



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

The Director

Wednesday, May 27, 2009
CPM 2009-10

MEMORANDUM FOR: Heads Of Executive Departments And Agencies

FROM: John Berry, Director

Subject: Effective Use of Recruitment, Relocation, and Retention Incentives

President Barack Obama met with members of his Cabinet on April 20, 2009, and asked each Federal agency to do its part to ensure “this Government is as efficient as possible and that every taxpayer dollar that is spent is being spent wisely.” Pay and benefits are essential to making the Government a model employer and make up an important part of the Federal budget. Although most pay and benefits are fixed by law, the amount we spend on discretionary pay should be closely monitored. Agencies invest in recruitment, relocation, and retention incentives (commonly known as the 3Rs) to attract and retain the talent the Government needs to meet the many challenges confronting the country. These are important tools to support the civilian workforce, but we also must ensure this money is being used effectively.

In this context, I request that you review your 3Rs programs to ensure that ongoing and new authorizations for payments to employees are used only when necessary to support your mission and program needs, and are consistent with the criteria in law and U.S. Office of Personnel Management’s (OPM’s) regulations. The cost of using any of these pay flexibilities should be weighed against the benefits to be gained. This is especially important when it comes to retention incentives, which account for the clear majority of 3Rs costs in 2007 at \$127 million.

OPM’s regulations in 5 CFR 575.311 make clear that each agency is responsible for terminating retention incentives when conditions change such that the original determination to pay the incentive no longer applies or when payment is no longer warranted. While agencies are required to review each retention incentive paid without a service agreement at least annually to determine whether the payment is still warranted, I strongly recommend you review all retention incentives at least annually, whether associated with a service agreement or not.

OPM is reviewing current 3Rs policies and may consider further steps to strengthen and improve the administration of the program.

Additional Information

We are happy to receive ideas from agencies for improving the administration of the 3Rs program. If you would like to discuss this issue or need additional information, agency headquarters-level human resources officials may contact Jerome D. Mikowicz by email at pay-performance-policy@opm.gov or by phone at (202) 606-2858. Employees should contact their agency's human resources offices for assistance.

cc: Chief Human Capital Officers
Human Resources Directors