

TSA Handbook 1100.53-8

Setting Pay After Appointment

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Approval



Transportation
Security
Administration

Signed

Karen Shelton Waters
Assistant Administrator for Human Capital

***NOTE:** This Handbook and all related Appendices and/or Attachments implement the provisions of [TSA MD 1100.53-8, Setting Pay After Appointment](#). Until such time as TSA MD 1100.53-8 is rescinded, the Management Directive, Handbook, Appendices, and any Attachments are considered TSA policy, and must be applied accordingly.*

Summary of Changes:

Section A, Definitions, Added In-Band Increase (IBI); Locality Pay; Midpoint Salary Range; Pay Band Retention; Performance Band Increase (PBI); Supervisory In-Band Increase (SIBI).
Removed Classification Review; In-Position Increase (IPI) and Pay-for-Performance Increase.

Section C, updated Promotions to reflect an increase of 6 percent.

Section D, added In-Band Increases (IBI) to allow an increase of 1 percent up to 3 percent of the employee's current rate of basic pay. Employee must be in the position for 90 calendar days prior to receiving unless there is an operational decision to allocate and re-align resources from one location to another.

Section D, added the application of setting pay for IBIs using the Midpoint Salary Range.

Section E, added Supervisory In-Band Increases (SIBIs) to allow an increase of 1 percent up to 3 percent of the employee's current rate of basic pay, granted to an employee who is competitively selected for reassignment to a supervisory position from a non-supervisory position within the same pay band.

Section G, added Performance Band Increases (PBI) to allow an increase of 1 percent up to 3 percent of an employee's current rate of basic pay and recognize highly successful accomplishment of duties based on employee's rating of record of Achieved Excellence.

Section H, Highest Previous Rate (HPR), updated to reflect that the HPR used should be the HPR first earned.

Section I, Pay Retention, updated to be granted for an indefinite period.

Section J, added Pay Band Retention.

Added Appendix – Pay Increase Quick Reference Chart.

All examples throughout the handbook have been updated to include 2017 rates of basic pay.

Basic administrative changes made throughout the handbook.

Table of Contents

<u>Section</u>	<u>Page #</u>
A. Definitions	<u>4</u>
B. Introduction	<u>7</u>
C. Promotions	<u>7</u>
D. In-Band Increases (IBI)	<u>9</u>
E. Supervisory IBIs (SIBI)	<u>13</u>
F. Reassignment Increases	<u>15</u>
G. Performance Band Increases (PBI)	<u>16</u>
H. Highest Previous Rate (HPR)	<u>18</u>
I. Pay Retention	<u>19</u>
J. Pay Band Retention	<u>24</u>
K. Retention Incentives	<u>26</u>
L. Demotions	<u>26</u>
Pay Increase Quick Reference Chart	<u>38</u>

A. Definitions:

1. Commuting Area: The geographic area surrounding a work site that encompasses the localities where people live and reasonably can be expected to travel back and forth daily to work.
2. 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.
3. Core Compensation System: TSA's compensation management program covering all non-TSES employees, which outlines the policies, procedures, and guidelines that TSA will use to determine the compensation of employees in covered positions. Positions in the TSA Core Compensation System are in Pay Plan SV.
4. Demotion/Change to Lower Pay Band: The assignment of an employee to a position at a lower pay band.
5. Detail: A documented temporary assignment of duties, other than those of the position of record, without any change in pay or pay band. A detail may involve temporary assignment to a position at a higher or lower pay band or to an unclassified description of duties. During a detail, the employee is still officially assigned to his/her position of record.
6. Executive Resources Council (ERC): A committee that advises the Administrator and Deputy Administrator on all activity involving the recruitment, assessment, and selection of Transportation Security Executive Service (TSES) members, L and M band positions, and other positions under the charter of the ERC; their compensation packages; the executive performance management and awards process; succession planning; and the certification of professional development activities to strengthen the senior executive and executive cadre at TSA.
7. Highest Previous Rate (HPR) of Pay: The highest rate of basic pay previously received by an individual as a Federal employee under an appointment that was for 90 calendar days or more, or under a temporary promotion that exceeded one year. HPR may be taken into account for pay setting upon reemployment, transfer, reassignment, promotion, involuntary demotion, or change in type of appointment, within the parameters of this policy, as long as it does not exceed the maximum rate for the pay band of the position.
8. In-Band Increase (IBI): An increase to an employee's rate of basic pay, with no change in pay band.

9. 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 Core Compensation System.
10. Midpoint Salary Range: A salary range halfway between the low end and high end of a specific pay band. An employee with minimal experience related to the position would generally start at the low end of the pay band, however an employee with more specialized experience directly related to the position may have their pay set at a more appropriate midpoint range.
11. Pay Band: A level in TSA's compensation and position classification framework that sets a range for the minimum and maximum rate of basic pay for an occupation based on position category (e.g., Professional, Technical, Specialized), duties, competencies, and level of responsibility. TSA uses 13 pay bands representing all of its occupations.
12. Pay Band Retention: An employee's right to retain his/her current pay band for up to two years (104 weeks) when placed into a lower banded position as a result of a qualifying involuntary management action.
13. Pay Retention: An employee's entitlement to retain his/her rate of basic pay, when involuntarily reduced in pay band within TSA as a result of a management action, for reasons other than performance/conduct, when the employee's rate of basic pay will not fit within the range of the lower band. Retained pay may also be applicable to voluntary reductions in pay band subject to the conditions outlined in this handbook.
14. Performance Band Increase (PBI): An increase to basic pay designed to recognize employees for their accomplishment of duties granted on an individual basis at the end of the performance cycle and based on the employee's rating of record that reflects "Achieved Excellence." A PBI may only occur once per year (52 weeks) for the purpose of recognizing the employee's current year performance. There must be a current official rating of record on file in order to officially verify the employee's rating of record. The employee's performance rating of record must be "Achieved Excellence" or equivalent.
15. Performance Review Board (PRB): A board established by the ERC that is responsible for overseeing the performance management process for positions under the charter of the ERC, including performance awards.
16. Promotion: An action that results in an employee being moved to a higher pay band with an increase in the employee's rate of basic pay.
17. Rate of Adjusted Pay: The rate of basic pay plus locality pay before any deductions.

18. 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, premium pay). Basic pay is also commonly known as base salary.
19. Reasonable Offer: An offer to an employee of a vacant position for which the employee is qualified, in the same local commuting area, and that is no more than two pay band levels below the employee's current pay band (the pay band of the position he/she held immediately prior to demotion).
20. Reassignment: The change of an employee from one position to another without promotion or change to lower pay band.
21. Reassignment Increase: An increase to an employee's rate of basic pay that may be approved, in rare and exceptional instances, if the employee is permanently assigned to a new position in the same pay band as the employee's current position.
22. Reclassification: Changes to the duties and responsibilities of a position which affect the proper classification of a position under TSA's Core Compensation System. A position reclassification action may occur under the following conditions:
 - a. Changes to the duties and responsibilities have occurred over time and the position has evolved to the point that the current position must be re-described and re-evaluated;
 - b. An existing position classification standard changes or a new position classification standard is issued, which results in the need to re-evaluate existing positions to determine the impact of the revised or new position classification standard; or
 - c. Position classification actions involving a position classification audit, where the incumbent in the position and the incumbent's supervisor are interviewed to determine how the position has changed and the impact of such change.
23. Selecting Official: The supervisor or manager with delegated authority to determine the recruitment sources that will be used for vacant positions and to make the selections for positions within their organization(s).
24. Supervisory In-Band Increase (SIBI): An increase to the employee's basic rate of pay with no change in pay band. The SIBI may be considered for an employee who is competitively selected for a reassignment from a non-supervisory position to a supervisory position within the same pay band (e.g. J Band non-supervisory position to J Band supervisory position). The selection must be made from a referral list of eligible candidates that applied for consideration and competed through a job

opportunity announcement (JOA). This does not apply to non-competitive actions or details.

25. Temporary Promotion: A temporary assignment documented through a personnel action, which places an employee in a position at a higher pay band than his/her position of record and provides the employee with the higher pay associated with the temporary assignment. At the end of a temporary promotion, the employee is returned to his/her position of record and former pay level.
26. Transportation Success Increase (TSI): An increase to basic pay or a lump-sum payment that may be granted at the discretion of the Administrator to TSA employees who are not members of the TSES for successfully accomplishing established organizational goals during the previous year.

B. Introduction:

1. This handbook is designed for TSA executives, managers, supervisors, Human Resources (HR) Specialists, and employees in understanding the processes for setting pay under a variety of circumstances for employees in the Core Compensation System. This handbook covers pay provisions for the following types of actions: promotions, IBIs, SIBIs, reassignment increases, PBIs, pay retention, pay band retention, and demotions. All examples in this handbook reflect 2017 pay band and locality rates, unless otherwise noted. For information regarding setting pay upon initial appointment, please see [TSA MD 1100.53-7, *Setting Pay Upon Appointment*](#).
2. Any requests for exceptions to the policies and procedures in [TSA MD 1100.53-8, *Setting Pay After Appointment*](#), and this handbook for special circumstances must be approved in writing by the Assistant Administrator/Office of Human Capital (AA/OHC) or designee prior to setting pay for TSA employees. The AA/OHC will provide a quarterly report of any exceptions to the Deputy Administrator.

