



TSA Office of
**Human
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Handbook

TSA MD 1100.53-7 Handbook

Setting Pay Upon Appointment

Effective: January 15, 2009



Transportation
Security
Administration



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 Until such time as TSA MD 1100.53-7 is rescinded, the Management Directive, Handbook, and any Attachments or Appendices are considered TSA policy, and must be applied accordingly.

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A. Introduction:

This handbook will help hiring officials set pay of candidates for TSA positions, in the Core Compensation System, who will be appointed for the first time to Federal positions or reappointed to Federal positions after breaks in service, generally of at least 90 days. Information contained in this handbook will also help hiring officials to set pay in a manner that takes into consideration the experience of the candidates in relation to the work to be performed, to the mission of the organizations served and to pay received by other employees who occupy similar positions in the same organization. Additional tools are discussed in Section H of this handbook that may be used to develop total compensation packages that help to attract candidates to TSA positions. [TSA Form 1153-1, New-hire Salary Decision Tool](#), is available to help document pay-setting decisions.

B. Definitions:

1. 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 those positions. Positions in the Core Compensation System are in pay plan SV.
2. Cost-of-Living Adjustment (COLA): An allowance paid to TSA employees assigned to designated locations outside the Continental United States where living costs are substantially higher than in the Washington, DC area.
3. Geographic Differentials: Non-Federal pay differentials established for the same job based on variations in costs of living or costs of labor among two or more geographical areas.
4. Highest Previous Rate (HPR) of Pay: HPR is the highest rate of basic pay previously earned by employees, excluding pay of any other kind including, but not limited to, locality pay and premium pay.
5. Law Enforcement Availability Pay (LEAP): LEAP shall be 25 percent of Criminal Investigators' (1811) or Federal Air Marshals' (1801) rates of adjusted pay, subject to the biweekly earnings limitation on pay. LEAP compensates eligible employees for unscheduled duty in excess of their basic 40-hour basic workweeks and ensures their availability to perform unscheduled duty that meets the needs of the agency. In order to receive LEAP, eligible employees must work, or as determined by their Assistant Administrators, be available to work, a minimum annual average of two hours of unscheduled overtime per non-excludable regular workday. TSA LEAP is paid under the independent pay setting authority of TSA and for the purposes of administration follows the provisions of 5 U.S.C. §5545a and 5 C.F.R. §550.181 through 550.186.

6. Locality Pay: Locality-based comparability payments payable to TSA employees with duty locations in the Continental United States who are covered by the Core Compensation System.
7. Newly Hired Employee: For purposes of this directive and handbook, employees appointed for the first time to Federal positions, or reappointed, after breaks in service, generally of 90 days or longer, by TSA to positions covered by the Core Compensation System.
8. Pay Band: A level in TSA's compensation and position classification framework that sets a minimum and maximum rate of basic pay for an occupation based on position category (e.g., Professional, Technical, Specialized, etc.), duties, competencies, and level of responsibility. TSA uses 13 pay bands representing all of its occupations.
9. Premium Pay: Compensation in the form of overtime pay, compensatory time off in lieu of overtime, danger pay allowances, hazardous duty pay, holiday pay, night pay differential, split-shift differential, Sunday pay, and LEAP.
10. Rate of Adjusted Pay: The rate of basic pay and locality pay before any deductions.
11. Rate of Basic Pay: The rate of pay for positions to which employees are or will be newly appointed. An employee's rate of basic pay includes a retained rate, but excludes additional pay of any kind (e.g., locality pay, overtime, other forms of premium pay, etc.). Basic pay is also commonly known as base salary.

C. Determining the Rate of Basic Pay in a Non-TSA Position:

- (1) Basic pay for current or former Federal employees means the annual rate of pay for the position held by the employee, before any deductions. Basic pay for current or former Federal employees excludes additional pay of any kind including, but not limited to, a General Schedule (GS) or other special salary rate, locality pay or foreign/non-foreign cost-of-living adjustments, LEAP, and other forms of premium pay.
- (2) For purposes of this directive and handbook, basic pay for individuals working in private sector positions is the annual rate of pay for the positions, including any applicable geographic differentials (similar to Federal locality pay). Basic pay for individuals working the private sector excludes any lump sum bonuses, monetary value of benefits, profit sharing, or other form of compensation or differentials that is not considered basic pay.
 - (a) When individuals move from positions in which they are paid on hourly basis to positions covered by the Core Compensation System, it is necessary to

establish equivalent annual rates of pay. To establish annual rates of pay, multiply individuals' hourly rates of basic pay by 2087.

