awarded in any one year period of a service agreement will generally not exceed 25 percent of the employee's annual rate of adjusted pay.

- (b) A relocation incentive may be paid:
  - (i) As an initial lump-sum payment at the beginning of the service period;
  - (ii) Bi-weekly;
  - (iii) In installments throughout the service period;
  - (iv) In a final lump-sum payment upon completion of the service period; or
  - (iv) In a combination of these methods.
  
- (6) Continuation, Reduction, or Termination of a Relocation Incentive. Existing incentive offers should be reduced or terminated under the following conditions:
  - (a) If a determination is made that a lesser amount (or none at all) would be sufficient to retain the employee (or group of employees);
  - (b) If labor-market factors make it more likely (or reasonably likely) to recruit a candidate with qualifications similar to those possessed by the employee (or group of employees);
  - (c) If TSA's need for the services of the employee (or group of employees) has been reduced to a level that makes it unnecessary to continue payment at the level originally approved or to continue the payment at all; or
  - (d) If during the service period, an employee:
    - (i) Voluntarily changes positions, is demoted or involuntarily separated for cause (i.e., unacceptable performance or conduct);
    - (ii) Receives a performance rating of record below "Achieved Expectations" or equivalent;
    - (iii) Fails to maintain a residence at the new geographic location;
    - (iv) Otherwise fails to fulfill the terms of the service agreement; or

- (v) Is subject to organizational restructuring resulting in the termination of the position.
- (7) Recommending officials must submit a written request justifying the need to pay a relocation incentive based on the factors in Section D(3) for review through their chain of supervision for concurrence, and for final determination (approval/denial) by the AA/OHC.

**NOTE: The Office of Security Operations (OSO) provides a template to Federal Security Directors, available through the OSO's Business Management Office, outlining information to be included in written requests for group retention incentives covering Transportation Security Officer positions and/or other positions.**

- (8) Recovery of a Relocation Incentive.
  - (a) If an employee voluntarily separates from federal service or is involuntarily separated for certain reasons, to include a for cause separation, the employee may be indebted to TSA for a prorated amount already paid to the employee as of the separation date. The amount of indebtedness will be determined based on the calculation contained in Section D(9) below. An employee receiving an incentive on a biweekly basis will generally incur no indebtedness because the incentive is already paid out in a prorated fashion.
- (9) Indebtedness: Two (2) calculations are required to determine a separated employee's indebtedness to TSA: (1) the monthly incentive amount and (2) the total number of months remaining on the service obligation.
  - (a) To determine the monthly incentive amount: Divide the original total amount of the employee's incentive by the number of months in the service agreement.
  - (b) To determine the months remaining on the service obligation: Subtract the number of full months of the service obligation completed from the original total number of months in the service agreement.
  - (c) The employee's indebtedness equals the monthly incentive amount multiplied by the remaining months of service obligation unless a determination was made to forgive a portion or all of the debt.
  - (d) In cases identified in Section D(6)(d)(i) through D(6)(d)(v) above, an employee is entitled only to that portion of the incentive payment(s) previously paid by TSA that is attributable to the completed portion of the service period. In other words, TSA is not obligated to pay the employee outstanding incentive payments attributable to the months of the service agreement that have not been completed as of the effective date of the event. Also, if the incentive payment has already been made in an amount that exceeds the portion attributable to the

months of completed service (i.e., a lump sum payment was made at the beginning of the service period), the employee is indebted for the excess amount. However, in the case of an organizational restructuring, the employee may retain a lump sum payment. (See Section K, Waiver, below). The debt may be waived depending on specific circumstances, for example, where an employee enters military service, dies while in TSA service, or where reorganization occurs and an employee's services are no longer required.

