

1 April 2004

Civilian Personnel  
Paysetting Policy

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**\*This regulation supersedes USAREUR Regulation 690-530, 24 August 1995.**

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**Summary.** This regulation prescribes and explains practices for making discretionary paysetting decisions when allowable by law, regulations, and available funds for U.S. citizen appropriated fund (APF) employees.

**Applicability.** This regulation applies to U.S. citizen APF employees of HQ USAREUR/7A staff offices and USAREUR major subordinate and tenant commands (AE Reg 10-5, app A).

**Supplementation.** Commanders will not supplement this regulation without USAREUR G1 (AEAGA-CE) approval.

**Forms.** AE and higher-level forms are available through the Army in Europe Publishing System (AEPUBS).

**Records Management.** Records created as a result of processes prescribed by this regulation must be identified, maintained, and disposed of according to AR 25-400-2. File numbers and descriptions are available on the Army Records Information Management System Web site at <https://www.armis.army.mil>.

**Suggested Improvements.** The proponent of this regulation is the USAREUR G1 (AEAGA-CE, 375-2539). Users may suggest improvements to this regulation by sending DA Form 2028 to the USAREUR G1 (AEAGA-CE), Unit 29351, APO AE 09014-9351.

**Distribution.** C (AEPUBS).

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## 1. PURPOSE

This regulation prescribes policy and procedures for establishing pay rates for U.S. appropriated fund (APF) civilian employees in HQ USAREUR/7A staff offices and USAREUR major subordinate and tenant commands (AE Reg 10-5, app A).

## 2. REFERENCES

### a. Publications.

- (1) Title 5, United States Code, Government Organization and Employees.
- (2) Title 5, Code of Federal Regulations (CFR), parts 530 through 595.
- (3) The U.S. Office of Personnel Management Federal Wage System (FWS) Appropriated Fund Operating Manual (<http://apps.opm.gov/publications/pages/searchall.cfm>).
- (4) DOD Manual 1400.25-M, Department of Defense Civilian Personnel Manual (CPM).
- (5) AR 25-400-2, The Army Records Information Management System (ARIMS).
- (6) AR 690-500, Position Classification, Pay and Allowances.
- (7) AR 690-990-2, Hours of Duty, Pay and Leave Annotated.
- (8) AE Regulation 10-5, HQ USAREUR/7A Organization and Responsibilities.

### b. Forms.

- (1) SF 50-B, Notification of Personnel Action.
- (2) DA Form 2028, Recommended Changes to Publications and Blank Forms.

## 3. EXPLANATION OF ABBREVIATIONS AND TERMS

a. **Abbreviations.** The glossary explains abbreviations.

b. **Terms.** The definitions in 5 CFR 530, 531, and 532 will be used in administering this regulation. Performance Management and Recognition System (PMRS) employees are considered General Schedule (GS) employees for pay-administration purposes.

## 4. POLICY

USAREUR policy is to preserve, to the maximum extent possible within the framework of governing regulations, an employee's existing rate of basic pay and to use the highest previous rate (HPR) when it is in the best interest of the employing activity.

## 5. RESPONSIBILITIES

a. Managers in HQ USAREUR/7A staff offices and USAREUR major subordinate and tenant commands will ensure that the policy in this regulation is applied equally and that the principles of good fiscal management are considered, including the following:

- (1) Local conditions that affect the recruitment and retention of qualified employees.
- (2) Availability of funds to employ personnel to carry out assigned functions.
- (3) The effect a particular pay action may have on other employees in the organization.

b. Commanders and managers will make discretionary paysetting determinations on supervisory differentials in compliance with this regulation and 5 CFR 575, subpart D.

c. The civilian personnel advisory center (CPAC) staff will advise managers on relevant labor-market issues, discretionary authorities, and requirements for approval of paysetting actions.

d. The Civilian Personnel Operations Center (CPOC) will make nondiscretionary paysetting determinations and process pay actions in an accurate and timely manner according to applicable laws and regulations.

