



DEPARTMENTS OF THE ARMY AND THE AIR FORCE
JOINT FORCES HEADQUARTERS - ALASKA
Human Resources Office
P.O. BOX 5800
FORT RICHARDSON, ALASKA 99505-0800

AKNG-HRO

22 April 2011

**MEMORANDUM FOR THE HUMAN RESOURCES OFFICE (HRO) AND ALASKA
NATIONAL GUARD MANAGERS/SUPERVISORS**

SUBJECT: Pay Setting Policy (HRO Policy Letter 11-02)

1. This policy letter outlines the guidance for pay setting actions, including those where administrative discretion is permitted, and to assure consistent application of laws and regulations. This letter supersedes HRO Policy Letter 06-11, Subject: Pay Setting Policy dated 1 October 2006. It applies to all permanent, indefinite, and temporary NTE General Schedule (GS) and Federal Wage Schedule (FWS - WG/WL/WS) employees of the Alaska National Guard (AKNG) who are appointed, promoted, reassigned, changed to lower grade, transferred, converted, selected from a properly certified certificate of eligible(s) or changed in type of appointment on or after 24 April 2011.

2. Type of appointments:

a. New Appointments. All new (first) appointments, permanent, indefinite, or temporary NTE, to the Alaska National Guard, will be made at the first step of the appropriate pay scale for the grade to which appointed, unless a higher rate has been authorized in accordance with this policy.

b. Conversions. When an employee is converted to a new appointment in the same position or to another position without a break in service, the employee will continue to be paid the basic rate of pay received immediately prior to the appointment change. The provisions of Highest Previous Rate (HPR) will be applied to all conversion actions for permanent and indefinite appointments.

c. Reinstatement. When a former Federal employee is reinstated, pay will be set at the first step of the appropriate pay scale for the grade to which reinstated, unless the provisions of HPR are met.

d. Interagency Transfer (IAT) and Change in Appointing Office (CAO) to AKNG. Unless the action is involuntary and/or other requirements for pay retention are met, permanent and indefinite GS employees who are appointed without a break in service, to the same type of appointment and same grade; or permanent and indefinite FWS employees who are appointed from the same wage area and same grade, will continue to receive the same basic rate of pay prior to the IAT or CAO. FWS employees who are appointed from a different wage area to the

same grade will have their pay set in accordance with the information outlined in paragraph 4 or 5 of this document, as applicable.

3. Temporary appointments with a time limitation or specific not-to-exceed date, without competition, are not eligible for promotion, reassignment, change to lower grade, or HPR; however, they may be converted or detailed to another position.

4. Highest Previous Rate (HPR): The HPR means the highest actual earned rate of basic pay previously paid to an individual while employed in a branch of the Federal Government (executive, legislative, or judicial). HPR will be applied only to permanent and indefinite appointments (locality pay is not considered in HPR with the exception in paragraph 4f below).

a. An employee's HPR shall be based on all of the following: (1) a rate earned while serving on a permanent or indefinite appointment; (2) a pre-arranged and regular tour of duty; (3) the former position must have been held by the technician for at least twelve full months (one calendar year equivalent); (4) the former position must have been held within the past 5 years prior to the reemployment, promotion, transfer, change to lower grade, reassignment, conversion, or change in type of appointment.

b. Per title 5 Code of Federal Regulations (CFR) 532.405(a)(1) (Use of highest previous rate), HPR is applicable unless the employee is entitled to a higher rate under 5 CFR 532.407 (Promotion), 5 United States Code (U.S.C.) 5334(b) (GS Promotion and Reassignment to a higher grade), and 5 CFR 536 (Grade and Pay Retention).

c. If the HPR falls between two steps of the new grade, the higher of the two steps will be used.

d. HPR will not be applied to temporary promotions (of less than 12 months) and rates earned under this action and other instances described under 5 CFR 531.223 (rates of basic pay that may not be used as the HPR) will not be used for HPR purposes.

e. In cases where the employee's HPR is earned under special salary rate provisions (section 5305 of title 5 U.S.C. and 5 CFR 531.222(b)(Special Salary Rates)); the employee's HPR is the rate to which the employee would have been entitled had the special rate not been applied. However, per 5 CFR 531.222(c), if the GS employee meets all of the following conditions, then their special salary rate will be used for HPR: (1) the employee is reassigned to another position in the same agency at the same grade; (2) the special rate is the employee's rate of basic pay immediately before the reassignment; (3) an authorized agency official finds 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. This last provision must be submitted by the official making the management-directed reassignment request to the HRO for approval.

f. Actions involving changes between pay systems, wage areas, and locality areas, the actual earned rate will be the employees HPR.

g. Non-Foreign Area Retirement Equity Assurance (NAREA) Act of 2009 (the following will pertain only to individuals where their HPR is based upon GS pay schedules, HPR is not based

upon pay retention rules, HPR must be from one of the areas pertaining to this Act, is being appointed to a GS position, employee is not currently under the Alaska Locality Pay Table, and meets the rules in paragraph a above). This law was made to provide for retirement equity for Federal employees in non-foreign areas outside the 48 contiguous States and the District of Columbia by converting Cost of Living Allowance (COLA) paid to general schedule employees to locality pay. As such, the maximum payable rate rule will be applied for individuals whose HPR is based prior to the full phase-in of the NAREA COLA to Locality Pay.

