



DEPARTMENT OF THE ARMY
OFFICE OF THE DEPUTY CHIEF OF STAFF, G-1
CIVILIAN HUMAN RESOURCES AGENCY
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DAPE-CHP

18 NOV 2011

MEMORANDUM FOR ALL REGIONAL DIRECTORS

SUBJECT: Pay Setting Policy, Civilian Human Resource Agency (CHRA) Internal Guidance Memorandum (CIGM) 531-11-CIGM-01

1. This policy supercedes CHRA GM 03-07, 25 July 2007, and formally transmits the attached CHRA Pay Setting Policy for your information and immediate use. Regional Directors are responsible for adherence to the outlined procedures and will ensure distribution of the policy to all appropriate personnel.
2. The policy outlines the purpose, scope, operating principles and responsibilities for the establishment of pay setting for CHRA employees.
3. Purpose: The purpose of this document is to implement a uniform policy for setting pay throughout the CHRA for situations in which law, regulation or policy permits discretion.
4. Scope: The provisions of this plan apply to all CHRA employees. When any provision conflicts with an agreement negotiated under the Federal Service Labor-Management Relations Statute, the negotiated agreement is controlling.
- 5: References:
 - a. Title 5 U.S.C.
 - b. Title 5 Code of Federal Regulations (CFR) Parts 353, 530, 531, 532, and 536.
 - c. Army Regulation (AR) 690-300, Chapter 338.
 - d. AR 690-990-2, Books 531 and 536.
 - e. Department of Defense (DoD) Manual 1400.25-M, Subchapter 531.
6. Definitions: The definitions used in Title 5 CFR, Parts 530, 531, 532, and 536 will be used in administering this policy.

DAPE-CHP

SUBJECT: Pay Setting Policy, Civilian Human Resource Agency (CHRA) Internal Guidance Memorandum (CIGM) 531-11-CIGM-01

7. Responsibilities:

a. Human Resources (HR) Specialists servicing CHRA activities, in conjunction with supervisors and management officials, will determine applicable pay rates prior to making a personnel action effective, consistent with Office of Personnel Management, DoD and Department of the Army (DA) regulations and this policy.

b. CHRA is responsible for establishing, administering, updating and evaluating the effectiveness of pay setting procedures. Regional Directors are responsible for making pay setting decisions within their authority, resolving unusual or complex pay situations, and requesting and/or granting variances to established policy.

8. Operating Principles:

a. Pay is set using the pay setting directives of the pay system to which the employee is moving and for which the action is being effected.

b. Pay cannot be set at a rate below the first step of the lowest rate of the grade of the position to which assigned.

c. Pay cannot be set at a rate above the top step of the highest rate of a grade unless authorized under grade and/or pay retention regulations.

d. Pay on simultaneous actions is generally set in the order that gives the employee the maximum benefit.

e. An employee's existing rate of pay will be preserved to the maximum extent possible in all reduction in force and transfer of function actions where grade retention or pay retention regulations do not otherwise apply.

9. Pay Fixing Rules:

a. New Appointees: A new appointment for an employee who has no prior Federal service will normally be made at the minimum rate of the grade to which appointed. In accordance with DA memorandum, subject: Delegation of Authority-Advanced In-Hire Rates of Pay Based on Superior Qualifications or Special Needs Pay-Setting Authority, 15 July 2010, superior qualification appointments up to step 4 are approved by the G-1 Deputy Chief of Staff. Appointments above step 4 are approved by the Administrative Assistant to the Secretary of the Army. Requests for approval of superior qualification appointments will be submitted through the CHRA Director.

DAPE-CHP

SUBJECT: Pay Setting Policy, Civilian Human Resource Agency (CHRA) Internal Guidance Memorandum (CIGM) 531-11-CIGM-01

b. Highest Previous Rate (HPR): Pay of an employee or former employee who is reemployed, transferred, reassigned, promoted, or demoted will be set using the highest previous rate if the following conditions are met:

- (1) The appointment in which HPR was earned lasted longer than 90 days.
- (2) The HPR was earned for a continuous period in a pay status of at least 90 days.
- (3) The employee's experience is closely related to the position being filled.

c. Special Salary Rates (use for determining HPR): Special salary rates will be used as a highest previous rate when:

- (1) The special rate of pay is the employee's current rate of basic pay.
- (2) The employee is being reassigned to another position at the same grade level in the same agency.
- (3) The selecting official certifies, in writing, that the need for the services of the employee, and the employee's contribution to the program of the agency, will be greater in the position to which reassigned.

d. Conversions: Upon conversion of a temporary employee to a higher-graded temporary or permanent position without a break in service, the employee's pay will be set using HPR or the mandatory promotion rule (whichever is higher).

e. Change to Lower Grade – Formal Development Program. An employee who voluntarily accepts a change to a lower grade to enter a formal employee developmental program such as Upward Mobility, career internship, or a local intern program will have pay set at the minimum rate in the lower grade which equals his/her current rate. If the current rate falls between two steps in the lower grade, pay will be set at the higher step. If the current rate exceeds the maximum rate of the position to which assigned, the employee is entitled to pay retention at his/her existing rate which cannot exceed 150 percent of the maximum rate of basic pay for the new grade.

f. Change to Lower Grade – Adverse Action:

(1) When an employee is promoted to a supervisory or managerial position and is later returned to the former grade because of failure to satisfactorily complete the required probationary period, pay will be set at the step the employee would have earned had the employee not been promoted to the higher grade.

