

NIH Policy Manual

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

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Transmittal Notice

- 1. Explanation of Material Transmitted:** This chapter outlines the NIH policy for determining General Schedule (GS) salaries for employees. It covers the process for setting pay above the minimum step based on exceptional qualifications, special needs, using the highest previous rate, the maximum payable rate, etc. This revision incorporates the final pay setting guidance published by the Office of Personnel Management (OPM) in January 2024, added sections of Scope and Responsibility, and includes updates to the issuing office information.
- 2. Filing Instructions:**

Remove: NIH Manual 2300-531-2, dated 11/25/2014.

Insert: NIH Manual 2300-531-2, dated 06/16/2025.

PLEASE NOTE: For information on:

- Content of this chapter, contact the issuing office listed above.
- NIH Manual System, contact the Division of Compliance Management, OMA on 301-496-2832, or enter this URL: <https://oma.od.nih.gov/DMS/Pages/Manual-Chapters.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. Scope

This policy applies to all employees, positions, and offices within the National Institutes of Health (NIH), including all Institutes, Centers and Offices (ICOs), who are paid pursuant to the General Schedule (GS). It encompasses the procedures and guidelines for determining GS salaries for various employment actions, including new appointments, reappointments, reinstatements, reemployments, restorations, transfers, conversions, and reassignments. The policy also covers the use of pay-setting authorities such as superior qualifications, special needs, and highest previous rate, and mandates that all personnel involved in the development, issuance, and management of NIH-wide salary policies adhere to these guidelines.

D. 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:

1. Locality schedule that applies to the employee's official worksite, or
2. 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 D, 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 may be set in one of several ways:

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

3. Reemployment

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

1. Reduction in Force (RIF), or
2. Recovery from a compensable work-related injury after more than one year.

Pay for employees separated due to a RIF may be set using the GS Maximum Payable Rate Rule. Pay for employees recovered from a compensable work-related injury must be set as if they had never left federal employment.

4. Restoration to Duty

Employees with leaves of absence following periods of uniformed service or full recovery from compensable injuries, or recipients of unwarranted or unjustified personnel actions are entitled to restoration to duty. When these employees are reemployed, their pay must be set as if they had never left federal employment. They are entitled to all pay actions they would have been entitled to while absent, including credit for the entire period of the absence for purposes of rights and benefits based upon seniority and length of service, including pay adjustments, establishment of a special salary rate table, within-grade increases, career tenure, completion of probation, leave rate accrual and severance pay.

1. Uniformed service as defined in 5 CFR 353.102,
2. Compensable injury as defined in 5 CFR 353.102, or
3. Unwarranted or unjustified personnel action as defined in 5 CFR 550.803.

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). Unless the Maximum Payable Rate Rule (5 CFR 531.221) is applicable, pay for transfers with no change in grade should be set at the same base pay level using the same GS grade and step as the employee previously had, but using the locality pay rate for the geographic location of the new position.

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). Unless the Maximum Payable Rate Rule (5 CFR 531.221) is applicable, pay for reassignments with no change in grade should be set at the same base pay level using the same GS grade and step as the employee previously had, but using the locality pay rate for the geographic location of the new position.

8. Superior Qualifications and Special Needs

An individual's rate of basic pay upon appointment or reappointment (under circumstances described below) 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. Pay may be set based on Superior Qualifications or Special needs for reappointments, only where an individual has had a break in service of at least 90 days, or where the individual's Federal civilian employment during the 90-day period immediately preceding the appointment meet the criteria established at 5 CFR 531.212(a)(3)-(5).

A determination that a candidate has superior qualifications may be based on the level, type, or quality of the candidate's skills or competencies demonstrated or obtained through experience and/or education, the quality of the candidate's accomplishments compared to others in the field, or other factors that support a superior qualifications determination. The individual's skills, competencies, experience, education, and/or accomplishments that are relied upon to support the superior qualification determination 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.

A determination that a candidate fills a special agency need may be based on the level, type or quality of the candidate's skills and competencies or other qualities and experiences possessed being relevant to the requirements of the position and essential to accomplishing an important NIH or Institute mission, goal, program, or activity.