C. Promotions:

NOTE: Transportation Security Officer (TSO) E band promotion increases are not covered by this handbook. For more information, please refer to [HCM 335-1, *Transportation Security Officers \(TSO\) D to E Band Promotions*](#) and [HCM 550-7, *Rates of Basic Pay and Pay Setting for Transportation Security Officer \(TSO\) D and E Band positions*](#).

1. General:
 - a. The rate of basic pay upon promotion will be set within the range of the new pay band; e.g. set pay within the G Band range when an F Band employee is promoted to the G Band. In some cases, selecting officials will set the rate of basic pay above the minimum of the new pay band when the situation warrants

doing so (as explained in Section C. 1.b. below). Pay may not be set below the minimum or above the maximum of the new pay band. (See Section I, Pay Retention, for the exception to setting pay above the maximum).

- b. Promotions will be an increase of 6 percent of the employee's current rate of basic pay. If a promotion to the minimum of the pay band results in less than a 6 percent increase to the employee's rate of basic pay, then the rate of basic pay must be set above the minimum of the pay band to provide a 6 percent increase to the employee's current rate of basic pay.

NOTE: Employees who are promoted more than one pay band (e.g. employee occupying an E Band position, promoted to a G Band position), may see an increase in excess of 6 percent of basic pay due to the necessity to set pay at the minimum of the new band to which the employee is being promoted. See above Section C.1.a. This is one circumstance where an employee's increase in pay exceeds the general promotion rule of 6 percent.

- c. Promotions will be made effective at the beginning of a pay period.
- d. A promotion action is at the discretion of TSA management and is not an employee entitlement. However, if management does promote, the pay provisions in this section apply.
- e. Generally, employees may not be promoted to another position within the first 90 calendar days after the employee's first appointment with TSA. Please refer to [TSA MD 1100.30-14, *Post Appointment Movement Restrictions*](#), for further information after employee's initial appointment or rehire appointment.
- f. Selecting officials have the authority to determine whether permanent internal assignments will be filled competitively or non-competitively, in accordance with existing TSA policy. Please refer to [TSA MD 1100.30-4, *Permanent Internal Assignments*](#), for further information about promotions and internal assignments.
- g. The provisions in this section also apply to temporary promotion actions.

2. Approval Levels for Promotions for K Band and Below:

- a. Assistant Administrators (AAs), Regional Directors (RDs), and equivalent positions, may delegate the authority to approve promotion increases of 6 percent of the employee's current rate of basic pay to lower level managers within their organizations, but not lower than the Selecting Official for the position being filled. Delegation of this authority includes the responsibility for verifying the availability of funds and the obligation to commit salary payment for the amount approved.

3. Approval Levels for L and M Band Promotions
 - a. AAs and equivalent positions may recommend individuals for promotion to L or M band positions.
 - b. The ERC will approve or disapprove the selection of all individuals recommended for promotion to L or M band positions.
 - c. The 6 percent promotion percentage increase of individuals approved by the ERC for promotion to an L or M band position must be submitted to the Office of Human Capital (OHC), Executive Resources Division (ERD), and will be approved/disapproved by the AA/OHC.

D. In-Band Increases (IBIs):

1. General
 - a. IBIs acknowledge an employee’s significant professional growth within their position in the same pay band outside of the recognition received after the close out of the performance cycle. An IBI should reflect increased complexity of an employee’s duties and/or responsibilities which led to additional achievements that made a positive change with the program office, or may reflect an employee’s increase in knowledge, skills, and/or competencies directly related to the position.
 - b. An employee must be performing at a minimum performance level of “Achieved Expectations” to be eligible for an IBI; however, this is not a performance-based award and should not be used for this purpose.
 - c. IBIs will not be granted for employees who have had any disciplinary action (e.g., letter of reprimand; suspension; indefinite suspension; or reduction in pay band for reasons of conduct/performance) effected within the 52 weeks preceding the proposed IBI date or an employee currently on administrative leave or in an unpaid status as the result of a suitability or a conduct/performance matter that may result in removal.
 - d. IBIs will be an increase of 1 percent up to 3 percent of the employee’s current rate of basic pay.
 - e. In very rare cases, an IBI of up to 5 percent of the employee’s current rate of basic pay may be granted based on unique and extraordinary circumstances.
 - f. Granting an IBI is at the sole discretion of the appropriately designated management official (see [Section D.2.](#) and [D.3.](#) below). The management official should apply the midpoint salary range when considering the appropriate increase to the employee’s current rate of basic pay. Typically, skills and

knowledge are acquired more rapidly when employees are new to a position or band. The rate of skills and knowledge acquisition decreases over time and eventually plateaus. As employees pass the midpoint of the band, the rate of salary growth should also decrease.

- g. In general, employees in the Core Compensation System are eligible for an IBI. However, from time to time, and based on other pay/performance programs, an AA may request that groups of employees be excluded from eligibility for IBIs by submitting such a request to the AA/OHC.
- h. An employee may not receive an IBI if he/she has been promoted, received a previous IBI/IPI, or a reassignment increase that provided an increase to his/her rate of basic pay, within the previous 52 weeks.
- i. An employee reassigned within the same program office or from one program office to another program office at the same band level is not eligible to receive an IBI until after completing the 52 week waiting period since the employee's last IBI or promotion increase. The employee must have been assigned to the new position for at least 90 calendar days after the effective date of the reassignment before the employee can be granted an IBI.
- j. An employee may not receive an initial IBI until he/she has been on TSA's rolls for at least 90 calendar days. The 90-day requirement begins on the TSA entrance on duty (EOD) date. This applies to an individual newly hired or rehired to TSA, not a current TSA employee converted to a new appointment.
- k. An employee must occupy a position in the pay band for which an IBI is granted on the effective date of the IBI action and must have been in the position for a minimum of 90 days to be eligible for an IBI. The 90-day eligibility would not apply to an operational decision by management to allocate and re-align the resource from one location to another. The RPA must reflect the realignment and state there is no change in position title, duties, responsibilities, and rating official.
- l. IBIs are only made effective at the beginning of a pay period.
- m. An employee may not receive an IBI while on a temporary promotion. At the end of a temporary promotion, if the employee is returned to his/her permanent position at the lower pay band, the employee could become eligible for an IBI. The temporary promotion does not begin a new IBI waiting period; the time period in which the employee is temporarily promoted is included as part of the 52-week waiting period which began with the effective date of the last IBI or permanent promotion. If the temporary promotion is made permanent without an intervening return to the lower pay band, a new IBI waiting period is considered to have begun with the effective date of the temporary promotion.

- n. An employee may be granted no more than one IBI within a 52-week period.

Example:

An employee was appointed to his/her initial position with TSA on 01-09-17. The employee was given an IPI on 04-16-17, the beginning of the first pay period after he/she had been on TSA's rolls for 90 calendar days. The employee will be eligible, but not entitled, to receive an IBI on 04-15-18.

Example:

An employee received an IPI on 02-19-17. The employee was then promoted on 09-03-17. The employee will be eligible, but not entitled, to receive an IBI 52 weeks after the effective date of the 09-03-17 promotion, or 09-02-18.

Example:

On 03-18-18, an employee was reassigned without a pay increase from a Transportation Officer Performance System (TOPS) covered position to a position covered under the Employee Performance Management Program (EPMP). The employee received a performance increase to his rate of basic pay under TOPS on 12-10-17. The employee becomes eligible to receive an IBI in the EPMP covered position on 06-18-18, 90 days from the effective date of the reassignment, regardless of the performance increase on 12-10-17.

Example:

An employee was reassigned with a reassignment increase on 01-10-16, and then was reassigned without an increase to another position on 06-12-16. The employee will be eligible for an IBI 52 weeks from the date of the reassignment that was effective on 01-10-16. The reassignment without a pay increase on 06-12-16 has no impact on the 52-week waiting period.

- o. An IBI may not place an employee's rate of basic pay above the maximum of his/her current pay band. If the employee is near the maximum of the pay band, the employee can only be granted the percentage of the recommended IBI that places him/her at the maximum of that pay band.
- p. An employee whose rate of basic pay is at the maximum of the pay band, and is therefore ineligible to receive an IBI, may be eligible to receive a Special Achievement Award in place of an IBI. Additional information concerning awards can be found in [TSA MD 1100.45-1, *Awards and Recognition*](#), and the associated handbook.

2. Approval Levels for IBIs for K Band and Below:
 - a. AAs, RDs, and equivalent, or their designees, have the authority to approve IBIs through the appropriate supervisory chain up to 3 percent of an employee's current rate of basic pay;
 - b. Designees of AAs and RDs, with delegated authority to approve IBIs, must be at least two supervisory levels (not to include Lead positions) above the employee for whom the IBI is requested;
 - c. The AA/OHC has delegated authority to approve an IBI above 3 percent and up to 5 percent of the employee's current rate of basic pay; and
 - d. [TSA Form 1153-2, *Salary Increase Justification*](#), must be approved by the designated management official identified in Sections D.2.a. and D.2.b. prior to the effective date on the RPA for the IBI. TSA Form 1153-2 must be attached to the RPA for the IBI.

