



The Transportation Security Administration shall adhere to Title 5 pay rules except to the extent that the Federal Aviation Administration or TSA has issued a policy that varies from a Title 5 pay rule.

1. **PURPOSE:** This directive provides the procedures for entitlement to pay retention. It supersedes HRM Letter No. 536-1, Interim Policy on Pay Retention, September 12, 2003.
2. **SCOPE:** This directive applies to all TSA employees on permanent appointments or appointments of five (5) years or more.
3. **AUTHORITIES:** Aviation Transportation Security Act.
4. **DEFINITIONS:**
 - A. **Pay retention:** the retention of an employee's rate of basic pay when the employee is involuntarily reduced in pay band within TSA, for reasons other than cause, and if the employee's rate of basic pay will not fit within the pay range of the lower pay band. Additionally, pay retention may be applied to a voluntary reduction subject to the conditions outlined below.
5. **RESPONSIBILITIES:** Management is responsible for following the provisions of this directive in situations that may entitle an employee to pay retention.
6. **POLICY AND PROCEDURES:**
 - A. Eligibility for Pay Retention
 - (1) Pay retention shall be extended to any employee moving to another TSA position whose rate of basic pay is reduced as a result of Reduction in Force (RIF).
 - (2) Pay retention shall also be extended to an employee as the result of:
 - (a) Voluntary reduction in pay band level within TSA in lieu of RIF procedures, if the reduction assists management in avoiding a RIF, after management has announced a reorganization, transfer, or RIF in writing. The position at the reduced pay band must be in the *same commuting area*. Generally, the announcement will be signed at the Assistant Administrator or Office Director level, or higher; or
 - (b) As a result of the employee's declination of an offer to transfer with his or her TSA function to a location outside the current commuting area.
 - (3) Management has the discretion to provide pay retention as the result of the following:
 - (a) Reduction in pay band level by virtue of demotion under competitive procedures for developmental purposes under an established TSA career progression plan that specifies

such a reduction in pay band will carry entitlement to pay retention. As 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 to reach short-range and long-range career goals;
 - (iv) Identify candidates most qualified; and
 - (v) Allow for progression by providing developmental opportunities.
- (b) Voluntary reduction in Pay Band level within TSA in lieu of RIF procedures, if the reduction assists management in avoiding a RIF, after management has announced a reorganization, transfer, or RIF in writing, if the position is outside the employee's *commuting area*. (If the position at the reduced pay band is in the same commuting area, the employee has a mandatory entitlement to pay retention under B(2)(a) above.)
- (c) Placement of the employee in a position that TSA has determined is hard-to-fill. Assistant Administrators or their designees have the authority to establish criteria to be used to determine if a position or group of positions is hard-to-fill.

B. Duration of Pay Retention

Pay retention is granted for an indefinite period following the effective date of the action warranting pay retention.

C. Termination of Pay Retention

An employee's entitlement to pay retention is terminated if the employee:

- (1) Becomes entitled to a rate of basic pay that is equal to or higher than the employee's retained pay rate;
- (2) Declines a reasonable offer of a position in the same or a 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;
- (3) Is further demoted for personal cause or at the employee's request; or
- (4) Has a break in service of one workday or more.

D. Determination of Rate of Basic Pay

- (1) When an employee becomes eligible for pay retention, the retained rate is the employee's existing rate of pay (i.e., basic pay rate excluding additional pay of any kind, such as premium or locality pay). The applicable locality pay percentage will be factored in to produce the adjusted pay rate.
- (2) The retained pay rate may not exceed 150 percent of the pay range maximum of the band to which reduced. For example, if a Supervisory Transportation Security Screener (G Band) earning \$56,400 a year is demoted to a Transportation Security Screener (D Band), his/her retained pay basic pay rate will be \$53,100, 150% of the maximum rate of the D Band - \$35,400. The applicable locality rate will then be factored into his/her retained rate.

E. 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.

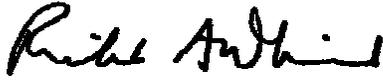
F. Pay Setting During a Period of Pay Retention

- (1) During a period of pay retention, an employee will receive 50% of any annual pay adjustment percentage, such as the Comparability Equivalent Increase, 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 range of the band for the position occupied, the employee's pay will be set at that rate in the appropriate pay band. For example, if a Supervisory Transportation Security Screener (G Band) earning \$56,400 a year is demoted to a Transportation Security Screener (D Band), his/her retained pay basic pay rate will be \$53,100, 150% of the maximum rate of the D Band - \$35,400. If a subsequent 2 percent CEI is processed, the employee will receive an increase of \$354, half of the CEI computed on the maximum pay rate for the D Band. His/her new rate, \$53,454, will then be adjusted by the applicable locality rate.
- (2) If an employee on pay retention receives a performance increase (e.g., the Transportation Success Increase) during the period of pay retention, he/she is entitled to the full percentage of the increase, and it will be made as a lump-sum payment.
- (3) When an employee on pay retention is promoted, management should consider the employee's pay level within the new band. For example, if an employee is being re-promoted to a pay band previously held, and the retained pay is similar to what the employee would have been earning had he/she not been downgraded, the manager should consider a zero percent increase.

7. EFFECTIVE DATE & IMPLEMENTATION:

This policy is effective immediately upon signature.

APPROVAL



Richard A. Whitford
Assistant Administrator for Human Resources

July 15, 2004
Date

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