**E. Retention Incentives**

- (1) **Eligibility Requirements:** A retention incentive may be paid to a current employee if TSA determines that the unusually high or unique qualifications of the employee or a special need of TSA for the employee's services makes it essential to retain the employee and the employee would be likely to leave the Federal service in the absence of a retention incentive as defined in Section A(15). In the case of an employee receiving an offer of employment outside of TSA, a copy of the offer letter must be attached to the incentive request.
- (2) **Requesting and Approving Requirements:**
  - (a) TSA may pay a retention incentive if it would encounter difficulty filling a position with a highly qualified employee, absent the incentive.
  - (b) TSA may target groups of similar positions that have been difficult to fill in the past or that likely will be difficult to fill in the future and may make the determination to offer a retention incentive for a group of positions and employees on that basis. The targeted group will be narrowly defined using factors such as occupational series, pay band level, distinctive job duties, unique qualifications, assignment to a special project, organization or team designation, geographic location, or performance level.
  - (c) Retention Incentives for L and M Band employees and TSES employees, must be approved under the provisions set forth by DHS.
- (3) **Factors for determining the appropriateness of a retention incentive:**
  - (a) The success of recent efforts to recruit candidates which under multiple vacancy announcements were open for a sufficient amount of time and/or to retain highly qualified candidates for similar positions, including indicators such as offer acceptance rates, the proportion of positions filled, turnover rates, and the length of time required to fill similar positions;
  - (b) Labor-market factors, such as salaries paid outside the Federal Government, that may affect the ability to recruit and retain highly qualified candidates for similar positions now or in the future;

- (c) Special or unique competencies needed for the position;
  - (d) Efforts to use non-pay flexibilities, such as special training and work flexibilities, to resolve difficulties, alone or in combination with an incentive;
  - (e) The desirability of the duties, work, organizational environment, or geographic location of the position; and
  - (f) Other supporting factors.
- (4) Service Agreement:
- (a) A service agreement for a retention incentive is required except when paid on a bi-weekly basis and must be completed after the written approval to pay the requested incentive has been made by the AA/OHC. In addition, the service agreement must be signed by the recipient and authorized approving official before the expenditure of any funds for payment.
  - (b) Generally, 1 year of service (set at the beginning of the service period) is required for every 25 percent of salary or fraction thereof, except in unique and critical circumstances. Any request to require a service agreement of less than 1 year, for each 25 percent of salary; or in an amount greater than 25 percent per year for the duration of the service agreement, must be fully documented in the requester's written justification supporting payment of an incentive. The same rule requiring a period of service applies for incentives paid bi-weekly where no service agreement is required.
  - (c) A service agreement must begin on the first day of a pay period and end on the last day of a pay period.
  - (d) An individual's refusal to sign a service agreement negates the terms of the agreement and no incentive will be paid.
- (5) Payment of a Retention Incentive
- (a) A retention incentive (individual or group) will usually be calculated as a percentage of the employee's annual rate of adjusted pay, generally not to exceed 25 percent per year, but may also be calculated as a specific dollar amount (e.g. \$5,000).
  - (b) The total incentive may not exceed 100 percent of the employee's annual rate of adjusted pay with a service agreement of at least one year, not to exceed 4 years. The incentive amount awarded in any one year period of a service agreement will generally not exceed 25 percent of the employee's annual rate of adjusted pay.

- (c) A retention incentive may be paid:
  - (i) As an initial lump sum payment at the beginning of the service period;
  - (ii) Bi-weekly;
  - (iii) In installments throughout the service period;
  - (iv) As a lump-sum payment upon completion of the service period; or
  - (v) In a combination of these methods.

**NOTE: TSA 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.**

**There may be a need to terminate a retention incentive under provisions of Section E(6) below, due to changing conditions including, but not limited to, restructuring and/or realignment of staff. Termination of one retention incentive does not preclude approval of a new incentive, as appropriate.**

- (6) Continuation, Reduction, or Termination of Retention Incentives: Existing incentive offers should be reduced or terminated under the following conditions:
  - (a) If a determination is made that a lesser amount (or none at all) would be sufficient to retain the employee (or group of employees);
  - (b) If labor-market factors make it more likely (or reasonably likely) to recruit a candidate with qualifications similar to those possessed by the employee (or group of employees);
  - (c) If TSA's need for the services of the employee (or group of employees) has been reduced to a level that makes it unnecessary to continue payment at the level originally approved or to continue the payment at all; or
  - (d) If during the service period, an employee:
    - (i) Voluntarily changes positions, is demoted or involuntarily separated for cause (i.e., unacceptable performance or conduct);
    - (ii) Receives a performance rating of record below "Achieved Expectations" or equivalent;
    - (iii) Otherwise fails to fulfill the terms of the service agreement; or

- (iv) Is subject to organizational restructuring resulting in the termination of the position.
- (7) Recommending officials must submit a written request justifying the need to pay a Retention Incentive based on the factors in Section E(3) for review through their chain of supervision, and for final determination (approval/denial) by the AA/OHC with the exception of L and M Band employees and TSES employees as noted in 2.(c) above.