3. Approval Levels for IBIs for L or M Band Employees:
 - a. AAs and equivalent positions may recommend L or M band employees for IBIs of up to 3 percent. IBI recommendations will be reviewed by the Performance Review Board (PRB) when it meets annually in conjunction with the TSES performance appraisal review process. Recommendations above 3 percent, up to 5 percent must contain a strong justification.
 - b. All recommendations for IBIs for L and M band employees will be reviewed by the PRB and will be presented to the Administrator for final approval/disapproval.
 - c. Recommendations outside the annual performance appraisal cycle should be rare and must be submitted to the OHC/ERD, and will be approved/disapproved by the AA/OHC.

4. Criteria. A detailed written justification for an IBI, for K band employees and below, must be completed on [TSA Form 1153-2](#), and approved by the designated management official prior to the action being made effective. Eligibility for an IBI and the amount of the increase are based on the below criteria:
 - a. An employee's performance must be at or above "Achieved Expectations" within his/her current position; and
 - b. In addition, some or all of the following criteria should be addressed:
 - i. An employee's position has become substantially more difficult through the assignment of complex, highly visible projects or other work;

- ii. The technical complexity of an employee's position has increased substantially by requirements to address technological advances, new theories and practices in the employee's area of expertise, or substantial challenges in the social or political environment; and
- iii. There is evidence of significant professional attainments that enable the employee to perform his/her current job more effectively, such as obtaining a higher degree of education or obtaining a job specific certification.

E. Supervisory IBIs (SIBI):

1. General:

- a. The SIBI may be considered for an employee who is competitively selected for a reassignment from a non-supervisory position to a supervisory position within the same pay band (e.g. J band non-supervisory position to a J band supervisory position).
- b. The selection must be made from a referral list of eligible candidates that applied for consideration and competed through a job opportunity announcement (JOA). The referral certificate which shows the competitive selection must be attached to the RPA for processing.
- c. The SIBI does not apply to non-competitive actions or details.
- d. The SIBI will be an increase of 1 percent up to 3 percent of the employee's current rate of basic pay.
- e. The AA/OHC has delegated authority to approve an SIBI above 3 percent and up to 5 percent of the employee's current rate of basic pay.
- f. An SIBI may not place an employee's rate of basic pay above the maximum of his/her current pay band. If the employee is near the maximum of the pay band, the employee can only be granted the percentage of the recommended SIBI that places him/her at the maximum of that pay band.
- g. One SIBI may be granted within each band held.

2. Approval levels for SIBIs for K Band and below:

- a. AAs, RDs, and equivalent or their designee have the authority to approve SIBIs through the appropriate supervisory chain up to 3 percent of an employee's current rate of basic pay;

- b. Designees of AAs and RDs with delegated authority to approve SIBIs must be at least two supervisory levels above the employee for whom the SIBI is requested;
 - c. The AA/OHC has delegated authority to approve a SIBI above 3 percent and up to 5 percent of the employee's current rate of basic pay; and
 - d. [TSA Form 1153-2](#), Salary Increase Justification, must be approved by the designated management official identified in E.2.a. and E.2.b. prior to the effective date on the RPA for the SIBI.
3. Approval levels for SIBIs for L or M Band Employees
- a. AAs and equivalent positions may recommend L or M band employees for SIBIs of up to 3 percent. All SIBI recommendations must be submitted to the OHC/ERD and will be approved/disapproved by the AA/OHC.

NOTE: Other pay increases within a 52-week period (e.g., performance band increase, IBI for increased complexity of current duties, promotion) do not affect an employee's eligibility to receive a SIBI.

Example:

John is an H Band employee and received an IBI in the month of March. He also received a SIBI in June (after competitive selection from a non-supervisory position to a supervisory position within the same pay band), and a performance band increase in December. Under this scenario, John may receive more than one pay increase within a 52-week period.

F. Reassignment Increases:

- 1. General:
 - a. Reassignment increases are appropriate for rare and exceptional instances where other pay setting actions are inappropriate and the employee has been permanently reassigned to a new position within the same pay band as his/her current position. A recommendation for approval of a reassignment increase must be justified based on a substantial increase in the responsibilities and complexity of the new position compared to the employee's current position;
 - b. Reassignment increases will be an increase of up to 5 percent of the employee's current rate of basic pay, not to exceed the maximum rate of basic pay for the pay band;
 - c. An employee may not receive a reassignment increase until he/she has been on TSA's rolls for at least 90 calendar days. The 90-day requirement begins on the TSA EOD date;

- d. A reassignment increase will only be made effective at the beginning of a pay period;
 - e. An employee may not receive a reassignment increase if he/she has been promoted, or received an IBI or IPI, or a previous reassignment increase within the previous 52 weeks;
 - f. An employee may not receive more than one reassignment increase in a 52-week period;
 - g. An employee may not receive a reassignment increase for a detail or as a result of a reclassified position;
 - h. A reassignment increase may not be appropriate if the employee has had any form of disciplinary action within the last 12 months. In determining the appropriateness of a reassignment increase and a percentage of increase, the management official should consider the severity of the event that led to discipline, the type of discipline issued, and the length of time since the event/discipline and the employee's performance and conduct since that time; and
 - i. Reassignment increases cannot be granted to incumbents of reclassified positions.
2. Request and Approval Levels for Reassignment Increases
- a. Requesting a reassignment increase is at the sole discretion of the appropriate program office AA.
 - b. AAs may request reassignment increases of up to 5 percent of the employee's current rate of basic pay. This authority may not be delegated.
 - c. All requests must be submitted from the appropriate AA to the AA/OHC for approval/disapproval.
 - d. The AA/OHC has delegated authority to approve reassignment increases. Each request for a reassignment increase will be evaluated on a case-by-case basis by the AA/OHC.
 - e. A detailed written request and justification for a reassignment increase must be submitted by memo through the appropriate AA to the AA/OHC for approval, prior to the reassignment action's effective date. The request must include the employee's current position and the position to which the employee will be reassigned, the recommended reassignment increase percentage, the justification

for the reassignment increase, and the proposed effective date of the reassignment action.

- f. Requests for reassignment increases for executive positions must be submitted to the OHC/ERD and will be approved/disapproved by the AA/OHC.
3. Criteria. Eligibility for a reassignment increase and the amount of the increase are based on an assessment of the reassignment as outlined below:
- a. The justification must indicate the substantial increase in the responsibilities and complexity of the new position compared to the employee's current position; and
 - b. The employee must be well qualified for the position, possess and immediately be able to apply critical skills uniquely suited to the position.

G. Performance Band Increases (PBI):

NOTE: Transportation Security Officer (TSO) performance based increases are not covered by this handbook. For more information, please refer to [HCM 451-4, *Transportation Security Officer Workforce Performance Payouts.*](#)

1. General
 - a. An increase to basic pay may be granted at the end of the performance cycle to recognize employees for their accomplishment of duties and is based on the employee's rating of record of "Achieved Excellence" or equivalent.
 - b. Employees must attain a level of "Achieved Excellence" or equivalent to be considered for a PBI. The employee's summary rating must be on file before a PBI may be granted.
 - c. Only one PBI may be granted per annual performance cycle.
 - d. Other pay increases (e.g., promotion increase, IBIs) do not affect an employee's eligibility to receive a PBI. Receiving a PBI does not impact the waiting period to receive other pay increases.
 - e. When granted, a PBI will be a minimum of 1 percent up to 3 percent of the employee's current rate of basic pay (locality pay not included).
 - f. If the employee is near the maximum of the pay band, the employee can only be granted the percentage of the recommended PBI that places him/her at the maximum of the pay band. The remaining dollar equivalent of the PBI will be paid as an additional lump-sum cash award.

2. Approval Levels for PBIs for K Band and Below:
 - a. AAs, RDs, and equivalent positions, or their designees, have the authority to approve PBIs up to 3 percent of an employee's current rate of basic pay;
 - b. Designees of AAs and RDs, with delegated authority to approve PBIs, must be at least two supervisory levels (not to include Lead positions which are not supervisory) above the employee for whom the PBI is requested; and
 - c. [TSA Form 1153-2, Salary Increase Justification](#), must be approved by the designated management official identified in G.2.a. and G.2.b. prior to the effective date on the RPA for the PBI. Form 1153-2 must be submitted with the RPA for the PBI.

3. Approval Levels for PBIs for L or M Band Employees:
 - a. AAs and equivalent positions may recommend L or M band employees for PBIs of up to 3 percent. PBI recommendations will be reviewed by the PRB when it meets annually in conjunction with the TSES and executive performance appraisal review process.
 - b. All recommendations for PBIs for L and M band employees will be reviewed by the PRB and will be presented to the Administrator for final approval/disapproval.

H. Highest Previous Rate (HPR):

1. The application of HPR allows an employee's rate of basic pay to be set above the rate that would be established under general pay setting rules. HPR may be applied in accordance with the provisions in this handbook to the promotion, reassignment, termination of temporary promotion, or involuntary demotion of an employee having either current or prior TSA or other Federal service. (HPR may also be applicable to other types of personnel actions such as reemployment, transfer, or change in appointment of an employee having either current or prior TSA or other Federal service). Please refer to [TSA MD 1100.53-7, Setting Pay Upon Appointment](#).
2. Pay set under the application of HPR may not exceed the maximum rate of the pay band.
3. HPR may be based on the highest rate of basic pay received while serving under a Federal Government appointment that was not limited to 90 days or less.
4. HPR may be based on a temporary promotion only if the temporary promotion was held for one year or more.