- (b) Basic pay shall be verified using candidates' current earnings statements or with their employers.
- (c) Basic pay for members of the military means the rates of pay for the ranks/positions occupied by the candidates plus the appropriate Basic Allowance for Housing (BAH) and Basic Allowance for Subsistence (BAS). BAH and BAS are generally contained in Personal Statements of Military Compensation furnished to members of the military. Reduce total pay by the appropriate locality percentages for the areas in which candidates' are employed.

D. Establishing Pay for Newly Hired Employees:

Generally employees newly hired to TSA will be paid at the minimum of the pay band for the position. However, hiring officials have the authority to set basic pay above the minimum, as described in Section F of this handbook, but no higher than the maximum of the pay band for the position.

E. Highest Previous Rate (HPR) of Pay:

- (1) Matching or exceeding employees HPR is discretionary with the hiring officials.
- (2) Employees are not entitled to their HPR.
- (3) Hiring officials may use employees' HPR to slot pay into the appropriate pay band for the position to which the individual is being hired.
- (4) Pay may be set no lower than the minimum of the pay band or no higher than the maximum of the pay band.
- (5) If the HPR was earned in prior years, update the rate of basic pay in the pay system in which it was earned to reflect the current rate.

F. Setting Pay Above the Minimum of the Band:

- (1) At hiring officials' discretion, appointments may be made at rates above the minimum rates of pay bands when candidates' education and/or specialized experience demonstrate their possession of superior skills and abilities to perform the duties of the positions for which they are being hired. Specialized experience must be in, or related to, the work of the positions being filled. Pay may not be set above the maximum rates of pay bands.

- (2) HPR may be used to set pay upon appointment. HPR is generally used to set pay for current or former Federal employees; however, similar techniques may be used to set pay upon appointment for non-Federal candidates being considered for TSA employment.
- (3) Use [TSA Form 1153-1, New-hire Salary Decision Tool](#), to document decisions to set pay above the minimum of the pay band when candidates' specialized experience demonstrates that they possess advanced skills and abilities relevant to the work of the positions being filled. For instance, candidates for Transportation Security Officer (TSO) positions must possess specialized experience directly related to passenger and/or baggage screening to be considered for pay above the minimum of the D band or other to which the candidate is hired, as appropriate, if a TSO is reemployed. Use of [TSA Form 1153-1, New-hire Salary Decision Tool](#), is optional when pay is set at the minimum of the pay band.
- (4) Compare the candidates' proposed pay and specialized experience with that of incumbents in the same or similar positions within the work group. This may help to avoid situations where new employees are paid substantially more than current TSA employees who may have greater specialized experience.
- (5) The final decision concerning candidates' pay should reflect the overall needs of the organization.

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

The hiring official should:

- (1) Interview the candidates to determine whether they possess specialized experience directly related to the work required of the positions being filled. Specialized experience should be:
 - (a) Directly related to the position being filled and
 - (b) Current or generally no more than one year old.

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

- (2) Document candidates' specialized experience using [TSA Form 1153-1, New-hire Salary Decision Tool](#).

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- (3) Determine current or last rate of basic pay by review pay documents provided by the candidates (e.g., leave and earnings statements, W-2s, SF-50s, etc.)
- (a) For unemployed candidates, who have never worked for the Federal government, and who have firm written offers from another government or private sector organization, document the salary offer on [TSA Form 1153-1, New-hire Salary Decision Tool](#).
 - (b) If appropriate, document HPR, or the current equivalent, on [TSA Form 1153-1, New-hire Salary Decision Tool](#).
 - (c) Compare candidates' current or last rate of basic pay to the pay range in the appropriate TSA pay bands for the positions being filled.
 - (d) Determine the rate of pay for candidates from the military, private sector, or other government (e.g., United States Postal Service, state or local government) using the following steps:
 - (i) Reduce candidates' total basic pay by the appropriate locality percentage for the areas in which the candidates is employed.
 - (ii) Multiply the remainder by the percentage increase in pay, if any, to be awarded upon appointment.
 - (iii) Multiply the result in Section G(3)(d)(ii) by the applicable locality percentage or COLA for area in which candidates will be employed.
 - (e) When applying the HPR for current or previous Federal employees, use the rate of basic pay only (excluding locality pay).
 - (f) Candidates' pay upon appointment may exceed candidates' current salaries. However:
 - (i) Candidates should not receive a windfall increase in pay upon appointment to TSA

