SEC. ___. PAID TIME OFF INCENTIVE FOR NEW HIRES IN DIFFICULT-TO-FILL POSITIONS.

(a) IN GENERAL.—Subchapter II of chapter 63 of title 5, United States Code, is amended by adding at the end the following new section:

"§**6329a. Paid time off incentive for new appointees**

"(a)(1) This section may be applied to an employee as defined in section 6301.

"(2) An incentive may not be granted under this section to an individual who is appointed to—

"(A) a position to which an individual is appointed by the President, by and with the advice and consent of the Senate;

"(B) a position in the Senior Executive Service as a noncareer appointee (as such term is defined under section 3132(a));

"(C) a position which has been excepted from the competitive service by reason of its confidential, policy-determining, policy-making, or policy-advocating character; or

"(D) any other position that is determined to be political in character under regulations prescribed by the Director of the Office of Personnel Management.

"(b) The head of an agency may grant time off, without loss of pay or charge to leave, as an incentive under this section, to an individual only if—

"(1) the position to which such individual is appointed is likely to be difficult to fill in the absence of such an incentive or such an incentive in combination with an incentive under section 5753; and

"(2) the individual is newly appointed as an employee.

"(c)(1) Grant of an incentive under this section shall be contingent upon the employee entering into a written service agreement to complete a period of employment with the agency, not longer than 4 years. The Director of the Office of Personnel Management may, by regulation, prescribe a minimum service period for the purposes of this section.

"(2) The agreement shall include—

"(A) the commencement and termination dates of the required service period (or provisions for the determination thereof);

"(B) the number hours of time off; and

"(C) other terms and conditions under which the time off incentive is granted, subject to the requirements of this section and regulations prescribed by the Director.

"(3) The terms and conditions for granting the incentive, as specified in the service agreement, shall include—

"(A) the conditions under which the agreement may be terminated before the agreed-upon service period has been completed; and

"(B) the effect of the termination.

"(4) The required service period shall commence upon the commencement of service with the agency unless the service agreement provides for a later commencement date in circumstances and to the extent allowable under regulations prescribed by the Director, such as when there is an initial period of formal basic training.

"(5) If an employee fails to complete the terms and conditions of the agreement and is required to repay all or a portion of the value of the paid time off incentive granted and used, repayment shall be accomplished to the extent possible by applying the employee's

positive balance of annual leave, time-off awards, credit hours under section 6122, or compensatory time off under section 5543 or 5550b to offset the debt of hours. Any remaining debt of hours shall be converted to a monetary debt.

"(d)(1) The time off incentive granted under this section may not exceed 80 hours of paid time off from duty.

"(2) An employee may be granted both a time off incentive under this section and a recruitment bonus under section 5753 in connection with a new appointment.

"(3) An employee may not receive payment for unused hours of a time off incentive under this section under any circumstance. Entitlement to any unused time off under this section shall be permanently forfeited when an employee separates from Federal service, transfers to another agency, or, to the extent addressed in the service agreement, moves to a different position in the same agency.

"(e) The head of an agency shall establish a plan for the use of any time off incentives before granting any such incentives, subject to regulations prescribed by the Director of the Office of Personnel Management. The head of an agency shall report on the granting and use of time off incentives as required by the Director of the Office of Personnel Management.

"(f) The Director of the Office of Personnel Management may prescribe regulations to carry out this section.".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 6329 the following new item:

"6329a. Paid time off for new appointee.".

1 (c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date

2 that is one year after the date of the enactment of this Act.

[Please note: The "Changes to Existing Law" section below sets out in red-line format how the legislative text would amend existing law.]

Section-by-Section Analysis

This proposal would create a new incentive for eligible individuals to accept employment for hard-to-fill civilian positions. The incentive would be created by adding a new section 6329a in title 5, United States Code. The new title 5 section would allow a newly hired employee to be granted up to 80 hours of paid time off as an incentive to accept a job offer in such a position. It adds an item to the toolbox available to hiring managers by allowing them to offer certain highly skilled or highly qualified new hires an incentive of up to 80 hours of paid time off – upon entry on duty – that normally takes at least 40 weeks to accumulate.

The National Defense Authorization Act for Fiscal Year (FY) 2010 required the Department to develop a new performance appraisal system, redesign procedures for use within DoD to make appointments to positions within the competitive service, and authorized the Secretary of Defense, at his discretion, to establish a Civilian Workforce Incentive Fund. In accordance with Executive Order (E.O.) 13522, DoD involved bargaining unit employees through their union representatives in the design and implementation of the new personnel authorities. This collaborative labor-management initiative came to be known as "New Beginnings", and involved the creation of three joint labor-management design teams. The Civilian Workforce Incentive Fund Design Team recommended this authority which would grant up to 80 hours of paid time off for new hires in hard-to-fill civilian positions.

Many prospective employees are more concerned about their quality of life than they are about the amount of money they are offered to take a position. Research has shown that paid time off is an important piece of an employee's total compensation package. Paid time off may be used as an incentive to recruit and retain employees. Many newly appointed employees, however, typically accrue time off for vacations/personal business/emergencies at the slow rate of four hours every two weeks.

