

TSA MD 1100.53-7 Handbook

Setting Pay Upon Appointment

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Approval

Signed

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NOTE: *This handbook and all related Attachments and/ or Appendices contain stipulations to implement the provisions of [TSA MD 1100.53-7, Setting Pay Upon Appointment](#). Until such time as TSA MD 1100.53-7 is rescinded, the Management Directive, Handbook, and any Attachments or Appendices are considered TSA policy, and must be applied accordingly.*

Summary of Changes

Section B. Definitions, updated Highest Previous Rate (HPR) of Pay; added Midpoint Salary Range and Comparability Equivalent Increase (CEI).

Section C. Determining the Rate of Basic Pay in a Non-TSA Position, clarification that the salary will be decreased by the appropriate locality percentages for the areas in which candidates are employed.

Section D. Establishing Pay for Newly Hired Employees, updated to include the midpoint principle with examples.

Section I. Setting Pay Upon Appointment – Examples, updated to reflect 2016 rates of basic pay and locality pay.

Basic administrative changes made throughout the handbook.

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A. Introduction:

This handbook provides procedures for hiring officials and Human Resources (HR) Specialists, when setting pay upon appointment of candidates for TSA positions, in the TSA Core Compensation System. This applies to individuals appointed for the first time to federal positions or reappointed to federal positions after breaks in service, generally of at least 90 days. Information contained in this handbook will also help hiring officials and HR Specialists set pay in a manner that takes into consideration a candidate's experience in relation to the work to be performed, to the mission of the organizations served, and the pay received by employees in similar positions in the same organization. Additional tools discussed in Section H of this handbook may be used to develop total compensation packages to attract candidates to TSA positions. [TSA Form 1153-1, New-hire Salary Decision Tool](#), will be used to document pay-setting decisions when setting pay above the minimum of the band as well as the [TSA Core Compensation Plan Pay Chart](#).

B. Definitions:

1. **Comparability Equivalent Increase (CEI)**: An increase to the rate of basic pay for employees in the Core Compensation System, which is based on an Executive order that authorizes the annual pay increase for civilian federal employees. The CEI is typically effective in the first pay period of a new calendar year.
2. **Core Compensation System**: TSA's compensation management program covering all non-TSES employees, which outlines the policies, procedures, and guidelines that TSA uses to determine employees' compensation. Positions in the TSA Core Compensation System are in pay plan SV.
3. **Cost-of-Living Adjustment (COLA)**: An allowance paid to TSA employees assigned to designated locations outside the contiguous United States (such as Alaska, Hawaii, Guam, Puerto Rico, and the Virgin Islands) where living costs are substantially higher than in the Washington, DC area.
4. **Geographic Differentials**: Non-federal pay differentials established for the same job based on variations in costs of living or costs of labor among two or more geographical areas.
5. **Highest Previous Rate (HPR) of Pay**: The highest rate of basic pay, previously earned by employees excluding pay of any other kind including, but not limited to, locality pay and premium pay under a federal appointment that was for 90 calendar days or more, or under a temporary promotion that exceeded one year.
6. **Law Enforcement Availability Pay (LEAP)**: LEAP shall be 25 percent of Criminal Investigators' (occupational series 1811) or Federal Air Marshals' (occupational series 1801) rates of adjusted pay, subject to the biweekly earnings limitation on pay. LEAP compensates eligible employees for unscheduled duty in excess of their basic 40-hour basic workweeks and ensures their availability to perform unscheduled duty that meets

the needs of the agency. Premium pay limitations apply. In order to receive LEAP, an eligible employee must work, or as determined by his/her Assistant Administrator (AA), be available to work, a minimum annual average of two hours of unscheduled overtime per non-excludable regular workday.

