



Department of Defense INSTRUCTION

NUMBER 1400.25, Volume 536

June 28, 2006

Administratively reissued April 6, 2009

USD(P&R)

SUBJECT: DoD Civilian Personnel Management System: Grade and Pay Retention

References: See Enclosure 1

1. PURPOSE

a. Instruction. This Instruction is composed of several volumes, each containing its own purpose. The purpose of the overall Instruction is to establish and implement policy, establish procedures, provide guidelines and model programs, delegate authority, and assign responsibilities regarding civilian personnel management within the Department of Defense.

b. Volume. Pursuant to the authority of DoD Directive 5124.02 (Reference (a)), this Volume of this Instruction:

(1) Incorporates the policies contained in Deputy Assistant Secretary of Defense for Civilian Personnel Policy (now Deputy Under Secretary of Defense for Civilian Personnel Policy (DUSD(CPP)) Memorandums (References (b), (c), and (d)).

(2) Outlines DoD procedures for the administration of grade and pay retention entitlements pursuant to sections 5361 through 5366 of title 5, United States Code, (Reference (e)); parts 530, 536, and 831 of title 5, Code of Federal Regulations, (Reference (f)); and DoD Instruction 1400.20 (Reference (g)).

2. APPLICABILITY. This Volume applies to OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the Department of Defense.

3. POLICY

a. Delegation of Authority

(1) Grade Retention Delegation. Pursuant to the authority of Reference (a), the Secretaries of the Military Departments and the Directors of the Defense Agencies and Field Activities with independent appointing authority for themselves and their serviced organizations are delegated the authority to extend grade retention pursuant to subpart 536.202(a) of Reference (f) for circumstances other than those detailed in paragraph 3.b. of this Volume. This authority applies to personnel actions initiated by management, other than for cause, to further the agency's mission in accordance with applicable law and regulation.

(2) Pay Retention Delegation. Pursuant to the authority of Reference (a), the Secretaries of the Military Departments and the Directors of the Defense Agencies and Field Activities with independent appointing authority for themselves and their serviced organizations are delegated the authority to extend pay retention pursuant to subpart 536.302(a) of Reference (f) for circumstances other than those detailed in paragraph 3.c. of this Volume. This authority applies to personnel actions initiated by management, other than for cause, to further the agency's mission in accordance with applicable law and regulation.

b. Grade Retention. Subpart 536.202(a) of Reference (f) permits an authorized agency official, under certain circumstances, to offer grade retention to eligible employees who do not have specific entitlement by law or regulation but who have been or might be reduced in grade because of a reorganization or reclassification decision announced by management in writing. If all other applicable criteria of part 536 of Reference (f) are met, grade retention within the Department of Defense will be extended to an employee when:

(1) An employee receives a reduction in force (RIF) notice proposing a change to a lower grade or separation, or when an employee is placed in a situation determined in advance by the DUSD(CPP) to be comparable to a RIF, and accepts a lower-graded position at the same or another DoD activity. Grade retention will not be granted if the position accepted is a grade lower than one previously offered by the losing activity unless management determines that placement in the position is in the Government's interest.

(2) An otherwise eligible employee is placed through the Priority Placement Program (PPP) in accordance with Reference (g), including placement resulting from early registration, even though the employee does not have a specific RIF notice.

(3) An organization undergoes realignment or reduction; an employee who would not be affected personally requests a change to a lower grade; and management determines that the employee's change to a lower grade results in placement in a more suitable position and that the action lessens or avoids the impact of the RIF on other employees.

c. Pay Retention. Subject to the limitations in subpart 536.302(a) of Reference (f), the head of the agency may provide pay retention to eligible employees who do not have specific entitlement by law or regulation but whose rates of basic pay would otherwise be reduced as the

result of a management action. Within the Department of Defense, pay retention will be extended when:

(1) An employee would otherwise be granted grade retention pursuant to this Volume but does not meet the time requirements specified in subpart 536.301(a)(2) of Reference (f).

(2) An employee accepts a lower-graded position designated in advance by the activity as being hard-to-fill under criteria similar to those used for extending special salary rates pursuant to subparts 530.304(a) and 530.304(b) of Reference (f).

(3) An employee is reduced in grade on return from an overseas assignment under the terms of a pre-established agreement including when:

(a) An employee is released from a period of service specified in his or her current transportation agreement due to an involuntary, management-initiated action other than for cause.

(b) An employee who has completed more than 52 consecutive weeks of service under a current agreement is released from a transportation agreement for compelling humanitarian or compassionate reasons.

(c) A non-displaced overseas employee under no obligation to return to the United States is otherwise eligible for PPP registration in accordance with part 536 of Reference (f).

(4) An employee declines an offer to transfer with his or her function to a location outside the commuting area, or is identified with such function but does not receive an offer at the gaining activity, and is placed in a lower-graded position at the losing activity or any other DoD activity.

(5) An employee accepts a lower-graded position offered by an activity to accommodate a disabling medical condition similar to the circumstances described in subpart 831.1203(a)(4) of Reference (f).

(6) An employee occupying a position under a Schedule C appointment is placed, other than for cause or at the employee's request, in a position at a lower grade in the competitive service or in another Schedule C position, provided that such action is not solely the result of a change in agency leadership (change in administration).

(7) An employee occupying an Army or Air Force dual-status technician position loses or is scheduled to lose eligibility through no fault of his or her own and accepts placement without a break in service in a lower-graded, non-dual-status technician position.

(8) An employee occupying a National Guard technician position loses military status through no fault of his or her own and accepts placement without a break in service in a lower-graded competitive service position.

(9) An employee whose job is abolished declines an offer within the competitive area, but outside the commuting area, and is placed in a lower-graded position in the commuting area, provided the employee is not serving under a mobility agreement.

(10) An employee applies through a formal recruitment program and is selected for a position at an overseas location. In such cases, all potential applicants must be advised in writing that pay retention will be offered to selectees whose pay would otherwise be reduced if selected for the position.

(11) An employee eligible pursuant to subpart 536.302(a) of Reference (f) is involuntarily moved from a DoD non-appropriated fund position to a DoD civil service position without a break in service of more than 3 days.

4. RELEASABILITY. UNLIMITED. This Volume is approved for public release and is available on the Internet from the DoD Issuances Web Site at <http://www.dtic.mil/whs/directives>.

5. EFFECTIVE DATE. This Volume is effective immediately.

Enclosure
References

ENCLOSURE

REFERENCES

- (a) DoD Directive 5124.02, "Under Secretary of Defense for Personnel and Readiness (USD(P&R))," June 23, 2008
- (b) Deputy Assistant Secretary of Defense for Civilian Personnel Policy Memorandum, "Grade and Pay Retention," February 13, 1987 (hereby canceled)
- (c) Deputy Assistant Secretary of Defense Civilian Personnel Policy Memorandum, "Grade and Pay Retention," November 2, 1990 (hereby canceled)
- (d) Deputy Assistant Secretary of Defense Civilian Personnel Policy Memorandum, "Grade and Pay Retention," June 16, 1992 (hereby canceled)
- (e) Sections 5361-5366 of title 5, United States Code
- (f) Parts 530, 536, and 831 of title 5, Code of Federal Regulations
- (g) DoD Instruction 1400.20, "DoD Program for Stability of Civilian Employment," September 26, 2006