**NOTE: The Office of Security Operations (OSO) provides a template to Federal Security Directors, available through the OSO's Business Management Office, outlining information to be included in written requests for group retention incentives covering Transportation Security Officer positions and/or other positions.**

- (8) Recovery of a Retention Incentive

If an employee voluntarily separates from federal service, or is involuntarily separated for certain reasons, to include for cause, the employee may be indebted to TSA for a prorated amount already paid to the employee as of the separation date. The amount of indebtedness will be determined based on the calculation contained in Section E(9) below. An employee receiving an incentive on a biweekly basis will generally incur no indebtedness because the incentive is already paid out in a prorated fashion.

- (9) Indebtedness: Two calculations are required to determine a separated employee's indebtedness to TSA; (1) the monthly incentive amount and (2) the total number of months remaining on the service obligation.
  - (a) To determine the monthly incentive amount: Divide the original total amount of the employee's incentive by the number of months in the service agreement.
  - (b) To determine the months remaining on the service obligation: Subtract the number of full months of the service obligation completed from the original total number of months in the service agreement.
  - (c) The employee's indebtedness equals the monthly incentive amount multiplied by the remaining months of service obligation unless a determination was made to forgive a portion or all of the debt.

**F. Notification of Changes to an Incentive:**

Reduction or termination of an existing recruitment, relocation, or retention incentive offer must be made in writing to an employee by the OHC Recruitment and Hiring Division.

**G. Appeal Rights:**

The approval, continuation, reduction, or termination of a recruitment, referral, relocation, or retention incentive offer cannot be appealed or grieved.

**H. Budgetary Considerations:**

The approval, continuation, reduction, or termination of a recruitment, referral, relocation, or retention incentive is always subject to availability of budgetary resources to fund such incentives. Funds for incentives will be sourced by the compensation and benefits that support the annual Full Time Equivalent (FTE) allocations provided to the respective staff.

**I. Internal Monitoring, Review, and Recertification:**

- (1) Initial and continuing payments of recruitment, referral, relocation, and retention incentives will be reviewed and monitored by managers responsible for recommending the incentives, the OHC Recruitment and Hiring Division, and OFA/CFO.
- (2) Monitoring and review will be conducted to ensure appropriateness and consistency in application of policies and procedures for payment, in reduction and discontinuance of the incentive, as well as expenditures of federal resources.
- (3) All incentives must be recertified on an annual basis, except an annual leave recruitment incentive. Once an employee has successfully completed 12 months of continuous service with TSA, the service credit for annual leave accrual becomes permanent and there is no need for recertification.

**J. Aggregate Pay Limitation:**

Payment of a recruitment, referral, relocation, or retention incentive is subject to an aggregate limitation on pay and, under most circumstances, may not exceed the rate payable for Level I of the Executive Schedule (EX I) -- \$205,700 in 2016. However, in rare and unique circumstances, where the services of an individual with highly specialized qualifications is required, the AA/OHC may waive the EX I limitation and raise the aggregate limitation to an annual amount not to exceed \$250,000 and only for purposes of payment of a recruitment, referral, relocation, or retention incentive. Excess payments that would cause an employee's total compensation to exceed the applicable aggregate limitation will be deferred and paid in a lump-sum payment at the beginning of the following calendar year.

**K. Waiver:**

A request for waiver of indebtedness may be considered and must be sent to the OFA, Accounting Branch, in accordance with [TSA MD 1000.4, \*Waiver of Employee Indebtedness\*](#). [TSA Form 1002, \*Waiver of Indebtedness Application\*](#), must be utilized to submit the waiver application. The waiver request must contain sufficient information and/or documentation to permit an informed decision on the request. The OFA/CFO has final authority for the approval of the waiver request; however, a waiver request from a TSO (F band and below) in the amount equal to or less than \$10,000 may be approved/disapproved by the AA/OHC. Waivers in whole or in part may be granted only after a determination is made that recovery would be against equity and good conscience or against the public interest.

**L. Record Keeping:**

Documentation sufficient to permit reconstruction of a decision to approve an incentive must be retained by the requesting office. It is especially important that a clear record of the reviewing and approving officials is documented. Original service agreements ([TSA Form 1130](#)) or recommendations for referral incentives ([TSA Form 1190](#)) should be submitted with the RPA and maintained locally by the program office, or a sub office within the program office, in a secure location and fully executed copies must be furnished to employees receiving incentives.

**M. Existing Agreements:** An incentive payment or service agreement authorized under the previous version of [MD 1100.57-3](#), dated May 27, 2008, remains in effect under its original terms.