7. Locality Pay: Locality based comparability payments payable to TSA employees with duty locations in the United States (the 50 states and the District of Columbia) and U.S. Territories who are covered by the TSA Core Compensation System.
8. Midpoint Salary Range: A salary range halfway between the low end and high end of a specific pay band. A newly hired employee with minimal experience related to the position would generally start at the low end of the pay band, however a newly hired employee with specialized experience directly related to the position may have their pay set at a more appropriate midpoint range.
9. Newly Hired Employee: For purposes of this directive and handbook, employees appointed for the first time to federal positions, or reappointed after breaks in service generally of 90 days or longer, by TSA to positions covered by the TSA Core Compensation System.
10. Pay Band: A level in TSA's compensation and position classification framework that sets a minimum and maximum rate of basic pay for an occupation based on position category (e.g., Professional, Technical, Specialized, etc.), duties, competencies, and level of responsibility. TSA uses 13 pay bands representing all of its occupations.
11. Premium Pay: Compensation in the form of overtime pay, compensatory time off in lieu of overtime, danger pay allowances, hazardous duty pay, holiday pay, night pay differential, split-shift differential, Sunday pay, and LEAP.
12. Rate of Adjusted Pay: The rate of basic pay plus locality pay before any deductions.
13. Rate of Basic Pay: The rate of pay in the TSA Core Compensation System for the position to which an employee is or will be newly appointed. An employee's rate of basic pay includes a retained rate (if applicable), but excludes additional pay of any kind (e.g., locality pay, overtime, other forms of premium pay, etc.). Basic pay is also commonly known as base salary.

C. Determining the Rate of Basic Pay for a Candidate's Former or Current Position:

1. Rate of basic pay for current or former federal employees means the annual rate of pay for the position held by the employee, before any deductions. Rate of basic pay for current or former federal employees excludes additional pay of any kind including, but not limited to, a General Schedule (GS) or other special salary rate, locality pay or foreign/non-foreign cost-of-living allowances, LEAP, and other forms of premium pay.

2. For purposes of this directive and handbook, salary for individuals working in private sector positions is the annual rate of pay for the positions, including any applicable geographic differentials (similar to federal locality pay). Salary for individuals working in the private sector excludes any lump-sum bonuses, monetary value of benefits, profit sharing, or other form of compensation or differentials that is not considered rate of basic pay. The salary will be decreased by the appropriate locality percentages for the areas in which candidates are employed to determine the candidate's rate of basic pay for the purpose of setting pay in the TSA Core Compensation System.
 - a. When individuals move from positions in which they are paid on an hourly basis to positions covered by the Core Compensation System, it is necessary to establish equivalent annual rates of pay. To establish annual rates of pay, multiply individuals' hourly rates of basic pay by 2,087.
 - b. The rate of basic pay shall be determined with the candidate's employer or by obtaining a recent earnings statement.
 - c. The rate of basic pay for members of the military means the rates of pay for the ranks/positions occupied by the candidates plus the appropriate Basic Allowance for Housing (BAH) and Basic Allowance for Subsistence (BAS). BAH and BAS are generally contained in Personal Statements of Military Compensation furnished to members of the military. Decrease the total salary by the appropriate locality percentages for the areas in which candidates are employed.

D. Establishing Pay for Newly Hired Employees and Use of the Midpoint Principle:

Generally, employees newly hired to TSA will be paid at the minimum of the pay band; however, hiring officials have the option of setting the rate of basic pay above the minimum of the pay band up to the midpoint of the pay band when the situation warrants doing so as described in Section F of this handbook, but no higher than the maximum of the pay band for the position. This midpoint principle is based on the assumption that employees learn and gain additional competencies when they are relatively new to a pay band, and this growth tends to level out over time. Pay should increase more rapidly when the employee is in the lower part of the pay band, as they progress towards the midpoint. As the employee approaches and eventually passes the midpoint of the band, salary growth generally levels off as there is less opportunity for gaining new competencies within the band. The midpoint principle guidance should be applied generally, since individual employees progress at different rates. The examples below provide a general guideline of where the salary may be set within the pay band based on the individual circumstances.

Example:

Sue is hired at TSA as a Financial Specialist, SV-0501-I. Her resume reflects one year as a Financial Assistant in the private sector with a salary of \$58,500. Although the private sector experience enabled her to be qualified for the position of Financial Specialist, it may not be

enough to justify setting pay above the minimum or at the mid-point of the I Band since the employee has never previously worked as an independent specialist in this field. Management sets the employee's rate of basic pay at the minimum of the I Band, \$60,268.