This proposal could help attract high quality private sector personnel who must forsake a significant leave package, or those interested in work-life balance. Knowing that they have paid time off available could motivate applicant to accept a difficult-to-fill position**.** Additionally, a paid time off incentive could offer the applicant peace of mind that, if an emergency arises, he or she would have paid time off immediately available for use.

The monetary recruitment incentive already available is an effective tool for attracting high quality candidates. A paid time off incentive provides another tool to recruit specific candidates for hard-to-fill positions. Selective use of a paid time off incentive would likely raise no more equity concerns than selective use of the cash recruitment incentive. Both incentives

would be offered only to certain employment candidates. An employee could receive both incentives in connection with the same new appointment.

Section 6303 of title 5, U.S.C., allows agencies to provide service credit towards a new hire's annual leave service credit date for non-Federal work experience and experience in the uniformed service. As a result, those new hires may accumulate paid time off at a rate quicker than a new hire not meeting the criteria. While that allows quicker accumulation, they still begin their employment with a balance of zero hours. This proposal supplements the more rapid accumulation of leave time by also providing a bank of hours for paid time off upon entry on duty.

Agencies have authority to advance an employee both annual and sick leave (5 U.S.C. 6302(d) and 6307(d)). Use of these items requires the advanced leave to be paid back over time. This proposal supplements leave advancement by also providing a bank of hours for paid time off upon entry on duty.

The proposal includes parameters that limit its use to difficult-to-fill positions, prescribe the conditions necessary for its use or forfeiture, and require a service agreement.

Budget Implications: The resources reflected in the table below are funded within the FY 2017 President's Budget. The total cost of the incentive, if all 80 hours of paid time off are taken in the first year, results in 3.8 percent (80 hours/2087 total hours in a year) of salary. If taken over two years, the cost of the incentive is 1.9 percent (80 hours/4174 total hours) during those two years. The cost of the incentive continually decreases over an employee's length of service.

If 1,000 new appointees (divided proportionately amongst the components based on the employee distribution percentage by component) averaged $24.00 per hour in salary ($50,088 per year), and all took the 80 hours of paid time off in their first year of employment, the cost of the incentive by Fiscal Year would be:

RESOURCE REQUIREMENTS ($MILLIONS)									
	FY 2017	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**Appropriation From**	**Budget Activity**	**Dash-1 Line Item**	**Program Element**
Army	0.408	0.419	0.430	0.439	0.448	Operation and Maintenance, Army	01	115, 121, 122, 131, 132, 133	
Army	0.003	0.003	0.003	0.003	0.003	Operation and Maintenance, Army	02	212	
Army	0.119	0.120	0.121	0.123	0.126	Operation and Maintenance, Army	03	314, 321, 324, 331, 332, 334	
Army	0.168	0.171	0.172	0.176	0.179	Operation and Maintenance,	04	411, 422, 423, 424,	

						Army		431, 433, 434, 435	
Navy does not intend to use this authority, which would have been funded in the following account: Operation and Maintenance, Navy. Marine Corps does not intend to use this authority, which would have been funded in the following account: Operation and Maintenance, Marine Corps.									
Air Force	0.112	0.114	0.116	0.119	0.121	Operation and Maintenance, Air Force	01	060, 080	
Air Force	0.112	0.114	0.116	0.119	0.121	Operation and Maintenance, Air Force	02	140, 180	
Air Force	0.112	0.114	0.116	0.119	0.121	Operation and Maintenance, Air Force	03	230, 320	
Air Force	0.112	0.114	0.116	0.119	0.121	Operation and Maintenance, Air Force	04	340, 350	
Defense Wide	0.272	0.277	0.283	0.288	0.294	Operation and Maintenance, Defense-Wide	04	300	
Total	1.418	1.446	1.473	1.505	1.534				

*assumes an approximate 2% salary increase over the previous year

NUMBER OF PERSONNEL AFFECTED									
	FY 2017	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**Appropriation From**	**Budget Activity**	**Dash-1 Line Item**	**Program Element**
Army	211	211	211	211	211	Operation and Maintenance, Army	01	115, 121, 122, 131, 132, 133	
Army	2	2	2	2	2	Operation and Maintenance, Army	02	212	
Army	60	60	60	60	60	Operation and Maintenance, Army	03	314, 321, 324, 331, 332, 334	
Army	87	87	87	87	87	Operation and Maintenance, Army	04	411, 422, 423, 424, 431, 433, 434, 435	
Navy does not intend to use this authority, which would have been funded in the following account: Operation and Maintenance, Navy. Marine Corps does not intend to use this authority, which would have been funded in the following account: Operation and Maintenance, Marine Corps.									
Air Force	58	58	58	58	58	Operation and Maintenance, Air Force	01	060, 080	
Air Force	57	57	57	57	57	Operation and Maintenance,	02	140, 180	

						Air Force			
Air Force	58	58	58	58	58	Operation and Maintenance, Air Force	03	230, 320	
Air Force	57	57	57	57	57	Operation and Maintenance, Air Force	04	240, 350	
Defense Wide	140	140	140	140	140	Operation and Maintenance, Defense-Wide	04	300	
Total	730	730	730	730	730				

Changes to Existing Law: This proposal would add a new section to title 5, United States Code. The proposed new section is set forth in full in the text above.