5. The HPR used should be the HPR first earned, e.g. the rate of pay earned and maintained during a period of pay retention, regardless of subsequent personnel actions after the pay retention ended.
6. TSA management determines when it is appropriate to use HPR, and should consider all of the following factors before approving the application of HPR:
 - a. Relevance of an employee's prior experience upon which HPR is being based.
 - b. Internal pay alignment:
 - i. HPR should not be used to set pay substantially above the pay received by employees with equal or greater specialized experience; and
 - ii. HPR should not result in substantial gains in pay in situations such as when an employee is demoted and rapidly re-promoted.
 - c. Availability of funds.
7. Consistent pay setting should be applied uniformly to all employees.
8. HPR may not be used when setting pay involving pay actions based on demotions for performance/conduct reasons.
9. HPR will not be used for voluntary demotions, but the employee's current rate of basic pay may be used based on the provisions in Section L, Demotions.

I. Pay Retention:

1. Pay retention shall be extended to an employee on a permanent appointment moving to another TSA position without a break in service and whose rate of basic pay is reduced as a result of:
 - a. Voluntary acceptance of a position at a lower pay band which assists TSA restructuring efforts. Pay retention will be utilized if the employee is offered and accepts a lower pay band position which will assist TSA management officials in avoiding or minimizing the impact of an involuntary workforce reduction (IWR), after an official announcement of reorganization, transfer, or IWR, which may or will affect the employee's position, is made in writing. Generally, these announcements will be approved at the AA level or higher.
 - b. Reduction in pay band level when an employee, who was identified for involuntary separation under IWR procedures or separation as a result of a management-directed reassignment, is offered and accepts a vacant TSA position at a lower pay band level, in lieu of involuntary separation.

NOTE: Human Capital Management ([HCM](#)) [351-2, Transportation Security Officer \(TSO\) Involuntary Workforce Reduction Procedures](#) and [HCM 351-3, Involuntary Workforce Reduction \(IWR\) Procedures For Non-TSES, Non-TSO Positions](#), specifies the documentation required for the actions in Section I.1.a. and b. above.

- c. Reclassification of a position resulting in a reduction in pay band. Position reclassification may only be effected based on sound position management principles, and may not be done to circumvent other more appropriate human capital procedures such as IWR or performance/conduct-based actions. [TSA MD 1100.51-1, Position Management and Position Classification](#), and the associated [Handbook](#), specifies the documentation for a reclassification action.
- d. Return from a foreign duty assignment to a position in a lower pay band for which the employee has return rights, as specified in [TSA MD 1100.30-16, Foreign Duty Assignments and Return Rights](#) and [HCM 352-2, TSA Priority Placement Program](#).

NOTE: HPR, rather than pay retention, should be used to set the pay for an employee who is returning from a foreign duty assignment to a position in a pay band that is lower than the position for which the employee has return rights.

- 2. Management has the discretion to provide pay retention as a result of the following:
 - a. Reduction in pay band by virtue of a demotion under competitive procedures for developmental purposes as determined by the AA/OHC. Pay retention may be provided if the demotion is based on an established TSA career progression plan that specifies that reductions in pay bands will carry entitlement to pay retention. At a minimum, the plan must:
 - i. Outline procedures for filling the positions;
 - ii. Describe specific experience and other requirements for progression to more responsible positions;
 - iii. Provide guidelines for assisting employees in reaching short-range and long-range career goals;
 - iv. Identify candidates most qualified; and
 - v. Allow for progression by providing developmental opportunities.
 - b. Placement of the employee in a position that TSA has determined is hard to fill. AAs, or higher level TSA executives, or their designees, in consultation with OHC, have the authority to determine if a position or group of positions is/are hard to fill.

- c. **Medical Inability to Perform:** Placement of an employee in a position at a lower pay band due to inability to perform the duties of his/her position because of a medical or physical condition beyond the employee's control.
 - i. An employee who is demoted for inability to perform the duties of his/her position may receive pay retention if the inability is caused by a medical condition that is beyond the employee's control; and
 - ii. Determination of whether a medical condition is causing an inability to perform the essential duties of the position will be made by the TSA authorized medical official in consultation with management officials based on acceptable medical documentation provided by the employee. [TSA MD 1100.55-4, *Severance Pay*](#), provides additional information.

3. **Duration Pay Retention:**

- a. For actions effective on or after January 22, 2017, pay retention is granted for an indefinite period following the effective date of the action warranting pay retention. Current employees on indefinite pay retention will remain on indefinite pay retention.
- b. Employees on pay retention for a limited period of time (e.g., 104-week period following the effective date of the action warranting pay retention) on January 22, 2017, will be granted pay retention for an indefinite period.

Example:

As part of the organizational transformation initiative, Jack's position was reclassified from a K Band Supervisory Program Analyst to a J Band Supervisory Program Analyst. The personnel action affecting this reassignment to lower band was effective June 14, 2015, pay period 12. Jack's rate of basic pay of \$134,895 exceeded the maximum of the J band. Jack was provided with 104 weeks of pay retention. Effective January 22, 2017, Jack was moved to indefinite pay retention. His pay will not be reduced to the maximum of the J band at the end of 104 weeks.

- c. Employees whose period of pay retention ended prior to January 22, 2017, were reinstated to indefinite pay retention unless their current rate of basic pay is above the level at which pay retention would restore them to or if the employee no longer occupies a position that would be eligible for pay retention.

Example:

As part of the organizational transformation initiative, Cathy's position was reclassified from a K Band Program Specialist to a J Band Program Specialist.

The personnel action affecting this reassignment to lower band was effective May 5, 2013, pay period 9. Cathy's rate of basic pay of \$130, 521 exceeded the maximum of the J band. Cathy was provided with 104 weeks of pay retention which ended on May 3, 2015, pay period 9 when Cathy's rate of basic pay was set to \$112,835, the maximum of the J band. Cathy's current rate of basic pay is \$113,963. Effective January 22, 2017, Cathy was reinstated to indefinite pay retention and her rate of basic pay was set at \$130,521 which was her rate of basic pay on the effective date of her reassignment to lower band to the J band.

Example:

As part of the organizational transformation initiative, Catherine's position was reclassified from a K Band Program Specialist to a J Band Program Specialist. The personnel action affecting this reassignment to lower band was effective September 7, 2014, pay period 18. Catherine's rate of basic pay of \$112,817 exceeded the maximum of the J band. Catherine was provided with 104 weeks of pay retention. Catherine received 50 percent of the 1 percent CEI in January 2015, and the rate of basic pay was set at \$113,381. She also received 50 percent of the 1 percent CEI in January 2016, and the rate of basic pay was set at \$113,948. In July 2016, Catherine was selected for a K band supervisory position. Catherine's promotion was effective on August 7, 2016. Catherine received a 1 percent increase for the promotion and her rate of basic pay was set at \$115,087. Catherine is no longer on pay retention.

Example:

As part of the organizational transformation initiative, Jack's position was reclassified from a K Band Program Specialist to a J Band Program Specialist. The personnel action affecting this reassignment to lower band was effective May 4, 2014, pay period 9. Jack's rate of basic pay of \$133,559 exceeded the maximum of the J band. Jack was provided with 104 weeks of pay retention. On October 2, 2014, Jack accepted a lateral reassignment to a J Band Program Specialist in another office. Jack retained his pay for the remainder of the 104-week period. Effective January 22, 2017, Jack was reinstated to indefinite pay retention and his rate of basic pay was set at \$133,559 which was his rate of basic pay on the effective date of his reassignment to the J band.

Example:

As part of a classification review, Jack's position was reclassified from a J Band Program Specialist to an I Band Program Specialist. The personnel action affecting this change to lower band was effective December 28, 2014, pay period 26. Jack's rate of basic pay of \$123,959 exceeded the maximum of the I band. Jack was provided with 104 weeks of pay retention. On August 26, 2015, Jack was promoted to a J Band Program Analyst in another office. Jack retained his pay for the remainder of the 104-week period. Effective January

22, 2017, Jack was reinstated to indefinite pay retention and his rate of basic pay was set at \$123,959 which was his rate of basic pay on the effective date of his change to lower band.

4. The entitlement to pay retention will be documented in the Remarks Section of the RPA/personnel action that entitles the employee to pay retention. This remark will also state if the pay retention is based on a classification review.
5. Termination of Pay Retention: An employee's entitlement to pay retention is terminated sooner if the employee:
 - a. Becomes entitled to a rate of basic pay that is equal to or higher than the employee's retained pay rate;
 - b. Declines a reasonable offer defined as a position in the same or higher pay band in the same commuting area as that from which reduced, and for which the rate of basic pay is equal to or higher than the employee's retained rate;
 - c. Is further demoted at the employee's request or for conduct/performance reasons;
 - d. Has a break in service of one workday or more; or
 - e. Does not maintain enrollment in the Hiring Priority Selection Program (HPSP), ([TSA MD 1100.30-32, Hiring Priority Selection Program for Reclassification/Reorganization Pay Band Reduction](#)).