Example:

Richard is a Human Resources (HR) Specialist, GS-0201-12, with the Department of Defense. He has been offered a position with TSA as an HR Specialist, SV-0201-I. Richard's current rate of basic pay is \$63,800. The selecting official believes that Richard's experience in recruitment and hiring over the past three years will be beneficial to TSA and decides to set the pay 2% above the employee's current salary, therefore the employee's rate of basic pay will be \$65,076. Although three years of directly related experience is considered with a 2% salary increase, it is not enough to warrant setting pay at the mid-point of the I Band.

Example:

John is hired at TSA as a Program Analyst, SV-343-J. He currently works in the private sector and has five years of directly related experience as a Program Analyst. After validation of earnings from the employee's current employment, it is determined that John has an annual salary of \$88,735. The selecting official believes that setting pay near the midpoint of the pay band is appropriate and gives John a 5% salary increase in addition to his current salary. His rate of basic pay will be set at \$93,172, which is very close to the midpoint of the J Band (\$93,745).

E. Highest Previous Rate (HPR) of Pay:

HPR may be used to set pay upon appointment. HPR is generally used to set pay for current or former federal employees; however, similar techniques may be used to set pay upon appointment for non-federal candidates being considered for TSA employment. HPR is the rate of basic pay (See examples, Section I. 4 and 5).

1. Matching or exceeding employees' HPR is discretionary with the hiring officials.
2. Employees are not entitled to their HPR.
3. Hiring officials may use employees' HPR to set pay into the appropriate pay band for the position to which the individual is being hired.
4. Pay may be set no lower than the minimum of the pay band or no higher than the maximum of the pay band.
5. If the HPR was earned in prior years, update the rate of basic pay in the pay system in which it was earned to reflect the current rate. For example, if the candidate was a former TSA employee from 2013-2015 and re-hired in 2016, bring the candidate's rate of

basic pay earned while employed by TSA to current levels. If the TSA CEI for 2015 was 1.0%, then factor that into the rate of basic pay. (See examples, Section I.5).

F. Setting Pay Above the Minimum of the Band:

1. At hiring officials' discretion, appointments may be made at rates above the minimum rates of pay bands when candidates' education and/or specialized experience demonstrate their possession of superior skills and abilities to perform the duties of the positions for which they are being hired as demonstrated in using the mid-point principle; when the hiring official is matching the selectee's current salary, or when applying the selectee's highest previous rate (HPR). Specialized experience must be in, or related to, the work of the positions being filled. Pay may not be set above the maximum rates of pay bands.
2. HPR may be used to set pay upon appointment. HPR is generally used to set pay for current or former federal employees; however, similar techniques such as HPR may be used to set pay upon appointment for non-federal candidates being considered for TSA employment.
3. Use of [TSA Form 1153-1](#) is required to document decisions to set pay above the minimum of the pay band when candidates' specialized experience demonstrates that they possess advanced skills and abilities relevant to the work of the positions being filled. For instance, candidates for Transportation Security Officer (TSO) positions must possess specialized experience directly related to passenger and/or baggage screening to be considered for pay above the minimum of the D band or other pay band to which the candidate is hired, as appropriate, if a TSO is reemployed. Use of TSA Form 1153-1 is not required when pay is set at the minimum of the pay band.
4. Compare the candidates' proposed pay and specialized experience with that of incumbents in the same or similar positions within the work group. This may help to avoid situations where new employees are paid substantially more than current TSA employees who may have greater specialized experience.
5. The final decision concerning candidates' pay should reflect the overall needs of the organization. Any request to set pay outside the provisions of this directive, to include setting pay above the mid-point of the pay band, regardless how the pay setting was determined, must be submitted by the program office AA or DAA to the AA/OHC. Specifically document the pay setting requested and reflect the business reason and impact to the program office if the exception is not granted.

G. Procedures for Determining the Maximum Allowable When Setting Pay:

The hiring official should:

1. Interview the candidates to determine whether they possess specialized experience directly related to the work required of the positions being filled. Specialized experience should be:

- a. Directly related to the position being filled; and
- b. Current or generally no more than a year old.