## 6. OPERATING PRINCIPLES

a. The specific rate of pay will be set in individual cases when the action becomes effective. When a former rate of pay is approved but verification of the former rate is not possible before the action becomes effective, the action may be processed at the lowest step rate of the grade. The pay rate will be subject to upward adjustment. In this case, a statement should be added to the SF 50-B to provide a basis for retroactive adjustment of the pay rate once former-rate verification is made.

b. Pay will be set using the paysetting directives of the pay system to which the employee is moving.

c. Pay cannot be set below the first step (step 1) or above the last step of the grade (step 10 of GS grades or step 5 of Federal Wage System (FWS) grades) unless authorized under grade- or pay-retention regulations.

d. Pay on simultaneous actions is generally set in the order that gives the employee the maximum benefit. The one exception is when there is an annual pay adjustment that is effective on the same day as another pay action. When this happens, the pay adjustment increase must be processed first.

e. An employee's existing rate of pay will be preserved to the maximum extent possible in all reduction-in-force (RIF) and transfer-of-function (TOF) actions to which grade-retention or pay-retention regulations do not apply.

## 7. DETERMINING PAY RATES

Pay will be set according to the references in paragraph 2a and as follows:

**a. New Appointment.** The pay rate for an employee who has no previous Federal service will normally be set at the minimum rate of the grade to which appointed. Superior qualification appointments may be made by reappointment when the employee has a break in service of at least 90 calendar days and at a rate higher than the minimum step when approved by the commander or organization head. The approval must be granted before the appointment.

**b. HPR.** The pay of an employee or former employee who is reemployed, transferred, reassigned, promoted, or demoted should be fixed using the HPR when the rate was earned while the employee served on a regular tour of duty under—

(1) A permanent appointment.

(2) A temporary appointment (employee must have served on an appointment for more than 90 days or a continuous period of at least 90 days).

(3) A temporary promotion (employee must have served at the promoted level for at least 1 year or held a temporary promotion for less than 1 year before being permanently placed at the same or a higher grade).

**c. Special Salary Rates.** Special salary rates will be used as the HPR when all of the following apply:

(1) The special rate of pay is the employee's current rate of basic pay.

(2) The employee is being reassigned to another DOD position.

(3) The gaining management official determines that the employee's contribution to the agency's program will be greater in the position to which the employee is being reassigned.

**d. Change to Lower Grade.**

**(1) Change Initiated by Management (Change to Lower Grade of Employee Ineligible for Grade- or Pay-Retention Benefits).** Except as provided in (2) and (3) below, when an employee who is ineligible for grade or pay retention benefits is changed to a lower grade, pay will be fixed in the new grade at a step rate that preserves (as closely as possible) the employee's existing rate of basic pay. If the employee's existing rate of basic pay falls between two steps in the lower grade, the pay will be set at the higher step. When appropriate, the HPR rule may be applied.

**(2) Change Initiated by Management (Change to Lower Grade Based on Inadequate Performance or Adverse Action).** When a change to a lower grade is the result of inadequate job performance, loss of security clearance, or other adverse action, the employee's pay will be fixed not to exceed the existing rate of basic pay. If the employee's existing rate of basic pay falls between two steps of the lower grade, pay will be set at the lower step. If the employee's existing rate of basic pay exceeds the top step of the lower grade, pay will be set at the top step of the lower grade.

**(3) Change to Lower Grade Following Temporary Promotion.** On change to a lower grade following a temporary promotion for less than 1 year, pay will be set at the step the employee would have earned had the temporary promotion not occurred. HPR will not apply.

**(4) Failure to Satisfactorily Complete Probationary Period.** An employee who is changed to a lower grade because of failure to satisfactorily complete the required supervisory probationary period will have pay set at the step the employee would have earned had the employee not been promoted to the higher grade.

**e. Changes Initiated by the Employee.**

(1) An employee who voluntarily accepts a change to a lower grade will have pay set as close to his or her current rate of basic pay as possible. If the current rate of pay falls between two steps in the grade to which being placed, pay will be set at the higher step.