Example:

An I Band employee, earning a rate of basic pay of \$61,592 per year was involuntarily demoted to an E Band in August 2014. This action resulted in the employee becoming entitled to pay retention, earning a rate of basic pay of \$61,592. In December 2015, the employee was selected for promotion to an F Band position. Since the pay setting to the top of the F Band (\$51,509), resulted in less than the employee's current retained rate of pay of \$61,592, the employee remains on pay retention.

6. Determination of Rate of Basic Pay: When an employee becomes eligible for pay retention, the retained rate is the employee's existing rate of basic pay (i.e., rate of basic pay excluding additional pay of any kind, such as premium pay or locality pay). The existing locality pay percentage may not be part of retained pay; rather, the applicable locality pay percentage will be added to provide the adjusted rate of pay. A change in the locality area may result in a different adjusted rate of pay.

Example:

An employee in a G Band position, whose rate of basic pay is \$57,000 per year, is demoted to a D band position and is eligible for retained pay. His/her retained rate of basic pay will be \$57,000. The applicable locality rate will then be added to his/her retained rate.

7. Continuation of Pay Retention: When an employee who is already entitled to pay retention is placed in another position under circumstances that would normally entitle him/her to pay retention, the employee's prior entitlement continues unaffected.
8. Pay Setting During a Period of Pay Retention:
 - a. During a period of pay retention, an employee will receive 50 percent of any annual pay adjustment percentage, such as the CEI, based on the maximum rate of the pay band to which demoted. At such time as the employee's rate of basic pay fits within the range of the band for the position occupied, the employee's pay will be set at that rate in the appropriate pay band.

Example:

In 2014, a G band employee, earning a rate of basic pay of \$46,500 per year was demoted to an E band position. His/her retained rate of basic pay was set at \$46,500 (the E band pay range was \$29,595 to \$44,447).

A 1.0 percent CEI was approved and processed for 2015. The employee received an increase of \$222, which was 50 percent of the CEI, calculated based on the maximum rate of basic pay for the E band (\$44,447). The employee's new rate of basic pay, \$46,722 (\$46,500 + \$222), was adjusted by the applicable locality rate. The employee's rate of basic pay continued to be above the maximum of the E band; therefore, pay retention was continued.

- b. An employee on pay retention who is eligible to receive a PBI during the period of pay retention will receive the increase as a lump-sum payment.
- c. When an employee on pay retention is placed back in a higher pay band, management should consider the employee's pay level within the new band. For example, if an employee is being placed back in a pay band previously held, and the retained pay is similar to what the employee would have been earning had he/she not been reduced in pay band, the manager should consider no pay increase upon the placement in the higher pay band.

- d. When an employee is on pay retention and the maximum rates of the pay bands are increased, the employee's retained rate of pay will not be adjusted to this maximum rate unless the increase is as a result of applying Section I.8.a.

J. Pay Band Retention

1. Pay Band Retention is mandatory for demotions other than those which are voluntary (at the employee's request) or those as a result of a disciplinary action.
2. An eligible employee will receive pay band retention for a two-year period (104 weeks) beginning on the effective date of his/her qualifying placement in the lower pay band position which occurs on or after the effective date of this policy.

Example: Susan has been an I Band Program Analyst for 15 months. She was involuntarily demoted from an I band Program Analyst to a H Band Program Analyst on October 15, 2017, as the result of a reclassification of her position. Susan will be notified that she has pay band retention to the I Band, and her pay band retention will end on October 14, 2019.

3. An employee is eligible for pay band retention for the circumstance outlined in Section J.4. below provided the employee has:
 - a. Permanently held the pay band from which demoted for a minimum of 52 consecutive weeks; or
 - b. Permanently held a combination of higher pay bands for a minimum of 52 consecutive weeks.

NOTE: Time spent at a higher band in an acting position or a temporary promotion does not apply when determining the minimum of 52 consecutive weeks at the higher band even if the employee later receives a permanent appointment at that higher band.

Example: John was an I Band Program Analyst and was temporarily promoted to a J Band Program Analyst not to exceed 120 days. The temporary promotion was made permanent without an intervening return to the lower band and therefore his permanent position of record became the J Band Program Analyst. When computing the time spent at the higher band for the purposes of pay band retention, the first 120 days while in the temporary promotion will not count toward the 52 consecutive week requirement at the higher band.

4. Pay band retention shall be granted when a demotion through one of the following qualifying involuntary management actions occurs:

- a. Demotion through Involuntary-Workforce-Reduction (IWR) procedures or due to voluntary acceptance of a position at a lower pay band which assists TSA restructuring efforts;
- b. An employee declines a directed reassignment in accordance with [TSA MD 1100.30-4, *Permanent Internal Assignments*](#), and management specifically offers the employee a lower banded position in lieu of involuntary separation;

NOTE: If the employee requests a demotion or applies for and accepts a new position that is in a lower pay band, which is not designated as an offer in lieu of involuntary separation, it will be considered a voluntary demotion and pay band retention will not apply.

- c. Reclassification of the employee's position resulting in a lower pay band; or
 - d. Demotion to a lower banded position that is specifically being offered by management in order to implement a reorganization/realignment that has been announced in writing and that would require the application of IWR procedures.
5. The retained pay band is not used for purposes of applying IWR procedures or determining an employee's "exempt/non-exempt" status under the Fair Labor Standards Act (FLSA).
6. Termination of pay band retention occurs when the employee:
- a. Has completed his/her two-year period (104 weeks) of pay band retention;
 - b. Declines a reasonable offer of a position in a band that is equal to, or higher than his/her retained band;
 - c. Is placed in a position/band equal to or higher than his/her retained band;
 - d. Is further demoted at the employee's request or as a result of conduct/performance reasons;
 - e. Has a break in service of one workday or more or;
 - f. Is no longer enrolled in HPSP ([TSA MD 1100.30-32, *Hiring Priority Selection Program for Reclassification/Reorganization Pay Band Reduction*](#)).
7. Pay Setting During a Period of Pay Band Retention:
- a. An employee entitled to pay band retention retains the pay band held prior to the qualifying personnel event/action. The basic pay to which an employee is entitled upon commencing a period of pay band retention remains the same.

The retained pay band is treated as his/her pay band for pay administration. Any change in the employee's basic pay during the pay band retention period, such as an In-Band Increase (IBI), will be based on the employee's retained pay band and given as a full pay increase, and will be included in the employee's basic pay, not to exceed the maximum of the pay band retained.

Example: Julie was a J Band Program Analyst with a rate of basic pay of \$82,113. As a result of a realignment, Julie was placed in an I Band Program Analyst position and was entitled to Pay Band Retention at the J Band for two years. During the period of Pay Band Retention, management granted an IBI of 2%. Her new rate of basic pay is based on her retained pay band salary and she is given the full pay increase; therefore, Julie's new rate of basic pay is \$83,755 ($82,113 \times .02$).

- b. During a period of pay band retention, an employee will receive 100 percent of any annual pay adjustment percentage, such as the CEI, however, the pay increase may not exceed the maximum rate of the pay band occupied.

K. Retention Incentives:

1. An employee receiving a retention incentive, paid bi-weekly or in installments, will lose eligibility for the incentive upon movement to another position or location for which an incentive has not been approved.
2. Previous receipt of a retention incentive may not be factored into pay-setting decisions when an employee is promoted, demoted, or reassigned. Retention incentives are not part of the rate of basic pay and may not be considered when determining HPR or pay retention.

NOTE: Please refer to [TSA MD 1100.57-3, Recruitment, Referral, Relocation, and Retention Incentives](#), for additional information concerning retention incentives.

L. Demotions:

1. Processing Demotions: Managers will use the following steps when processing demotion actions:
 - a. Determine the type of demotion (e.g., voluntary or involuntary);
 - b. Ensure that the employee meets all qualification requirements of the lower band position to which demoted;
 - c. Determine the new rate of basic pay;

- d. Seek approval for the demotion action from the appropriate AA or designee (unless another management official with authority to approve a demotion is identified in this policy); and
 - e. Forward the RPA for the demotion through established procedures.
2. Determining the Type of Demotion: Basic pay treatment in the event of a demotion is dependent on the circumstances surrounding the pay band change, in accordance with the information below. All involuntary demotions involving L or M band employees must receive prior approval from the ERC.
- a. Involuntary Demotion, No Fault of the Employee. If pay fits within the range of the lower pay band, the employee's pay will be set at the rate received immediately prior to the demotion. If the employee's pay does not fit within the pay range of the lower pay band, pay is retained under the pay retention provisions contained in [Section I](#) of this handbook.

Example:

An employee's K band position is abolished as a result of IWR procedures. The employee is offered and accepts a vacant J band position in the same commuting area in lieu of involuntary separation and is entitled to pay band retention for a two-year period (104 weeks) beginning on the effective date in the lower band position.

After 104 weeks, if it is determined the employee's current rate of basic pay exceeds the maximum rate of the J band position, the current rate of basic pay (i.e. the rate of basic pay at the conclusion of pay band retention) will become the indefinite retained rate of pay.