Example: Specialized experience related to the TSO position includes operating x-ray equipment and other security screening devices, working at security checkpoints, calibrating equipment, and inspection work. Specialized experience of this nature can be found in occupations like airline security and ground security of various types such as that conducted at municipal buildings, sporting or other venues.

- 2. Document candidates' specialized experience using [TSA Form 1153-1](#).
- 3. Determine current or last rate of basic pay by reviewing pay documents provided by the candidates (e.g., leave and earnings statements, W-2s, SF-50s, etc.)
 - a. For unemployed candidates, who have never worked for the federal government, and who have firm written offers from another government or private sector organization, document the salary offer on [TSA Form 1153-1](#).
 - b. If appropriate, document HPR, or the current equivalent, on [TSA Form 1153-1](#).
 - c. Compare candidates' current or last rate of basic pay to the pay range in the appropriate TSA Core Compensation pay bands for the positions being filled.
 - d. Determine the rate of pay for candidates from the military, private sector, or other government (e.g., United States Postal Service (USPS), state or local government)) using the following steps: (See Section I for specific examples).
 - i. Decrease the candidates' salary by the appropriate locality percentage for the areas in which the candidate is employed.
 - ii. Multiply the remainder by the percentage increase in pay, if any, to be awarded upon appointment.
 - iii. Multiply the result in Section G(3)(d)(ii) by the applicable locality percentage or COLA for area in which the candidate will be employed. A COLA is applicable in the non-foreign areas such as Alaska, Hawaii, Guam, Puerto Rico, and the Virgin Islands.
 - e. When applying the HPR for current or previous federal employees, use the rate of basic pay only (excluding locality pay).
 - f. Candidates' pay upon appointment may exceed candidates' current salaries; however

- i. Candidates should not receive a pay increase that is substantially more than their current pay upon appointment to TSA.

NOTE: A substantial increase in pay may place the candidates' pay considerably above that of other, more experienced TSA employees in the same or similar positions within the work group/organization to which the candidate is hired.

- ii. TSA management may set pay upon appointment at any rate between the minimum of the pay band and the maximum of the pay band as documented on [TSA Form 1153-1](#).

H. Additional Tools for Pay Setting:

1. Recruitment (including annual leave enhancements), relocation, or retention incentives may be considered by hiring officials as part of the total salary offer package if TSA determines that it would encounter difficulty filling positions with highly qualified employees or groups of employees. See [TSA MD 1100.57-3, Recruitment, Referral, Relocation, and Retention Incentives](#) and/or contact an advisor in the OHC's Recruitment and Hiring (R&H) Division for further information.
2. Under certain circumstances, generally when documented evidence exists showing that positions are hard to fill, newly hired candidates may be offered reimbursement in connection with the movement of personal goods to their first duty station. If reimbursement for movement of personal goods is considered, an advisor in the OHC's R&H Division should be contacted prior to advertising hard-to-staff positions.

I. Setting Pay Upon Appointment - Examples:

Examples provided below reflect 2016 pay bands and locality rates. Although increases to candidates' pay upon appointment may be desirable, it is not a TSA requirement. Decisions to set pay upon appointment should be based on organizational needs and mission requirements, specialized experience brought to TSA by candidates for employment, and impact upon the organization, including salaries paid to TSA employees holding similar positions and budget requirements.

Example 1: A candidate is offered employment to fill a vacant J band position in Washington, DC. The candidate currently works in Washington, DC for the private sector, earning a salary of \$100,000 per year. The hiring official wishes to provide a 2% increase over the candidate's current salary reflective of experience in a particular segment of the security field.

1. Determine the Candidate's Current Rate of Basic Pay: Washington, DC locality pay is 24.78% in 2016. Therefore, the candidate's current basic pay is decreased by 24.78% ($\$100,000 \div 1.2478$) = \$80,141.

2. Determine TSA's Proposed Rate of Basic Pay including a 2% Pay Increase: \$80,141 is multiplied by 1.02 (the 2% pay increase) = \$81,744 which is below the midpoint of the pay band.
3. Determine TSA's Proposed Adjusted Pay Including a 2% Pay Increase: \$81,744 is multiplied by 1.2478 (Washington, DC locality) = \$102,000.
4. Compare TSA's proposed pay to the pay of other employees in the work group/organization. Determine whether pay is set abnormally high and whether any adjustments should be made. No adjustment is necessary and the candidate's total salary upon appointment will be \$102,000.