DAPE-CHP

SUBJECT: Pay Setting Policy, Civilian Human Resource Agency (CHRA) Internal Guidance Memorandum (CIGM) 531-11-CIGM-01

(2) When an employee is placed in a lower-graded position due to loss of eligibility for a security clearance, disciplinary reasons, or loss of qualifications required for the position (e.g., valid driver's license), pay retention will not be authorized. Pay will be set at the employee's existing rate of pay in the lower grade, or if the existing rate falls between two steps, the lower step will be given.

(3) When an employee is placed in a lower-graded position due to cause, pay will be set at a rate that would provide the employee no greater benefit upon repromotion than he/she would have attained had he/she remained in that grade.

g. Change to Lower Grade – Voluntary: When an employee is demoted or changed to a lower grade at his or her own request for his or her own personal benefit or convenience with the probability of promotion under merit promotion rules, any windfall that could occur when the employee is promoted must be taken into consideration when setting the employee's pay at a rate in the lower grade. For purposes of this guidance memorandum, unless one of the conditions for pay retention under 5 CFR 536.104 is satisfied, application under merit promotion procedures for a lower grade position constitutes a request for change to lower grade for the employee's personal benefit or convenience, and the employee should have the pay set at a rate that would provide the employee no greater benefit upon immediate repromotion than he/she would have attained had he/she remained in that grade.

h. Change to Lower Grade – Medical Reasons: When an employee requests a change to lower grade for medical reasons that is substantiated by medical certification, his/her existing rate of pay will be preserved to the maximum extent possible. If the existing rate falls between two steps, pay will be set at the higher step. If existing pay is above the top step of the lower grade, the employee is entitled to pay retention.

i. Change to Lower Grade – Return Rights to a Lower Grade: When an employee is reduced in grade upon return from an overseas assignment in accordance with a pre-established agreement, or has completed at least 1 year of the agreement and is released because of compelling personal reasons of a compassionate or humanitarian nature, his/her existing rate of pay will be preserved to the maximum extent possible after application of any applicable geographic conversion. If the existing rate falls between two steps, pay will be set at the higher step. If existing pay is above the top step of the lower grade, the employee is entitled to pay retention after application of any applicable geographic conversion.

j. Temporary Promotions: An employee who serves continuously for more than 1 year in a temporary promotion will have the pay rate received during the temporary promotion used in establishing the employee's highest previous rate.

DAPE-CHP

SUBJECT: Pay Setting Policy, Civilian Human Resource Agency (CHRA) Internal Guidance Memorandum (CIGM) 531-11-CIGM-01

k. Promotion While on Pay Retention: An employee's promotion entitlement will be calculated based on the two-step promotion rule, or application of maximum payable rate, whichever is most advantageous to the employee. An employee on pay retention will have the two-step step increase calculated on the current grade, step 10, even if the retained rate is higher. After calculation, if pay can be set within the new grade, pay retention will be terminated.

l. Locality Pay: Locality pay will be considered basic pay for purposes of determining pay setting when moving to other positions or when making appointments. The rate of locality pay to which an employee is entitled is determined by the location of his/her official duty station.

m. Restoration: When an employee entitled to mandatory restoration is reemployed, the employment status is restored as if the employee had never left Federal employment (including within-grade increases (WIGI), annual adjustments, and career ladder promotions). Issues such as these may arise from employment following military service, restoration of employees who sustain compensable injuries and reemployment after a separation or removal under an unwarranted or unjustified personnel action.

10. Pay Action Effective Date:

a. If verification of a former rate of pay is not possible prior to effecting the action, the action may be processed at the minimum rate of the grade subject to upward adjustment in accordance with this pay setting policy provided the SF-50 is appropriately annotated to allow for such adjustment.

b. An employee selected for a position under a Merit Promotion Plan who is due a WIGI in the current grade within 30 days from the date of selection may have the effective date of the action delayed until after the WIGI is effected, if the selecting official agrees.

11. The CHRA HQ point of contact is Ms. Rose Medina, DSN 458-1758, commercial 410-306-1758, or e-mail rose.medina@us.army.mil.



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