When determining pay rate under the superior qualification and special needs authority, the factors outlined in 5 CFR 531.212(c) Pay rate determination, must be considered.

Each request for use of the superior qualifications and special needs authority must include the following components:

1. A description of the superior qualifications of the individual or the special need of NIH which justifies a higher than minimum rate;
2. 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 (except that a candidate's non-Federal salary (i.e., existing salary or prior salary) or a salary from a competing job offer may not be considered);
3. The reasons for authorizing a higher than minimum rate instead of, or in addition to, a recruitment incentive under 5 CFR 575, subpart A.

4. Consideration of how pay has been set for employees who had similar qualifications (based on the level, type, or quality of the appointee's skills or competencies or other, qualities and experiences) and who have been newly appointed to positions that are similar to the appointee's position (based on the position's occupational series, grade level, organization, geographic location, or other job-relevant factors).

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 set at a higher rate based on the highest scheduled rate paid to that individual while serving:

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

For employees with previous rates that meet the criteria established under 5 CFR 531.222, and provided the rate is not prohibited from use as the HPR under 5 CFR 531.223, pay will generally be set at the highest rate allowable under the maximum payable rate rule. A candidate's HPR should be used in all cases, unless management documents that it is more appropriate to set pay at a lower rate to account for how pay was set for similar employees performing similar work in their organization. The use of highest previous rate is discretionary, and when setting pay under the maximum payable rate rule, consideration of the step at which pay has been set for employees performing similar work in the organization (based upon occupational series, grade level, types of duties, or other job relevant factors) may result in a lower rate to be selected. Written documentation sufficient to reconstruct the action taken in each case must be maintained for at least three years.

E. Responsibilities

1. Office of Human Resources (OHR)

The Office of Human Resources (OHR) is responsible for overseeing the implementation and adherence to this salary determination policy across all NIH Institutes and Centers (ICs) and the Office of the Director (OD). This includes providing guidance on policy interpretation, addressing inquiries, and ensuring compliance with applicable regulations and procedures. This office is also tasked with

maintaining accurate records of salary determinations and approvals. All relevant parties must maintain written documentation of salary determinations and justifications for at least three years. This includes records related to superior qualifications, special needs, and highest previous rate determinations, as well as any approvals or exceptions granted.

2. NIH Institutes, Centers and Offices (ICOs)

Each NIH Institute, Center, and OD Office (ICO) is responsible for applying this policy to salary determinations within their respective units and formally establishing any redelegations of superior qualifications/special needs and highest previous rate approval authority from their Director. They must ensure that salary-setting actions are consistent with the policy guidelines, including those related to new appointments, reappointments, reinstatements, and other employment actions.

3. Hiring Officials and Supervisors

Hiring officials and supervisors are responsible for providing accurate and complete information regarding the qualifications of candidates and the needs of their positions when requesting superior qualifications or special needs pay rates. They must ensure that salary offers comply with this policy and that any required documentation is submitted in a timely manner.

4. Employees and/or Applicants

Employees and/or applicants are responsible for providing accurate and truthful information regarding their previous employment, as required for setting pay based on the highest previous rate or other applicable pay-setting authorities.

F. 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 U.S.C. 8151 – Civil Service retention rights](#)
5. [38 U.S.C. 4301 – Employment and Reemployment rights of members of the uniformed services](#)
6. [5 Code of Federal Regulation \(CFR\) 530, Subpart C - Special Rate Schedules for Recruitment and Retention](#)
7. [5 CFR 531 - Pay Under the General Schedule](#)
8. [5 CFR 330 Subpart B – Reemployment Priority List \(RPL\)](#)
9. [Office of Personnel Management \(OPM\) Fact Sheet: Maximum Payable Rate Rule](#)
10. [OPM Fact Sheet: Promotions](#)
11. [Department of Health and Human Services \(HHS\) Instruction 531-1: Setting Pay Based on Superior Qualifications and Special Needs](#)
12. [HHS Instruction 531-2: Setting Salary](#)

13. [NIH Policy Manual 1710 - Publishing and Maintaining Policies in the NIH Policy Manual](#)

G. 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 non-appropriated 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.