Example 2: A candidate is offered employment as a TSO, D band, in Albuquerque, NM. The individual has approximately one year of specialized experience as a contract security guard for a private company performing work at the county courthouse in Albuquerque. However, the hiring official, based on review of the individual's specialized experience does not believe that one year of specialized experience is enough to warrant setting pay above the minimum of the pay band. Pay will, therefore, be set at the TSO minimum of the D band, \$27,606 plus applicable locality pay (14.37% in Albuquerque, NM). The individual's rate of adjusted pay upon appointment will be \$31,573.

Example 3: A candidate is offered employment to fill a vacant J band position in New York, NY. The candidate currently works in New York, NY for the private sector, earning \$95,000 per year. The hiring official wishes to provide a 4% increase over the candidate's current basic pay based on specialized program management experience in large metropolitan area mass transit operations.

1. Determine the Candidate's Current Rate of Basic Pay: New York locality pay is 29.20%. The candidate's current base pay is decreased by 29.20% ($\$95,000 \div 1.2920$) = \$73,529.
2. Determine TSA's Proposed Current Rate of Basic Pay Including a 4% Pay Increase: \$73,529 should be multiplied by 1.04 (the 4% pay increase) = \$76,470, setting the pay just above the minimum of the pay band.
3. Determine TSA's Proposed Adjusted Pay Including a 4% Pay Increase: \$76,470 is multiplied by 1.2920 (New York locality pay) = \$98,799.
4. Compare TSA's proposed pay to the pay of other employees in the work group/organization. Determine whether pay is set abnormally high and whether any adjustments should be made. No adjustment is necessary and the candidate's pay upon appointment will be \$98,799.

Example 4: A candidate is offered employment to fill a vacant J band position at O'Hare International Airport in Chicago, IL. Based on the candidate's specialized experience and TSA mission requirements, the hiring official wishes to set pay using the employee's HPR

and does plan on providing a pay increase. The candidate is currently employed by the State of Missouri and earns \$85,792 per year. The candidate was previously employed by TSA in Washington, DC, as a J band, earning a rate of basic pay of \$83,000 per year in 2015. Washington DC locality pay in 2015 was 24.22%, so the candidate's rate of adjusted pay in 2015 was \$103,103.

1. Determine the Candidate's HPR: Bring the candidate's rate of basic pay, earned while employed by TSA, in 2015 (\$83,000) to current levels in 2016. The TSA CEI in 2016 was 1% (\$83,830).
2. Compare the Candidate's HPR to Current Base Pay: Is pay setting more advantageous to the candidate using HPR versus current salary as an employee of the State of Missouri? The candidate's HPR earned as a federal employee (\$83,830) is greater than his/her current base pay with the State of Missouri (\$85,792 minus the applicable locality pay) so the pay is set below the minimum of the pay band.
3. Determine TSA's Proposed Adjusted Pay: \$83,830 (equivalent rate of basic pay in 2016) is multiplied by 1.2544 (Chicago, IL locality pay rate is 25.44%) = \$105,156.
4. Compare TSA's proposed pay to the pay of other employees in the work group/organization. Determine whether pay is set abnormally high and whether any adjustments should be made. In this case, the candidate possesses critical experience essential to TSA mission requirements and the HPR (determined in Step 2) does not place the employee substantially above other employees performing similar work in Chicago. Therefore, the candidate's pay is set at \$105,156.

Example 5: A candidate is offered employment to fill a TSO E band position in Orlando, FL. The individual was employed as a TSO, D band, and LTSO, F band, in Atlanta, GA prior to resigning from TSA in 2015 after two years of employment. The employee's HPR in 2015 was at a rate of basic pay of \$33,303. After leaving TSA, the employee worked in Orlando part-time as a security guard at a lower rate of pay. Based on the candidate's specialized experience and work history with TSA, the hiring official wishes to hire the individual as a TSO, E band, using HPR.