NOTE: Windfall increase in pay may place the candidates' pay significantly above that of other, more experienced TSA employees in the same or similar positions within the work group/organization to which the candidate is hired.
 - (ii) TSA management may set pay upon appointment at any rate between the minimum of the pay band and the rate derived from [TSA Form 1153-1, New-hire Salary Decision Tool](#).

H. Additional Tools for Pay Setting:

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

I. Setting Pay Upon Appointment - Examples:

NOTE: Examples provided below reflect 2009 pay bands and locality or COLA rates. Although increases to candidates' pay upon appointment may be desirable, it is not a TSA requirement. Decisions to set pay upon appointment should be based on organizational needs and mission requirements, specialized experience brought to TSA by candidates for employment, and impact upon the organization, including salaries paid to TSA employees holding similar positions and budget requirements.

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

Step 1: Determine the Candidate's Current Base Pay: Washington, DC locality pay is 23.10% in 2009. Therefore, the candidate's current pay is reduced by 23.10% ($\$100,000 \div 1.2310$) = \$81,235.

Step 2: Determine TSA's Proposed Basic Pay Including a 2% Pay Increase: \$81,235 is multiplied by 1.02 (the 2% pay increase) = \$82,860.

Step 3: Determine TSA's Proposed Adjusted Pay Including a 2% Pay Increase: \$82,860 is multiplied by 1.2310 (Washington, DC locality) = \$102,001.

Step 4: Compare TSA's proposed pay to the pay of other employees in the work group/organization. Determine whether pay is set abnormally high and whether any

adjustments should be made. No adjustment is necessary and the candidate's pay upon appointment will be \$102,001.

Example 2: A candidate is offered employment as a TSO, D band, in Albuquerque, NM. The individual has approximately one year of specialized experience as a contract security guard for a private company performing work at the county courthouse in Albuquerque. However, the hiring official, based on review of the individual's specialized experience, wishes to set pay upon appointment at the minimum of the band. Pay will, therefore, be set at the minimum of the D band \$25,141 plus applicable locality (13.86% in Albuquerque, NM). The individual's rate of adjusted pay upon appointment will be \$28,626.

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

Step 1: Determine the Candidate's Current Base Pay. New York City locality pay is 27.96%. The candidate's current base pay is reduced by 27.96% ($\$95,000 \div 1.2796$) = \$74,242.

Step 2: Determine TSA's Proposed Basic Pay Including a 4% Pay Increase: \$74,242 should be multiplied by 1.04 (the 4% pay increase) = \$77,212.

Step 3: Determine TSA's Proposed Adjusted Pay Including a 4% Pay Increase. \$77,212 is multiplied by 1.2796 (New York City locality) = \$98,801.

Step 4: Compare TSA's proposed pay to the pay of other employees in the work group/organization. Determine whether pay is set abnormally high and whether any adjustments should be made. No adjustment is necessary and the candidate's pay upon appointment will be \$98,801.

Example 4: A candidate is offered employment to fill a vacant J band position at O'Hare International Airport in Chicago, IL. Based on the candidate's specialized experience and TSA mission requirements, the hiring official wishes to set pay using the employee's HPR and does plan on providing a pay increase. The candidate is currently employed by the State of Missouri and earns \$85,792 per year. The candidate was previously employed by TSA in Washington, DC, as a J band, earning a rate of basic pay of \$83,000 per year in 2005. Washington DC locality in 2005 was 15.98%, so the candidate's rate of adjusted pay in 2005 was \$96,263.

Step 1: Determine the Candidate's HPR. Bring the candidate's rate of basic pay, earned while employed by TSA, in 2005 (\$83,000) to current levels in 2009. The TSA comparability equivalent increases (increases to rates of basic pay) were 2.1%

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(\$84,743) in 2006, 1.7% (\$86,184) in 2007, 2.5% (\$88,339) in 2008, and 2.9% (\$90,901) in 2009.