(2) An employee who accepts a change to a lower-graded position when that position has known promotion potential to the grade currently held by the employee will have his or her pay set at a rate that would provide the employee no greater benefit on repromotion than he or she would have attained had the employee remained in the grade. The promotion potential of the position cannot be based on a formal training program.

(3) An employee who accepts a change to a lower grade to enter a formal training program (for example, Upward Mobility Program, Apprenticeship Program, Career Intern Program) will have his or her pay set at the minimum rate in the lower grade that equals or exceeds his or her current rate of basic pay. If the current rate of pay falls between two steps in the grade to which the employee is being placed, the pay will be set at the higher step. If the current rate exceeds the maximum rate (step 10) of pay to which assigned, the employee will be entitled to pay retention.

**f. Nonappropriated Fund (NAF) Employee Moving to an APF GS Position.**

(1) A DOD NAF employee who is moved involuntarily to a DOD APF position without a break in service of more than 3 days as a result of the movement of the position from the DOD NAF system to the civil service system in DOD will receive pay protection (including pay retention) at the level of the last basic rate of pay. This does not apply to a management decision to abolish a NAF position and move an employee to a new or existing APF position.

(2) A DOD NAF employee who moves voluntarily to a position in the DOD APF system without a break in service of more than 3 days will have his or her pay set under the GS system at any step rate within the grade to which he or she is being assigned that does not exceed the HPR earned in the NAF position. If the current rate of pay falls between two steps in the grade to which the employee is being assigned, the pay will be set at the lower step.

**g. Pay Retention.** Pay retention will be provided to an employee whose rate of basic pay would otherwise be reduced because the employee—

(1) Accepted a lower-graded position designated in advance as hard to fill.

(2) Declined a TOF to a location outside the commuting area or non-receipt of an offer at the gaining activity and placement in a lower-graded position serviced by the Civilian Human Resource Agency (CHRA).

(3) Accepted a lower-graded position for nondisciplinary reasons because of ill health.

(4) Lost military status through no fault of his or her own after service as a National Guard technician when the employee accepts a lower-graded, competitive-service position.

(5) Is the incumbent of a position that has been abolished while the incumbent was not serving on a mobility agreement and the incumbent declined an offer outside the commuting area and was placed in a lower-graded position in the commuting area.

(6) Applied for a position serviced by CHRA and was selected from the continental United States (CONUS) through a formal recruitment program. In these cases, the vacancy announcement will advise all potential applicants that pay retention will be offered to selectees whose pay would otherwise be reduced if selected for the position.

(7) Was in a formal employee-development program (for example, Upward Mobility, Career Intern Program).

## **8. SUPERVISORY DIFFERENTIAL**

a. Supervisors in a GS position who regularly have responsibility for supervising one or more wage grade (WG) employees may have their salary adjusted to a rate higher than the highest rate of basic pay of the WG employees supervised. This does not apply to a supervisor occupying a GS position who is on grade- and pay-retention for an FWS position (for example, WG, WL, WS), but is assigned to a supervisory GS position. The request will be initiated by the employee's immediate supervisor and approved by the second-line manager.

b. The adjustment in pay may not cause the supervisor's continuing pay to exceed the continuing pay of the highest paid subordinate not under the GS system by more than 3 percent. Pay will be determined according to 5 CFR 575.405.

## GLOSSARY

AE	Army in Europe
APF	appropriated fund
AR	Army regulation
CFR	Code of Federal Regulations
CHRA	Civilian Human Resource Agency
CONUS	continental United States
CPAC	civilian personnel advisory center
CPOC	Civilian Personnel Operations Center
DOD	Department of Defense
FWS	Federal Wage System
GS	General Schedule
HPR	highest previous rate
HQ USAREUR/7A	Headquarters, United States Army, Europe, and Seventh Army
NAF	nonappropriated fund
PMRS	Performance Management and Recognition System
RIF	reduction in force
TOF	transfer of function
U.S.	United States
USAREUR	United States Army, Europe
WG	wage grade