The locality pay rate will be added to determine the rate of adjusted pay. During the period of indefinite pay retention, the employee will receive 50 percent of any annual pay adjustment percentage, such as the CEI, based on the maximum rate of the position to which demoted. At such time as the employee's rate of basic pay fits within the pay range of the J band, the employee's pay will be set at that rate.

- b. Involuntary Demotion During Initial Supervisory or Managerial Trial Period. Pay is set at the lower of:
 - i. The salary rate that was in effect before the TSA promotion or assignment that placed the employee in the supervisory or managerial position, including any intervening CEI that may have been paid; or
 - ii. the rate of basic pay that the employee is currently receiving.

In either of the above, pay may not be set at a rate in excess of the maximum of the pay band to which assigned/demoted.

Example:

An employee who held a non-supervisory G Band position with a rate of basic pay of \$45,000, was promoted to a supervisory H band position on September 6, 2014. The employee was demoted and returned to his/her former G band position on January 24, 2015, before completing the one year supervisory/managerial trial period. When the employee was promoted to the H band, his/her rate of basic pay became \$48,487 with a locality pay rate of 14.51 percent (Tucson-Nogales, AZ), resulting in an adjusted pay rate of \$55,522 (\$48,487 x 1.1451).

The employee's rate of basic pay as a G band, prior to promotion was \$45,000. A CEI of 1.0 percent was granted in January 2015. Therefore, the employee's rate of basic pay as a G band would have increased to \$45,450 (\$45,000 x 1.010).

A comparison of the employee's salary rate in effect before the promotion with the intervening CEI, and the employee's current rate of basic pay results in the employee's rate of basic pay upon return to the G band being set at \$45,450 and the locality pay rate remains 14.51 percent. This rate of basic pay (\$45,450) is used because it is lower than the employee's current rate of basic pay (\$48,487) as identified in K.2.b. example above. The employee's adjusted pay rate in the new G band position becomes \$52,045 (\$45,450 x 1.1451).

The following chart contains information for this example:

Example Pay Setting Information	
Rate of Basic Pay for Non-Supervisory (G) Position Before Promotion	\$45,000
Rate of Basic Pay for Supervisory (H) Position After Promotion	\$48,487
Length of Time in Supervisory (H) Position	4 Months
Range for Rate of Basic Pay for Lower (G) Band	\$39,752 to \$61,592
Intervening TSA-wide Increase Amount – CEI of 1.0%	\$450
Rate of Basic Pay for Lower (G) Band with Intervening Increases	\$45,450
New Rate of Basic Pay in the Lower (G) Band	\$45,450
Employee's Rate of Basic Pay in Supervisory (H) Band	\$48,487
Employee's New Rate of Basic Pay in the Lower (G) Band	\$45,450
New Rate of Adjusted Pay in the Lower (G) Band	\$52,045

- c. Involuntary Demotion for Performance/Conduct Issues. It is expected that an involuntary demotion based on performance or conduct reasons will result in a reduction in pay. Under these circumstances, pay will be reduced no less than 5

percent and no more than 10 percent based on the severity of the performance/conduct issue leading to involuntary demotion. Pay shall be set no lower than the minimum of the pay band (and no higher than the maximum of the pay band) to which the employee is being demoted. The only time the rate of basic pay will be reduced by more than 10 percent is when the employee’s rate of basic pay exceeds the maximum rate of the lower pay band after a 10 percent reduction. In this case, the employee will be placed at the maximum of the lower pay band, even though it results in more than a 10 percent reduction. Delegated authority for these actions is in accordance with [TSA MD 1100.75-3, Addressing Unacceptable Performance and Conduct](#) and the associated [Handbook](#).

NOTE: The manager proposing the performance/conduct action must retain written documentation locally, in a secure location, justifying the pay setting determination. The length of retention will be the same as the timeframe for retention of the performance/conduct documentation upon which the demotion was based. Before taking this type of adverse action, the procedures found in [TSA MD 1100.75-3, Addressing Unacceptable Performance and Conduct](#) must be followed.

Example:

An employee is demoted for performance/conduct reasons from a G band position to an E band position. The employee’s current rate of basic pay in the G band position is \$43,500. The rate range for the E band is \$30,492 to \$45,793. Based on the performance/conduct issue for which the demotion action is being taken, the proposing manager decides to reduce the employee’s rate of basic pay by 8 percent or \$3,480 ($\$43,500 \times .08 = \$3,480$). The employee’s rate of basic pay upon demotion to the E band position is set at \$40,020 ($\$43,500 - \$3,480$), which is in the E band pay range. Applicable locality pay is then added. The manager proposing the demotion action retains written documentation locally, in a secure location, to justify the pay setting action.

The chart below contains the pay setting information for this example:

Example Pay Setting Information	
Higher (G) Band Rate of Basic Pay Held	\$43,500
Range for Rate of Basic Pay for Lower (E) Band	\$30,492 to \$45,793
Reduction to Rate of Basic Pay	8%
Dollar Amount of Reduction	\$3,480
New Rate of Basic Pay After 8% Reduction	\$40,020
New Rate of Basic Pay at the Lower (E) Band	\$40,020

Example:

In 2017, an employee is demoted for conduct reasons from a G band position to an E band position. The employee’s current rate of basic pay in the G band position is \$55,300. Based on the conduct issue for which the demotion action is being taken, the proposing manager decides to reduce the employee’s rate of basic pay by 10 percent or \$5,530 ($\$55,300 \times .10 = \$5,530$). A 10 percent reduction in the employee’s rate of basic pay would result in the employee’s rate of basic pay being \$49,770 ($\$55,300 - \$5,530$). However, this amount exceeds the maximum rate of basic pay for the range of the E band. Therefore, the employee’s salary will be set at \$45,793, which is the maximum of the E band, even though it will be more than a 10 percent reduction in the rate of basic pay. Applicable locality pay is then added.

Information for this example is depicted in the chart below:

Example Pay Setting Information	
Higher (G) Band Rate of Basic Pay Held	\$55,300
Range for Rate of Basic Pay for Lower (E) Band	\$30,492 to \$45,793
Reduction to Rate of Basic Pay	10%
Dollar Amount of Reduction	\$5,530
Rate of Basic Pay After 10% Reduction	\$49,770
New Rate of Basic Pay at the Lower (E) Band Where Pay will be Set–Maximum of E Band	\$45,793

Voluntary Demotion: In a voluntary demotion, employees will have pay set below their current rate of basic pay, unless the employee meets the eligibility requirements to allow pay to be maintained as identified in Section [d.i.](#) below. If the employee meets the eligibility requirements in Section [d.i.](#), the supervisor/manager may use the employee’s current rate of basic pay to set pay in the lower pay band. This is discretionary on the part of the supervisor/manager. AAs, RDs, and equivalent may delegate the authority to approve voluntary demotions for K Band employees and below, to lower level managers within their organizations, but not lower than the Selecting Official for the lower pay band position being filled. The following criteria applies to set pay for a voluntary demotion:

PAY SETTING FOR VOLUNTARY DEMOTION	
LENGTH OF TIME IN HIGHER PAY BAND	USE OF HIGHER PAY BAND RATE OF BASIC PAY TO SET PAY IN LOWER PAY BAND
Employee has held higher pay band from which demoted for more than 104 consecutive weeks <u>immediately preceding</u> voluntary demotion.	<p>Higher pay band rate of basic pay held immediately preceding the voluntary demotion may be used to set the rate of basic pay in the lower pay band position so there is no loss in pay from the higher pay band.</p> <p>The manager may set the employee's rate of basic pay within the range of the minimum of the pay band up to the higher pay band rate of basic pay held so long as the rate of basic pay established for the lower pay band does not exceed the maximum rate of the lower pay band.</p>
Employee has held higher pay band from which demoted for 52 weeks to 104 weeks consecutive <u>immediately preceding</u> voluntary demotion.	<p>Pay may be set within the range of the minimum of the pay band up to no more than 5 percent above the rate previously held in the lower pay band as long as the rate does not exceed the maximum rate of the lower pay band or does not exceed the employee's current rate of basic pay.</p> <p>If the employee never held the lower pay band, pay may be set at no more than 5 percent above the minimum of the lower pay band.</p>
Employee has held higher pay band from which demoted for less than 52 weeks <u>immediately preceding</u> voluntary demotion.	<p>Pay may be set within the range of the minimum of the pay band up to the rate the employee held in the lower pay band before the promotion (if greater than the minimum rate of the pay band).</p> <p>If the employee never held the lower pay band, pay will be set at the minimum of the lower pay band.</p>

- i. An employee who takes a voluntary demotion after serving in a position at a higher band for more than 104 weeks immediately preceding the voluntary demotion is eligible to have the higher rate of basic pay used to set the new rate of pay in the lower pay band. Pay may be set at a rate that ensures no pay will be lost with the demotion, as long as the new pay rate in the lower pay band does not exceed the maximum for the new band. The use of this provision is discretionary with the supervisor/manager.

Example:

In 2015, an employee applies and is selected for an E band position in San Diego, CA. The employee has never held an E band. The employee is currently a G band employee in San Diego, CA, and has been in the position for 5 years. The employee's current rate of basic pay in the G band is \$43,135 with a rate of adjusted pay of \$54,773 (\$43,135 X 1.2698).

