

NIH Policy Manual

2300-531-2 - General Schedule (GS) Salary Determination

Issuing Office: OD/OM/OHR/CSSED **Phone:** [\(301\) 496-0377](tel:3014960377)

Approving Official(s): OHR Director

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Transmittal Notice

1. **Explanation of Material Transmitted:** This chapter transmits the NIH policy on determining general schedule (GS) salaries for employees. It also discusses setting pay at higher than the minimum step based on superior qualifications and special needs, or using the highest previous rate.
2. **Filing Instructions:**

Remove: Salary setting information in NIH Manual 2300-575-1, dated 07/24/96.

Insert: NIH Manual 2300-531-2, dated 11/25/14.

PLEASE NOTE: For information on:

- Content of this chapter, contact the issuing office listed above.
- NIH Manual System, contact the Division of Management Support, OMA on 301-496-2832, or enter this URL:
<http://oma.od.nih.gov/public/MS/manualchapters/Pages/default.aspx>

A. Purpose

This chapter transmits the NIH policy on determining general schedule (GS) salaries for employees.

B. Background

There are many ways to fill general schedule positions and set pay when hiring new employees. This chapter covers how salary is determined in the competitive service and also discusses setting pay at higher than the minimum step based on superior qualifications and special needs, or using the highest previous rate.

C. Policy

1. New Appointments

A new appointment is a person's first appointment as an employee of the federal

government. Pay is set at the minimum rate (step 1) of the grade for the position the employee is being appointed to on the:

- a. Locality schedule that applies to the employee's official worksite, or
- b. Special salary rate schedule that applies to the employee's position if it is higher than the locality rate for the official worksite.

Note: Pay can be set above the step 1 using the superior qualifications and special needs pay-setting authority. See section C, Policy, 8, Superior qualifications and special needs for more information.

2. Reinstatements

A reinstatement is the reemployment of a former employee based on the employee's previous career or career-conditional employment.

Pay can be set in one of several ways:

- a. Minimum step of the grade on the locality schedule that applies to the employee's official worksite, or
- b. GS maximum payable rate rule as covered in 5 Code of Federal Regulations (CFR) 531.221, or
- c. Using superior qualifications and special needs.
When the employee's separation was involuntary and the employee is reinstated under specific reemployment or restoration programs, pay can be set in one of the following ways:
- d. As described in sections (3) or (4) below, or
- e. GS maximum payable rate rule as covered in 5 CFR 531.221.

3. Reemployment

Agency Reemployment Priority Lists (RPLs) contain the names of employees separated because of the following reasons:

- a. Reduction in Force (RIF), or
- b. Compensable injury or disability.

Pay for employees separated due to a RIF can be set using the GS Maximum Payable Rate Rule. Pay for employees separated due to compensable injury or disability must be set as if they had never left federal employment.

4. Restoration

Some employees are entitled to restoration when they are reemployed after a period of absence because of the following:

- a. Military service as defined in 5 CFR 353.102,
- b. Compensable injury or disability as defined in 5 CFR 353.102, or
- c. Unwarranted or unjustified personnel action as discussed in 5 CFR 550.803.
When these employees are reemployed, their pay must be set as if they had never left federal employment. This means they are entitled to all pay actions they would have been entitled to while absent, such as:
- d. Within-grade increases;

- e. Pay adjustments; and
- f. Establishment of a special salary rate schedule.

5. Transfers

A transfer is an employee's movement from one agency to another without a break in service. A break in service means a separation of at least one full workday.

Transfers to a higher grade are treated like a promotion while transfers to a lower grade are treated like a change to a lower grade (5 CFR 531.214 and 5 CFR 531.215). Pay for transfers with no change in grade can be set in one of the following ways:

- a. No change in pay where position is in the same locality area,
- b. Use pay table where position is in new geographic location, or
- c. Use GS Maximum Payable Rate Rule (5 CFR 531.221).

6. Conversions

A conversion is an employee's movement to another appointment in the same agency without a break in service of more than three calendar days.

Setting pay for conversions is the same as the above guidance for transfers.

7. Reassignments

A reassignment is an employee's position change within the same appointing authority without a break in service.

Position changes to a higher grade are treated like a promotion while position changes to a lower grade are treated like a change to a lower grade (5 CFR 531.214 and 5 CFR 531.215). If there is no change in grade, the pay will be determined as outlined in 5 CFR 531.213.

8. Superior Qualifications and Special Needs

An individual's rate of basic pay upon appointment or reappointment may be set at any rate of the individual's grade if the individual has superior qualifications or there is a special need of NIH for their service. Please see 5 C.F.R. 531.212(a)(1)(ii). This means that the individual is so highly qualified for a specific position that pay must be set higher than step 1 to recruit and/or retain the individual. Former federal employees may qualify for an advanced rate of pay if they meet the requirements in 5 CFR 531.212.

When pay is set at an advanced rate based on superior qualifications, an individual's skills, competencies, experience, education, and/or accomplishments must be relevant to the requirements of the position to be filled. These qualities must be significantly higher than that needed to be minimally qualified for the position and/or be of a more specialized quality compared to other individuals. When setting pay above the step 1, please consider the factors as outlined in 5 CFR 531.212(c) Pay rate determination. Each request must include the following documents:

- a. A description of the superior qualifications of the individual or the special need of NIH which justifies a higher than minimum rate;
- b. The factors and supporting documentation used to justify the pay at a higher rate and how the factors directly relate to the requested pay rate; and

- c. The reasons for authorizing a higher than minimum rate instead of, or in addition to, a recruitment incentive under 5 CFR 575, subpart A.