Step 2: Compare the Candidate's HPR to Current Base Pay. Is pay setting more advantageous to the candidate using HPR versus current salary as an employee of the State of Missouri? The candidate's HPR earned as a Federal employee (\$90,901) is greater than his/her current base pay with the State of Missouri (\$85,792 minus the applicable locality pay).

Step 3: Determine TSA's Proposed Adjusted Pay. \$90,901 (equivalent rate of basic pay in 2009) is multiplied by 1.2447 (Chicago, IL locality pay rate is 24.47%) = \$113,145.

Step 4: Compare TSA's proposed pay to the pay of other employees in the work group/organization. Determine whether pay is set abnormally high and whether any adjustments should be made. In this case, the candidate possesses critical experience essential to TSA mission requirements and the HPR (determined in Step 2) does not place the employee substantially above other employees performing similar work in Chicago. Therefore, the candidate's pay is set at \$113,145.

Example 5: A candidate is offered employment to fill a TSO position in Orlando, FL. The individual was employed as a TSO, D band, and LTSO, F band, in Atlanta, GA prior to resigning from TSA in 2007 after 3 years of employment. The employee's HPR in 2007 was at a rate of basic pay of \$33,500. After leaving TSA, the employee worked in Orlando part-time as a security guard at a lower rate of pay. Based on the candidate's specialized experience and work history with TSA, the hiring official wishes to hire the individual as a TSO, E band, using HPR.

Step 1: Determine the Candidate's HPR. Bring the candidate's rate of basic pay, earned while employed by TSA, in 2007 (\$33,500) to current levels in 2009. The TSA comparability equivalent increase was 2.5% (\$34,338) in 2008 and 2.9% (\$35,334) in 2009.

Step 2: Determine TSA's Proposed Adjusted Pay. \$35,334 (equivalent rate of basic pay in 2009) is multiplied by 1.1386 (Orlando, FL locality pay rate is 13.86%) = \$40,231.

Step 3: Compare TSA's Proposed Pay to the Pay of Other Employees in the Work Group/Organization. Determine whether pay is set abnormally high and whether any adjustments should be made. The hiring official determines that the candidate's rate of adjusted pay does not vastly exceed other TSO E bands, with similar specialized experience, assigned to Orlando. Consequently, the candidate's pay upon appointment will be \$40,231.

Example 6: A candidate has been selected for a Bomb Appraisal Officer (BAO) I band position. The hiring official wishes to match the candidate's current annual pay

because of his/her experience in the military using explosives. The candidate's last leave and earning statement includes BAS (\$294.43), BAH (\$1,219), and her Basic Pay (\$4,163.24). Both the candidate's current duty station and the new position with TSA are located in Denver, CO with a locality rate of 22.03%. What rates would be used to calculate basic pay? What is the candidate's current total salary? The candidate's monthly pay is \$5,677.

Step 1: Determine the Candidate's Current Pay. Determine total salary (\$5,677 monthly pay multiplied by 12) = \$68,124 (Include Base \$4,163 + 294.43 (BAS) + 1,219 (BAH)).

Rate of Basic Pay in Denver ($\$68,124 \div 1.2203\%$) = \$55,826.

Rate of Adjusted Pay in Denver: \$55,826 multiplied by 1.2203 = \$68,125.

Step 2: Compare TSA's proposed pay to the pay of other employees in the work group/organization. Determine whether pay is set abnormally high and whether any adjustments should be made. The candidate's pay does not exceed other TSA employees occupying similar positions in Denver. Therefore, the candidate's pay upon appointment will be \$68,125.

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

Step 1: Determine the Candidate's Current Base Pay. This individual's current annual salary is \$114,000 (basic pay = \$100,000 plus \$14,000 geographic differential). The San Francisco locality rate is 34.35%. Therefore, the candidate's current annual salary (\$114,000) is reduced by 34.35% ($\$114,000 \div 1.3435$) = \$84,853.

Step 2: Determine TSA's Proposed Basic Pay Including a 5% Pay Increase. \$84,853 is multiplied by 1.05 (the 5% pay increase), equaling \$89,096.