Since the employee has held the G band position for more than 104 weeks immediately preceding the voluntary demotion, the supervisor *may* set the employee's rate of basic pay anywhere within the range of the minimum rate of

basic pay for the E band (\$30,492) up to the employee’s rate of basic pay held in the G band (\$43,135), as long as this amount does not exceed the maximum rate of the E band. The range for the rate of basic pay for the E band is \$30,492 to \$45,793. Therefore, the supervisor may set the employee’s rate of basic pay in the E band anywhere within the range of \$30,492 (minimum rate of basic pay in the E band) and \$43,135 (employee’s rate of basic pay held in the G band). The supervisor decides to set the employee’s rate of basic pay at \$42,704. The locality pay rate for San Diego, CA, of 26.98 percent is added to the basic pay rate of \$42,704 ($\$42,704 \times 1.2698$) for a rate of adjusted pay in the E band of \$54,226.

The table below captures pay setting information for this example:

Example Pay Setting Information	
Higher (G) Band Rate of Basic Pay Held	\$43,135
Rate of Adjusted Pay in Higher (G) Band	\$54,773
Length of Time in Higher Band	5 years
Lower (E) Band Rate of Basic Pay Held	N/A
Range for Rate of Basic Pay for Lower (E) Band	\$30,492 to \$45,793
Range Where Basic Pay May Be Set in Lower (E) Band	\$30,492 to \$43,135
Rate of Basic Pay Approved for the Lower (E) Band	\$42,704
Adjusted Rate of Pay in the Lower (E) Band	\$54,226

Example:

In 2017, an employee requests and is approved for a voluntary demotion and change in duty station from his current J band position in Arlington, VA, to an H band position in Orlando, FL. The employee has never held the H band and has been in the higher J band position for a little more than 104 weeks. The employee’s rate of basic pay in the J band position is \$86,500. The locality pay rate in Arlington, VA is 27.10 percent; therefore, the adjusted rate of pay is \$109,942 ($\$86,500 \times 1.2710$).

The hiring official in Orlando may set the employee’s pay at the lowest rate of basic pay for the H band up to the employee’s current rate of basic pay in the J band, as long as this rate does not exceed the maximum rate of basic pay for the H band. The hiring official has agreed to set pay in the H band for this employee at the maximum rate allowable. Since the employee’s current J band rate of basic pay of \$86,500, exceeds the maximum rate of basic pay for the H band, the maximum rate of basic pay that the manager may offer is \$77,410 (the maximum rate for the H band). The locality pay rate in Orlando, FL is 15.06 percent. Based on a rate of basic pay of \$77,410, the employee’s new adjusted rate of pay will be \$89,068 ($\$77,410 \times 1.1506$).

The pay setting information for this example is reflected in the chart below:

Example Pay Setting Information	
Higher (J) Band Rate of Basic Pay Held	\$86,500
Rate of Adjusted Pay in Higher (J) Band	\$109,942
Length of time in Higher (J) Band	104+ weeks
Lower (H) Band Rate of Basic Pay Held	N/A
Range for Rate of Basic Pay for Lower (H) Band	\$49,957 to \$77,410
Range Where Pay May Be Set in Lower (H) Band	\$49,957 to \$77,410
Rate of Basic Pay Approved for the Lower (H) Band	\$77,410
Adjusted Rate of Pay in the Lower (H) Band	\$89,068

- ii. Employees who accept a voluntary demotion after serving in a position at a higher pay band for 52 to 104 weeks immediately before a voluntary demotion are eligible to have pay set at no more than 5 percent above the rate previously held in the lower band as long as this rate does not exceed the employee's current rate of basic pay or the maximum rate of the lower pay band. If the employee has never held the lower pay band, then the employee is eligible to have pay set at no more than 5 percent above the minimum of the lower pay band.

Example:

In 2016, an employee in an I band position, with a rate of basic pay of \$63,000, is promoted to a J band position, and the new rate of basic pay becomes \$73,527. After 18 months in the J band position, the employee voluntarily accepts another position in the I band. Since the employee has been in the J band position for more than 52 weeks, but not more than 104 weeks, the employee is eligible and management has the option to set the rate of basic pay at no more than 5 percent above the rate previously held in the I band. The range of basic pay for the I band is \$60,268 to \$93,465. The rate of basic pay that is no more than 5 percent above the rate previously held in the I band is \$66,150 ($\$63,000 \times 1.05$). Management has the option of setting the employee's rate of basic pay anywhere within the \$60,268 (minimum rate of basic pay for the I band) to \$66,150 (5 percent above the rate previously held in the I band) range. In this case, management decides to set the rate of basic pay at \$65,520 ($\$63,000 \times 1.04$) which is 4 percent higher than the previously held rate of basic pay in the I band of \$63,000.

The table below reflects the pay setting information for this example:

Example Pay Setting Information	
Higher (J) Band Rate of Basic Pay Held	\$73,527
Length of time in Higher (J) Band	18 months
Lower (I) Band Rate of Basic Pay Held	\$63,000
Range for Rate of Basic Pay for Lower (I) Band	\$60,268 to \$93,465
Range Where Pay May Be Set in Lower (I) Band	\$60,268 to \$66,150
Rate of Basic Pay Approved for the Lower (I) Band	\$65,520

Example:

In 2017, an employee is appointed to TSA to an I band position with a rate of basic pay of \$60,871. After 16 months in the I band position, the employee voluntarily accepts a position in the H band. Since the employee has been in the I band position for more than 52 weeks, but not more than 104 weeks, the employee is eligible and management has the option to set the rate of basic pay at no more than 5 percent above the rate previously held in the H band. In this instance; however, the employee never held the H band. Therefore, since the employee never held the H band position, management has the option of setting the employee’s rate of basic pay within the range of \$49,957 (minimum rate of the H band) to \$52,455 (5 percent above the minimum rate for the range of the H band). Management decides to set the employee’s rate of basic pay at \$52,455 (\$49,957 X 1.05).

The table below captures pay setting information for this example:

Example Pay Setting Information	
Higher (I) Band Rate of Basic Pay Held	\$60,871
Length of time in Higher (I) Band	16 months
Lower (H) Band Rate of Basic Pay Held	N/A
Range for Rate of Basic Pay for Lower (H) Band	\$49,957 to \$77,410
Range Where Pay May Be Set in Lower (H) Band	\$49,957 to \$52,455
Rate of Basic Pay Approved for the Lower (H) Band	\$52,455

- iii. Employees who are approved for voluntary demotion must have served in the higher banded position from which demoted immediately before the voluntary demotion for a minimum of 52 weeks to be eligible to have the higher rate of basic pay used to set the new rate of pay in the lower pay band. The range where pay may be set upon demotion for employees ineligible to have the higher rate of basic pay used is the minimum rate for the lower pay band up to the rate of basic pay previously held by the employee in the lower pay band. If the employee has never held the lower pay band, the employee’s rate of basic pay will be set at the minimum of the lower pay band.

Example:

An employee in an I band position, with a rate of basic pay of \$63,000, is promoted to a J band position, and the new base salary becomes \$73,527. After 10 months, the employee takes a voluntary demotion back to an I band position. Because the employee has been in the J band position less than 52 weeks, the employee’s current rate of basic pay in the J band may not be used to set the new salary. The rate of basic pay may be set within the range of \$60,871 (minimum rate of basic pay for the I band) to \$63,000 (the rate of basic pay previously held in the I band). Management decides to set the rate of basic pay at \$63,000.

The following depicts the information for this example:

Example Pay Setting Information	
Higher (J) Band Rate of Basic Pay Held	\$73,527
Length of time in Higher (J) Band	10 months
Lower (I) Band Rate of Basic Pay Held	\$63,000
Range for Rate of Basic Pay for Lower (I) Band	\$60,871 to \$94,400
Range Where Pay May Be Set in Lower (I) Band	\$60,871 to \$63,000
Rate of Basic Pay Approved for the Lower (I) Band	\$63,000

Example:

An employee has been in a G band position for 3 months and decides to take a voluntary demotion to an F band position. The employee’s current rate of basic pay is \$41,000, and this is the employee’s first appointment with TSA. Since the employee did not hold the G band for a minimum of 52 weeks, the employee’s rate of basic pay in the G band cannot be maintained. In addition, since the employee never held the F band, the rate of basic pay upon demotion will be \$34,992, the minimum of the F band.

The chart below captures the pay setting information for this example:

Example Pay Setting Information	
Higher (G) Band Rate of Basic Pay Held	\$41,000
Length of time in Higher (G) Band	3 months
Lower (F) Band Rate of Basic Pay Held	N/A
Range for Rate of Basic Pay for Lower (F) Band	\$34,992 to \$52,544
Range Where Pay May Be Set in Lower (F) Band	\$34,992 – No Range
Rate of Basic Pay Approved for the Lower (F) Band	\$34,992

Example:

In February 2013, an E band employee with a rate of basic pay of \$29,302, is promoted to an F band position with a rate of basic pay of \$33,627. In March 2014, the employee is promoted from the F band and a rate of basic pay of \$33,963, to a G band position with a base salary of \$39,752, which the employee holds for 104 weeks and 2 months. In May 2015, the employee decides to take a voluntary demotion to an F band position and management decides to use the employee’s rate of basic pay held in the G band to set pay. At that time, the employee’s rate of basic pay was \$40,715. Since the employee was in the G band position for over 104 weeks immediately before the demotion and the employee’s rate of basic pay of \$40,715, does not exceed the maximum rate of basic pay in the F band, this becomes the employee’s rate of basic pay in the F band.