1. Determine the Candidate's HPR: Bring the candidate's rate of basic pay, earned while employed by TSA, in 2015 (\$33,303) to current levels in 2016. The TSA CEI was 1.0% (\$33,636) in 2016, above the minimum of the pay band.
2. Determine TSA's Proposed Adjusted Pay: \$33,636 (equivalent rate of basic pay in 2016) is multiplied by 1.1416 (Orlando, FL locality pay rate is 14.16%) = \$38,399.
3. Compare TSA's proposed pay to the pay of other employees in the work group/organization. Determine whether pay is set abnormally high and whether any adjustments should be made. The hiring official determines that the candidate's rate of adjusted pay does not vastly exceed other TSO E bands, with similar specialized

experience, assigned to Orlando. Consequently, the candidate's pay upon appointment will be \$38,399.

Example 6: A candidate has been selected for a Training Security Specialist (Explosives) H band position. The hiring official wishes to match the candidate's current annual pay because of his/her experience in the military using explosives. The candidate's last leave and earning statement includes BAS (\$294.43), BAH (\$1,219), Basic Pay (\$4,163.24), and Hazardous Duty Incentive Pay (120.15). Both the candidate's current duty station and the new position with TSA are located in Denver, CO with a locality rate of 22.93%. What rates would be used to calculate the rate of basic pay? What is the candidate's current total salary? The candidate's monthly pay is \$5,677.

1. Determine the Candidate's Current Pay: Determine total salary (\$5,677 monthly pay multiplied by 12) = \$68,124 (Include Basic Pay \$4,163 + 294.43 (BAS) + 1,219 (BAH)).
 - i. Rate of Basic Pay in Denver ($\$68,124 \div 1.2293\%$ (Denver locality rate is 22.93%) = \$55,417 which is below the midpoint of the pay band.
 - ii. Rate of Adjusted Pay in Denver: 55,417 multiplied by 1.2293 = \$68,124.
2. Compare TSA's proposed pay to the pay of other employees in the work group/organization. Determine whether pay is set abnormally high and whether any adjustments should be made. The candidate's pay does not exceed other TSA employees occupying similar positions in Denver. Therefore, the candidate's pay upon appointment will be \$68,124.

Example 7: A candidate is offered employment to fill a vacant J band position in San Francisco, CA that was designated as a hard to fill position. The individual currently works in San Francisco, CA for the private sector and earns a salary of \$100,000, a geographic differential of 14%, and received a 4% bonus for total compensation of \$118,000. Additionally, TSA management wishes to give this individual a 5% increase in pay based on specialized experience in program (contract) management and management of a large staff of employees occupying a variety of positions.

1. Determine the Candidate's Current Base Pay: This individual's current base pay is \$114,000 (rate of basic pay = \$100,000 plus \$14,000 geographic differential). The San Francisco locality rate is 35.75%. Therefore, the candidate's current base pay (\$114,000) is decreased by 35.75% ($\$114,000 \div 1.3575$) = \$83,978.
2. Determine TSA's Proposed Rate of Basic Pay Including a 5% Pay Increase: \$83,978 is multiplied by 1.05 (the 5% pay increase), equaling \$88,177 which is below the midpoint of the pay band.
3. Determine TSA's Proposed Adjusted Pay Including a 5% Pay Increase: The individual's rate of basic pay upon appointment (\$88,177) is multiplied by 1.3575 to reflect the locality pay in San Francisco, equaling \$119,700.

4. Compare TSA's proposed pay to the pay of other employees in the work group/organization. Determine whether pay is set abnormally high and whether any adjustments should be made. The candidate's pay does not exceed other TSA employees occupying similar positions in San Francisco. Therefore, the candidate's pay upon appointment will be \$119,700.

Example 8: The candidate discussed in Example 7 of above has provided TSA documentation showing that the current employer has offered a \$10,000 bonus to remain with the private firm. Since the candidate's specialized experience and qualifications are highly desired by TSA, the hiring official wishes to extend an offer of a recruitment incentive in the amount of \$12,000 in addition to pay offered by TSA in Example 7. The recruitment incentive is to be paid quarterly, over the course of 12 months, to the candidate selected. Upon approval of the recruitment incentive by OHC, the candidate accepts TSA's total salary offer and a 12-month service agreement is executed, in accordance with [TSA MD 1100.57-3, Recruitment, Referral, Relocation, and Retention Incentives](#).