Step 3: Determine TSA's Proposed Adjusted Pay Including a 5% Pay Increase. The individual's rate of basic pay upon appointment (\$89,096) is multiplied by 1.3435 to reflect the locality pay in San Francisco, equaling \$119,701.

Step 4: Compare TSA's proposed pay to the pay of other employees in the work group/organization. Determine whether pay is set abnormally high and whether any adjustments should be made. The candidate's pay does not exceed other TSA employees occupying similar positions in San Francisco. Therefore, the candidate's pay upon appointment will be \$119,701.

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

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

Step 1: Determine the Candidate's Current Base Pay. The individual's current annual salary is \$82,250, and USPS does not differentiate between base pay and locality pay. The Reno locality rate is 13.86%. Therefore, the candidate's current annual salary (\$82,250) is reduced by 13.86% ($\$82,250 \div 1.1386 = \$72,238$).

Step 2: Determine TSA's Proposed Basic Pay Including a 5% Pay Increase. \$72,238 is multiplied by 1.05 (the 5% pay increase), equaling \$75,850.

Step 3: Determine TSA's Proposed Adjusted Pay Including a 5% Pay Increase. The individual's rate of basic pay upon appointment (\$75,850) is multiplied by 1.2310 to reflect the locality pay in Arlington, VA, equaling \$93,371.

Step 4: Compare TSA's proposed pay to the pay of other employees in the work group/organization. Determine whether pay is set abnormally high and whether any adjustments should be made. The candidate's pay does not exceed other TSA employees occupying similar positions within the same work group at headquarters. Therefore, the candidate's pay upon appointment will be \$93,371.

Example 10: A candidate is currently employed as an Information Technology Specialist (ITS), GS 2210, GS-9. The candidate's current ITS position is covered by a GS special salary rate; the special salary rate includes locality for the Washington, DC area where the candidate is currently employed. The candidate's current special salary rate as a GS-9, Step 3, is \$56,783 in 2009 (see Special Rate Table 999C for 2009). The candidate has exceptional education and experience, so the hiring official proposed to offer a salary increase 5% above the candidate's current special salary rate. The candidate has been offered an H band (GS-11/12 equivalent), SV 2210, ITS position at TSA in Arlington, VA; the SV 2210 occupational series is covered by TSA's Technical job category under the Core Compensation System.

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Step 1: Determine the Candidate's Current Base Pay. Since the special salary rate includes locality, determine base pay. Base pay for a GS-9, step 3, is \$43,679 in 2009.

Step 2: Determine TSA's Proposed Basic Pay increase Including a 5% Pay Increase. \$43,679 is multiplied by 1.05 (the 5% pay increase), equaling \$45,863. The minimum rate of basic pay for the H band is \$47,298.

Step 3: Determine TSA's Proposed Adjusted Pay Including a 5% Pay Increase. The individual's rate of basic pay upon appointment (\$47,298) is multiplied by 1.2310 to reflect the 23.10% locality pay in Arlington, VA, equaling \$58,224. However, this rate of adjusted pay does not fulfill the hiring official's request to set pay 5% above the candidate's current special salary rate. \$56,783 is multiplied by 1.05 (5% above the candidate's current special salary rate), equaling \$59,622; of that amount, \$48,434 ($\$59,622 \div 1.2310$) is the candidate's rate of basic pay and \$59,622 is the candidate's adjusted rate of pay.

Step 4: Compare TSA's proposed pay to the pay of other employees in the work group/organization. Determine whether pay is set abnormally high and whether any adjustments should be made. The candidate's pay does not exceed other TSA employees occupying similar positions within the same work group at headquarters. Therefore, the candidate's pay upon appointment will be \$59,622.

Example 11: A candidate is currently employed as an Information Technology Specialist (ITS), GS 2210, GS-9. The candidate's current ITS position is covered by a GS special salary rate; the special salary rate includes locality for the Washington, DC area where the candidate is currently employed. The candidate's current special salary rate as a GS-9, Step 3, is \$56,783 in 2009 (see Special Rate Table 999C for 2009). The candidate has been offered a G band (GS-5/7/9 equivalent), SV 2210, ITS position at TSA in Arlington, VA; the SV 2210 occupational series is covered by TSA's Technical job category under the Core Compensation System. The hiring officials requests that the candidate's current special salary rate be used to set pay upon appointment.