Three months after the demotion to the F band, the employee decides to take another voluntary demotion, this time to an E band position. Since the action is a voluntary demotion and the employee has only held the F band position for 3 months immediately before the demotion, he is ineligible to maintain the F band salary of \$40,715. Therefore, the employee’s rate of basic pay in the lower pay band is set at the rate the employee held in the lower pay band before the promotion or at the minimum of the lower pay band if the employee never held the lower pay band. The rate of basic pay for the employee at the E band was \$29,302. Since \$29,302, is below the minimum rate of basic pay for the E band, the employee’s rate of basic pay will be set at \$29,891, the minimum rate of the E band.

The charts below reflect the pay setting information for the example above:

Example Pay Setting Information – First Demotion	
Higher (G) Band Rate of Basic Pay Held	\$39,752
Length of time in Higher (G) Band	2 years and 2 months
Lower (F) Band Rate of Basic Pay Held	\$33,963
Range for Rate of Basic Pay for Lower (F) Band	\$33,963 to \$50,999
Range Where Pay May Be Set in Lower (F) Band	\$33,963 to \$39,752
Rate of Basic Pay Approved at the Lower (F) Band	\$39,752

Example Pay Setting Information – Second Demotion	
Higher (F) Band Rate of Basic Pay Held	\$39,752
Length of time in Higher (F) Band	3 months
Lower (E) Band Rate of Basic Pay Held	\$29,302
Range for Rate of Basic Pay for Lower (E) Band	\$29,891 to \$44,007
Range Where Pay May Be Set in Lower (E) Band	\$29,891 – No Range

Example:

In 2014, an E band employee with a base salary of \$35,000 is promoted to an F band position with a base salary of \$40,000. In 2015, the employee is promoted to a G band position, with a base salary of \$48,000, which she has held for 3 months. The employee takes a voluntary demotion back to the E band. Since the employee has only held the G band rate of basic pay for 3 months, she is ineligible to maintain it. The employee’s rate of basic pay held in the E band can be used to set the maximum rate of basic pay for the voluntary demotion. Management may set the employee’s rate of basic pay on demotion to the E band within the range of \$29,595 (minimum of the E band) to \$35,000 (rate of basic pay previously held in the E band).

The following depicts the information in this example:

Example Pay Setting Information	
Higher (G) Band Rate of Basic Pay Held	\$48,000
Length of time in Higher (G) Band	3 months
Lower (E) Band Rate of Basic Pay Held	\$35,000
Range for Rate of Basic Pay for Lower (E) Band	\$29,595 to \$44,447
Range Where Pay May Be Set in Lower (E) Band	\$29,595 to \$35,000
Rate of Basic Pay Approved for the Lower (E) Band	\$35,000

- (e) Demotions for TSES Members Placed into the Core Compensation System. Demotions of TSES members may be voluntary or involuntary, and the reason for the demotion will determine the employee’s pay in the new position. To set pay in the TSA Core Compensation System, the TSES salary is divided into basic pay and locality pay. Additional information may be found in [TSA Handbook 1100.30-24, *Transportation Security Executive Service*](#). In addition, there are limitations on basic pay, adjusted pay, and biweekly pay under the Core Compensation System that would apply to these situations. Please refer to [TSA MD 1100.53-4, *Pay Limitations for TSA Employees Under the Core Compensation System \(Non-TSES\)*](#) and subsequent revisions.

- (f) Expiration/Termination of Temporary Promotion. Pay will be set at the lower band as if the employee was never promoted including all pay increases he/she would have received if the temporary promotion had never occurred (e.g., the CEI). However, if the temporary promotion was continuous for more than 52 weeks, pay may be set using the HPR of the position to which the employee was temporarily promoted. Pay set under the HPR may not exceed the maximum pay rate of the applicable pay band. Application of HPR is discretionary.

PAY INCREASE QUICK REFERENCE CHART			
Type of Pay Increase	Waiting Period Other Increases Impact	Percentage Amount	Approval Level
Promotion K Band and Below Section C. (1) & (2)	<ul style="list-style-type: none"> ▪ 90 days after first appointment with TSA ▪ No waiting period after receiving other pay increases ▪ Effective date starts 52-week waiting period to receive IBI. 	6 %	AAs, RDs, and equivalent positions - may delegate to lower level managers, but not lower than selecting official
Promotion L and M Band Section C. (1) & (3)	<ul style="list-style-type: none"> ▪ 90 days after first appointment with TSA ▪ No waiting period after receiving other pay increases ▪ Effective date starts 52-week waiting period to receive IBI. 	6 %	<ol style="list-style-type: none"> 1. AAs and equivalent positions may recommend 2. ERC approves the selection 3. AA/OHC approves final promotion percentage increase
In Band Increase (IBI) K Band and Below Section D. (1) & (2)	<ul style="list-style-type: none"> ▪ 52 week waiting period ▪ When reassigned must wait at least 90 days after effective date of the reassignment regardless of the time spent towards the 52 week waiting period ▪ Promotion re-starts the waiting period 	1% up to 3% Rare case with extraordinary circumstances up to 5%	<ol style="list-style-type: none"> 1. AAs, RDs and equivalent, or their designees, have the authority to approve IBIs up to 3 percent 2. When delegated, approving official at least two supervisory levels (not to include Lead positions which are not supervisory) above the employee for whom the IBI is requested 3. AA/OHC has delegated authority to approve an IBI above 3 percent and up to 5 percent

**TSA HANDBOOK TO
MANAGEMENT DIRECTIVE No. 1100.53-8**

<p>In Band Increase (IBI) L and M Band</p> <p>Section D. (1) & (3)</p>	<ul style="list-style-type: none"> ▪ 52 week waiting period ▪ When reassigned must wait at least 90 days after effective date of the reassignment regardless of the time spent towards the 52 week waiting period ▪ Promotion re-starts the waiting period 	<p>1% up to 3% Rare case with extraordinary circumstances up to 5%</p>	<ol style="list-style-type: none"> 1. AAs and equivalent positions may recommend up to 3% 2. Recommendations will be reviewed by the PRB 3. Presented to the Administrator for final approval/disapproval 4. Recommendations above 3% up to 5% must contain a strong justification 5. Recommendation outside the annual performance appraisal cycle should be rare and will be approved/disapproved by the AA/OHC.
<p>Supervisory IBI (SIBI) K Band and Below</p> <p>Section E. (1) & (2)</p>	<ul style="list-style-type: none"> ▪ Other prior pay increases do not affect waiting period ▪ Restarts the waiting period to receive an IBI 	<p>1% up to 3% Rare case with extraordinary circumstances up to 5%</p>	<ol style="list-style-type: none"> 1. AAs and RDs with delegated authority to approve Supervisory IBIs must be at least two supervisory levels (does not include Lead positions which are not supervisory) above the employee for whom the IBI is requested. 2. AA/OHC has delegated authority to approve a Supervisory IBI above 3% up to 5% of the employee's current rate of basic pay.
<p>Supervisory IBI (SIBI) L and M Band</p> <p>Section E. (1) & (3)</p>	<ul style="list-style-type: none"> ▪ Other prior pay increases do not affect waiting period ▪ Restarts the waiting period to receive an IBI 	<p>1% up to 3% Rare case with extraordinary circumstances up to 5%</p>	<ol style="list-style-type: none"> 1. AAs and equivalent positions may recommend up to 3% 2. Recommendations will be presented and reviewed by the AA/OHC for final approval/disapproval 3. Recommendations above 3% up to 5% must contain a strong justification

**TSA HANDBOOK TO
MANAGEMENT DIRECTIVE No. 1100.53-8**

<p>Performance Band Increase (PBI) K Band and Below</p> <p>Section G. (1) & (2)</p>	<ul style="list-style-type: none"> • Waiting period 52 weeks • One per performance cycle • Other prior pay increases do not affect PBI waiting period • No impact to waiting period for other increases after PBI received 	<p>1% up to 3%</p>	<ol style="list-style-type: none"> 1. AAs, RDs and equivalent positions, or their designees, have the authority to approve PBIs up to 3 percent 2. When delegated, approver at least two supervisory levels (does not include Lead positions) above the employee
<p>Performance Band Increase (PBI) L and M Band</p> <p>Section G. (1) & (3)</p>	<ul style="list-style-type: none"> • Waiting period 52 weeks • One per performance cycle • Other prior pay increases do not affect PBI waiting period • No impact to waiting period for other increases after PBI received 	<p>1% up to 3%</p>	<ol style="list-style-type: none"> 1. AAs and equivalent positions may recommend L or M Band employees for PBIs of up to 3 percent 2. Recommendations will be reviewed by PRB 3. Presented to the Administrator for final approval/disapproval