Example 9: A candidate who currently works for the (USPS) in Reno, NV is offered employment to fill a vacant J band position at TSA headquarters in Arlington, VA. The individual's salary is currently \$82,250. The hiring official wishes to offer the employee a 5% increase in pay based on his/her specialized experience in the area of operations management.

1. Determine the Candidate's Current Base Pay: The individual's current annual salary is \$82,250, and USPS does not differentiate between base pay and locality pay. The Reno locality rate is 14.35%. Therefore, the candidate's current annual salary (\$82,250) is decreased by 14.35% ($\$82,250 \div 1.1435$) = \$71,928.
2. Determine TSA's Proposed Rate of Basic Pay including a 5% Pay Increase: \$71,928 is multiplied by 1.05 (the 5% pay increase), equaling \$75,524 which is above the minimum of the pay band.
3. Determine TSA's Proposed Adjusted Pay including a 5% Pay Increase: The individual's rate of basic pay upon appointment (\$75,524) is multiplied by 1.2478 to reflect the locality pay in Arlington, VA, equaling \$94,239.
4. Compare TSA's proposed pay to the pay of other employees in the work group/organization. Determine whether pay is set abnormally high and whether any adjustments should be made. The candidate's pay does not exceed other TSA employees occupying similar positions within the same work group at headquarters. Therefore, the candidate's pay upon appointment will be \$94,239.

Example 10: A candidate is currently employed as an IT Specialist GS-2210-9. The candidate's current IT position is covered by a GS special salary rate; the special salary rate includes locality for the Washington, DC area where the candidate is currently employed. The candidate's current special salary rate as a GS-9, Step 3, is \$59,380 in 2016 (see Special Rate Table 999C for 2016). The candidate has exceptional education and experience, so the

hiring official proposed to offer a salary increase 5% above the candidate's current special salary rate. The candidate has been offered an H band, SV-2210, IT position at TSA in Arlington, VA; the SV-2210 occupational series is covered by TSA's Technical job category under the Core Compensation System.

1. Determine the Candidate's Current Base Pay: Since the special salary rate includes locality, determine base pay. Base pay for a GS-9, Step 3, is \$45,677 in 2016.
2. Determine TSA's Proposed Rate of Basic Pay increase including a 5% Pay Increase: \$45,677 is multiplied by 1.05 (the 5% pay increase), equaling \$47,961. The minimum rate of basic pay for the H band is \$49,462.
3. Determine TSA's Proposed Adjusted Pay including a 5% Pay Increase: The individual's rate of basic pay upon appointment (\$49,462 minimum of the H band) is multiplied by 1.2478 to reflect the 24.78% locality pay in Arlington, VA, equaling \$61,719. However, this rate of adjusted pay does not fulfill the hiring official's request to set pay 5% above the candidate's current special salary rate. \$59,380 is multiplied by 1.05 (5% above the candidate's current special salary rate), equaling \$62,349; of that amount, \$49,967 ($\$62,349 \div 1.2478$) which is just above the minimum of the pay band, is the candidate's rate of basic pay and \$62,349 is the candidate's adjusted rate of pay.
4. Compare TSA's proposed pay to the pay of other employees in the work group/organization. Determine whether pay is set abnormally high and whether any adjustments should be made. The candidate's pay does not exceed other TSA employees occupying similar positions within the same work group at headquarters. Therefore, the candidate's pay upon appointment will be \$62,349.

Example 11: A candidate is currently employed as an IT Specialist, GS-2210-9. The candidate's current IT position is covered by a GS special salary rate; the special salary rate includes locality for the Washington, DC area where the candidate is currently employed. The candidate's current special salary rate as a GS-9, Step 3, is \$59,380 in 2016 (see Special Rate Table 999C for 2016). The candidate has been offered a G band, SV-2210, IT position at TSA in Arlington, VA; the SV-2210 occupational series is covered by TSA's Technical job category under the Core Compensation System. The hiring officials requests that the candidate's current special salary rate be used to set pay upon appointment.