Step 1: Determine the Candidate's Current Base Pay. Since the special salary rate includes locality, determine base pay. Base pay for a GS-9, step 3, is \$43,679 in 2009.

Step 2: Determine TSA's Proposed Basic Pay increase. No pay increase has been proposed by the hiring official. The minimum rate of basic pay for the G band is \$38,776.

Step 3: Determine TSA's Proposed Adjusted Pay. The individual's rate of basic pay upon appointment (\$43,679) is multiplied by 1.2310 to reflect the 23.10% locality pay in Arlington, VA, equaling \$53,769. This rate of adjusted pay does not meet the hiring official's request to use candidate's current special salary rate to set pay upon

appointment. To achieve the candidate's current special salary rate, that rate was reduced by applicable locality pay ($\$56,783 \div 1.2310 = \$46,128$). Reapplying the locality rate for Washington, DC, the candidate's adjusted pay is ($\$46,128 \times 1.2310$) $\$56,784$. The candidate's current special salary rate is slightly exceeded.

Step 4: Compare TSA's proposed pay to the pay of other employees in the work group/organization. Determine whether pay is set abnormally high and whether any adjustments should be made. The candidate's pay does not exceed other TSA employees occupying similar positions within the same work group at headquarters. Therefore, the candidate's pay upon appointment will be $\$56,784$.

Example 12: A candidate is offered employment to fill a vacant H band managerial position in Anchorage, AK. The individual worked as a supervisor of security operations for an airline in Denver, CO until job cuts abolished his/her position in May 2008. The individual's salary at the time of the abolishment of his/her position was $\$90,000$. The pay range (excluding the applicable COLA) for the H band is $\$47,298$ to $\$73,291$.

Step 1: Determine the Candidate's Current Base Pay. The individual's annual salary was $\$90,000$ prior to abolishment of his/her job in May 2008. The Denver locality rate is 22.03%. Therefore, the candidate's annual salary ($\$90,000$) is reduced by 22.03% ($\$90,000 \div 1.2203 = \$73,752$). This is above the maximum of the H band ($\$73,291$).

Step 2: Determine TSA's Proposed Basic Pay. $\$73,291$ (maximum of the H band).

Step 3: Determine TSA's Proposed Adjusted Pay. The COLA for Anchorage, AK is 23% in 2009. The individual's rate of basic pay upon appointment ($\$73,291$) is multiplied by 1.23 to reflect the COLA in Anchorage, equaling $\$90,148$.

Step 4: Compare TSA's proposed pay to the pay of other employees in the work group/organization. Determine whether pay is set abnormally high and whether any adjustments should be made. In this situation, the candidate will be paid at the top of the H band. Two other employees are assigned to the same H band position in Anchorage. One employee earns adjusted pay of $\$82,250$ (employed by TSA since 2002) and the other employee earns adjusted pay of $\$68,250$ (employed by TSA since 2006).

Both of the TSA employees possessed significant relevant work experience in the security field prior to joining TSA. However, the second TSA employee earning $\$68,250$ has less managerial experience than the other TSA employee and the candidate selected for the H band position.

The candidate selected also possesses significant experience in security operations, primarily in the airline industry. Because the experience levels of the selected candidate and two TSA employees are similar, but the candidate only has experience

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with TSA operations from his/her perspective in the private sector, the hiring official wishes to extend an offer of base pay to the candidate of \$66,000 with adjusted pay (23% COLA) equaling \$81,180.

Although the pay offered is near the top of the H band, with advancement opportunities to the I band, TSA's proposed adjusted pay (\$81,180) is almost \$10,000 less than the candidate earned in his/her last position in Denver. The candidate advised the hiring official that he/she will accept no less than \$90,148 (maximum adjusted pay for the H band). The hiring official is reluctant to enhance the candidate's pay upon appointment to the top of the H band based on the candidate's experience and comparison of pay received by the two other managers in Anchorage. Instead, the hiring official offers the candidate a 25% recruitment incentive tied to a 12-month service agreement.

The candidate does not accept TSA's offer. An alternate candidate is selected.