5. Change in Pay Systems or Wage Areas. When an employee moves from a different pay system (GS to FWS) or moves from one wage area to another (e.g., Bethel to Anchorage, or another state NG to Alaska NG), the nature of action to be processed must be determined first, by comparing the representative rates. COLA is not added to the representative rate when determining the nature of action. The pay plan of the position which the employee is being assigned determines the pay setting to be applied. If the representative rate of the position to which the employee is being assigned to is higher, then the action will be a promotion; if the representative rate is lower, then the action will be a change to lower grade; if the representative rates are identical, then the action will be a reassignment and the employee will continue to receive the same rate of pay, converted to a per hour rate (GS rate divided by 2087) or per annum rate (FWS rate multiplied by 2087).

6. Promotions:

a. GS to GS. When an employee is promoted from one GS grade to a higher GS grade, the employee is entitled to a basic pay at the higher grade which exceeds the employee's existing rate of basic pay by not less than two step increases in the grade and pay table from which the employee is promoted (locality pay is not considered in setting pay). (1) In the case of an employee who is receiving basic pay at a rate in excess of the maximum rate of the employee's grade, which is not a result of pay retention provisions (e.g., a special salary rate under 5 U.S.C. 5305) and there is no rate in the higher grade which is at least two step increases above the employee's existing rate of pay, the employee is entitled to (a) the maximum rate of the higher grade; or (b) set pay in accordance with the HPR rule. (2) If an employee is receiving pay retention, will be entitled to a basic pay at a rate two steps above the rate the employee would be receiving if pay retention did not apply (e.g., two steps above the step 10 of the grade to which presently assigned). (3) If there is no rate which meets this requirement, the employee is entitled to the higher of (a) the existing schedule rate of pay (pay retention) or (b) the maximum scheduled rate of the grade to which promoted. Entitlement to a higher rate of basic pay will terminate pay retention.

b. FWS to FWS. When an employee is promoted to an FWS position from an FWS position, the employee is entitled to be paid the lowest scheduled rate of the grade to which promoted which exceeds the employee's existing scheduled rate of pay by at least 4 percent of the representative rate of the grade from which promoted, but not to exceed the maximum scheduled rate of the grade to which promoted.

c. GS to FWS. When an employee is promoted from a GS to an FWS position, the COLA the employee is receiving in the GS position is added to the GS rate of pay for the purpose of

establishing the rate of pay in the FWS position. The employee is entitled to be paid at the lowest scheduled rate of the grade which exceeds the employee's existing rate of pay (including COLA) by 4 percent of the representative rate of the GS grade from which promoted. If there is no rate which meets this requirement (per 5 CFR532.407(b)), the employee is entitled to the higher of (1) the existing scheduled rate of pay (pay retention) or (2) the maximum scheduled rate of the grade to which promoted.

d. FWS to GS. When an employee is promoted from an FWS to a GS position, the employee is entitled only to application of HPR provisions. If the employee's current rate of basic pay cannot be accommodated in the rate range of the grade to which promoted, the employee is entitled to the higher of (1) the existing scheduled rate of pay (pay retention) or (2) the maximum scheduled rate of the grade to which promoted. If the employee's HPR (from past position) cannot be accommodated in the rate range of the grade to which promoted, the employee's pay will be set at the maximum scheduled rate of the grade to which promoted.

e. Temporary Promotions. Upon temporary promotion, the employee's pay will be set under the provisions identified in 6a-6d. HPR is not authorized for temporary promotions which are not in response to a vacancy announcement. If the existing rate of basic pay exceeds the maximum rate range of the grade to which promoted, then the nature of action will be changed to a temporary detail.

7. Change to Lower Grade.

a. Change to lower grade in response to vacancy announcement, is considered to be at the employee's request. For pay setting purposes this is considered voluntary. When an employee is changed to lower grade at the employee's request, the granting of HPR is not appropriate. In these cases, the employee's pay shall be set at a step in the lower grade which does not exceed the current rate prior to the change to lower grade.

b. When a technician is changed to a lower grade for cause (e.g., based on performance, character, conduct, or inefficiency), HPR will not apply. Technicians in this situation will be placed at the first step of the grade demoted to. This new grade and step will be used to determine any future pay actions with the Alaska National Guard.

c. Upon expiration of a temporary promotion (which is not in response to a vacancy announcement), pay will be set at the rate in the position at the time of promotion or to a higher rate that would have been received had the employee remained in the lower grade and not been temporarily promoted. HPR will apply only if the provisions in paragraph 4a are fully met.