1. Determine the Candidate's Current Base Pay: Since the special salary rate includes locality, determine base pay. Base pay for a GS-9, Step 3, is \$59,380 in 2016.
2. Determine TSA's Proposed Rate of Basic Pay increase: No pay increase has been proposed by the hiring official. The minimum rate of basic pay for the G band is \$40,552.
3. Determine TSA's Proposed Adjusted Pay: The individual's rate of basic pay upon appointment (\$59,380) is multiplied by 1.2478 to reflect the 24.78% locality pay in Arlington, VA, equaling \$74,094. This rate of adjusted pay does not meet the hiring

official's request to use candidate's current special salary rate and no pay increase to set pay upon appointment. To achieve the candidate's current special salary rate that rate was decreased by applicable locality pay ($\$59,380 \div 1.2478 = \$47,588$) which is above the minimum of the pay band. Reapplying the locality rate for Washington, DC, the candidate's adjusted pay is ($\$47,588 \times 1.2478$) $\$59,380$.

4. Compare TSA's proposed pay to the pay of other employees in the work group/organization. Determine whether pay is set abnormally high and whether any adjustments should be made. The candidate's pay does not exceed other TSA employees occupying similar positions within the same work group at headquarters. Therefore, the candidate's pay upon appointment will be $\$59,380$.

Example 12: A candidate is offered employment to fill a vacant H band supervisory position in Anchorage, AK. The individual worked as a supervisor of security operations for an airline in Denver, CO until job cuts abolished his/her position in May 2015. The individual's salary at the time of the abolishment of his/her position was $\$100,000$. The basic salary range for the H band is $\$49,462$ to $\$76,644$.

1. Determine the Candidate's Current Base Pay: The individual's annual salary was $\$100,000$ prior to abolishment of his/her job in May 2015. The Denver locality rate is 22.93%. Therefore, the candidate's annual salary ($\$100,000$) is decreased by 22.93% ($\$100,000 \div 1.2293$) = $\$81,347$. This is above the maximum of the H band ($\$76,644$).
2. Determine TSA's Proposed Rate of Basic Pay: $\$76,644$ (maximum of the H band).
3. Determine TSA's Proposed Adjusted Pay: The locality rate for Anchorage, AK is 25.16% in 2016. The individual's rate of basic pay upon appointment ($\$76,644$) is multiplied by 1.2516 to reflect the total locality in Anchorage which equals $\$95,928$.
4. Compare TSA's proposed pay to the pay of other employees in the work group/organization. Determine whether pay is set abnormally high and whether any adjustments should be made. In this situation, the candidate will be paid at the top of the H band. Two other employees are assigned to the same H band position in Anchorage. One employee earns adjusted pay of $\$82,250$ (employed by TSA since 2002) and the other employee earns adjusted pay of $\$68,250$ (employed by TSA since 2006).
5. Both of the TSA employees possessed significant relevant work experience in the security field prior to joining TSA. However, the second TSA employee earning $\$68,250$ has less supervisory experience than the other TSA employee and the candidate selected for the H band position.
6. The candidate selected also possesses substantial experience in security operations, primarily in the airline industry. Because the experience levels of the selected candidate and two TSA employees are similar, but the candidate only has experience with TSA operations from his/her perspective in the private sector, the hiring official wishes to

extend an offer of basic pay to the candidate of \$66,000 which is above the minimum of the pay band, and with 25.16% locality/COLA, equals an adjusted pay of \$82,606.

7. Although the rate of basic pay offered is near the top of the H band, with advancement opportunities to the I band, TSA's proposed adjusted pay (\$82,606) is almost \$20,000 less than the candidate earned in his/her last position in Denver. The candidate advised the hiring official that he/she will accept no less than \$95,928 (maximum adjusted pay for the H band). The hiring official is reluctant to enhance the candidate's pay upon appointment to the top of the H band based on the candidate's experience and comparison of pay received by the two other supervisors in Anchorage and decides to offer the candidate a basic pay of \$66,000, with 25.16% locality/COLA, which equals an adjusted pay of \$82,606.