Approval for superior qualifications must be obtained prior to appointment and cannot be retroactive. Each organization must keep records of each approval, evaluate their use of this authority and provide reports as required. Written documentation sufficient to reconstruct the action taken in each case must be maintained for at least three years.

9. Highest Previous Rate

If the employee has previously been employed in a civilian position in any part of the Federal Government (including service with the government of the District of Columbia for employees first employed by that government before October 1, 1987), the salary may be based on the highest scheduled rate paid to that individual while serving:

- a. A regular tour of duty under an appointment not limited to 90 days or less, or
- b. For a continuous period of no less than 90 days under one or more appointments without a break in service.

Using highest previous rate is discretionary. Please refer to 5 CFR 531.222 and 5 CFR 531.223 for more information.

D. References

1. [5 United States Code \(U.S.C.\) 5332 - The general schedule](#)
2. [5 U.S.C. 5333 - Minimum rate for new appointments](#)
3. [5 U.S.C. 5334 - Rate on change of position or type of appointment](#)
4. [5 Code of Federal Regulation \(CFR\) 530, Subpart C - Special Rate Schedules for Recruitment and Retention](#)
5. [5 CFR 531 - Pay Under the General Schedule](#)
6. [Office of Personnel Management \(OPM\) Fact Sheet: Maximum Payable Rate Rule](#)
7. [OPM Fact Sheet: Promotions](#)
8. [Department of Health and Human Services \(HHS\) Instruction 531-1: Setting Pay Based on Superior Qualifications and Special Needs](#)
9. [HHS Instruction 531-2: Setting Salary](#)
10. [NIH Policy Manual 1743, Keeping and Destroying Records, Appendix 1, NIH Records Control Schedule](#)

E. Definitions

1. **Employee** – As defined in 5 U.S.C. 2105
2. **Federal Government** – All entities of the Government of the United States, including the U.S. Postal Service and the Postal Rate Commission. The District of Columbia is deemed to be part of the Federal Government with respect to employees of the government of the District of Columbia who were first employed by that government before October 1, 1987. A Department of Defense or Coast Guard nonappropriated fund instrumentality (as described in 5 U.S.C. 2105(c)) is not considered part of the

Federal Government except for the purpose of applying 531.211 and 531.212 to employees covered by 531.216 upon employment in a GS position.

3. **General Schedule (GS)** – The classification and pay system established under 5 U.S.C. chapter 51 and subchapter III of chapter 53. It also refers to the pay schedule of GS rates established under 5 U.S.C. 5332, as adjusted under 5 U.S.C. 5303 or other law (including GS rates payable to GM employees). Law enforcement officers (LEOs) receiving LEO special base rates are covered by the GS classification and pay system but receive higher base rates of pay in lieu of GS rates at grades GS-3 through GS-10.
4. **Change to Lower Grade (Demotion)** – A change of an employee, while continuously employed, from one GS grade to a lower GS grade, with or without a reduction in pay.
5. **Highest Previous Rate** – The highest rate of basic pay previously received by an individual while employed in a civilian position in any part of the Federal Government (including service with the government of the District of Columbia for employees first employed by that government before October 1, 1987), without regard to whether that position was under the GS pay system; or the highest rate of basic pay in effect when a GS employee held his or her highest GS grade and highest step within that grade.
6. **Maximum Payable Rate Rule** – The maximum payable rate rule is a special rule that allows an agency to set pay for a General Schedule (GS) employee at a rate above the rate that would be established using normal rules, based on a higher rate of pay the employee previously received in another Federal job. The pay set under the maximum payable rate rule may not exceed the rate for step 10 of the GS grade or be less than the rate to which the employee would be entitled under normal pay-setting rules. The maximum payable rate rule is discretionary and may be used in various pay actions, including reemployment, transfer, reassignment, promotion, demotion, change in type of appointment, termination of a critical position pay authority under 5 CFR part 535, movement from a non-GS pay system, or termination of grade or pay retention under 5 CFR part 536.
7. **Promotion** – A change of an employee while continuously employed from one General Schedule (GS) grade to a higher GS grade.

F. Records Retention and Disposal

All records pertaining to this chapter must be retained and disposed of under the authority of [NIH Manual 1743](#), "Keeping and Destroying Records," Appendix 1, "NIH Records Control Schedules" (as amended). These records must be maintained in accordance with current NIH Records Management and Federal guidelines. Contact your [IC Records Liaison](#) or the NIH Records Officer for additional information.

G. Internal Controls

The purpose of this manual issuance is to transmit the NIH policy on determining general schedule salaries for employees.

1. **Office Responsible for Reviewing Internal Controls Relative to this Chapter:** The Office of the Director (OD), Office of Management (OM), Office of Human Resources (OHR), Compensation and Senior/Scientific Employment Division (CSSED)

2. **Frequency of Review (in years):** Three
3. **Method of Review:** Periodic evaluation of different types of personnel actions will be conducted to ensure that the intent and integrity of the pay-setting authority is preserved.
4. **Review Reports are sent to:** The NIH Deputy Director for Management and the Director, OHR