8. Grade Retention. Employees who meet specific requirements, will retain their grade for a period of two years. During this two-year period, for pay purposes, the retained grade is treated as the employee's grade. Upon expiration of the two-year grade retention period, the employee is entitled to pay retention. Grade retention applies in certain cases if (a) the employee has been placed in a lower-graded position as a result of reduction-in-force procedures; (b) the employee's position has been reduced in grade as a result of reclassification; or (c) the employee has been

placed in a lower-graded position under circumstances prescribed by the Human Resources Office (HRO) to warrant grade retention.

9. Pay Retention. Pay is limited to 150 percent of the maximum rate of the grade to which assigned or the existing rate of pay, whichever is less; employees who are under pay retention are entitled to 50 percent of any annual general increases of the highest step of the grade in the position to which they are assigned. Pay retention is provided, not only at the expiration of the two-year grade retention period, but also in a number of other situations when the employee's pay would otherwise be reduced as in the following situations: (a) When a technician declines an offer to transfer with the function to a location outside the commuting area or is identified with such function but receives no offer to transfer and is placed in a lower graded position at the losing activity. (b) When a technician accepts a lower graded position offered by management for non-disciplinary reasons of ill health under criteria similar to those used in meeting the responsibilities for selective placement in lieu of disability retirement. (c) FWS technicians who apply and are selected for "Hard-To-Fill" positions when specified in the vacancy announcement. "Hard-To-Fill" procedures may be declared only after the position has been advertised once under normal competitive procedures with no qualified applicants. The initial advertisement of these positions may be to Area 1 (*This applies to Air funded positions in specific FACs. Contact HRO for latest information*). (d) Officer personnel terminated due to Reserve Officer Personnel Management Act (ROPMA) who are qualified for appointment to an enlisted position. (e) A technician who is restored under USERRA to a lower graded position. (f) Reassignment at the needs of the agency to another position of the same grade from a special salary rate to a non-special salary rate position.

10. Superior Qualifications. A superior qualifications appointment may be used to set pay for new appointments or reappointments (with a break in service of at least 90 calendar days from last period of federal employment) of individuals to GS positions above step 1 of the grade based on the superior qualifications of the individual and/or the special need of the agency. The selecting supervisor will provide written justification which includes, (a) a description of the superior qualifications of the individual and/or the special need of the agency; (b) the reasons for authorizing an advanced rate instead of (or in addition to) a recruitment bonus; (c) the recruitment efforts that have been taken to fill the position. The basis in determining salary is dependent on the availability of highly-qualified candidates, the existing compensation of the candidate (including the bona fide fringe benefits not offset by Federal benefits), and legitimate and confirmed competing offers. Only existing compensation may be considered; any income from outside employment which forms a regular, continuing portion of the candidate's total income and which the candidate will not be able to continue as a Federal employee may be considered in setting the pay rate. A written statement signed and dated by the candidate stating the compensation will be forfeited will be provided to HRO for verification. Once the candidate is appointed, retroactive appointments above step 1 cannot be approved.

11. Supervisory Pay Differential. A supervisory pay differential of one percent above the rate of the highest paid FWS employee (WG/WL only) supervised may be paid to a GS technician supervisor when, (a) they regularly have responsibility for supervision including the technical aspects of the work concerned; (b) their rate of basic pay is less than the rate of basic pay for the FWS employee supervised; (c) it will take longer than one year for the GS supervisor's pay to

overtake the subordinate's FWS pay. NOTE: COLA must be calculated into the GS supervisor's pay when comparing against the FWS subordinate's pay for determining entitlement to supervisory pay differential.

12. Holiday Pay. Regular full-time technicians receive their regular pay for holidays not worked. If a technician, excluding part-time, works during their normal work schedule time on a holiday, they will be paid for no less than two hours but no more than eight hours holiday pay. Any hours beyond eight hours will be credited as compensatory time earned. Technicians will not be scheduled to work on a holiday without prior approval from management. Each wing and the AKARNG are responsible for establishing procedures to control the authorization of premium pay for holidays worked. Approval must be at least one level higher than the first line supervisor. Authorization documentation must be submitted with the Time and Attendance Worksheets and not submitted to the HRO. Traveling in technician status on a holiday on official orders does not entitle an employee to holiday pay nor compensatory time (during their normal scheduled work hours) as they are already compensated for that time.

13. Retroactivity: The specific rate of pay will be decided in each individual case at the time the action is affected. If the employee appears to be entitled to HPR benefit, but it is not possible to obtain verification of the former rate before the action is effected, the individual's pay will be set at the minimum rate of the grade to which assigned, subject to retroactive adjustment upon receipt of verification. In such cases, the SF-50 (Notification of Personnel Action) effecting the action will include a statement to the effect which will serve as the basis for retroactive adjustment of the pay rate by issuance of a corrected SF-50.

14. Effective Dates. The effective date of any action involving a pay change will normally be the beginning of the first pay period following the employee's meeting all eligibility requirements for the action and after which all necessary approvals have been obtained.

15. Questions pertaining to this policy may be addressed to the HRO Staffing Section at 428-6459.



EDITH M. GRUNWALD, Col, AKANG
Human Resources Officer