U.S. General Services Administration (GSA)

GSA Order: Highest Previous Rate in Basic Pay Setting
HRM 9552.1C
Office of Human Resources Management
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Purpose:

This Order provides the agency's policies for consideration of a previous rate of U.S. government pay during current pay setting. The previous rate of government pay is called a "highest previous rate" and this authority is often abbreviated in the vernacular as "HPR pay setting" or the "HPR authority." This authority is under the General Schedule and used for white collar positions. This Order does not address similar authorities that exist within non-GS pay setting and classification authorities (Federal Wage System, etc.).

Background:

This Order is necessary because it describes how to properly consider previous rates of government pay during current pay setting. This authority is used most commonly to support job candidates who have been selected for career reinstatement following a period of non-Government service. In some circumstances it is used for demotions (i.e., a change to a lower-graded position), however, its use in this circumstance should be exercised with caution, as explained in this Order.

This version of the Order continues to implement Presidential Executive Order (E.O.) 14151, *Ending Radical and Wasteful Government DEI Programs and Preferencing*, 90 FR 8339 (January 29, 2025) as well as E.O. 14148, *Initial Rescissions of Harmful Executive Orders and Actions*, 90 FR 8237 (January 28, 2025). Both of these executive orders rescinded the prior E.O. 14035, *Diversity, Equity, Inclusion, and Accessibility in the Federal Workforce*, 86 FR 34593 (June 25, 2021).

The civil service regulations that cover the highest previous rate policy government-wide are found codified within 5 C.F.R. §§ 531.221 - 223. However, this Order does not apply the regulatory changes promulgated within 89 FR 5754, January 30, 2024, *Advancing Pay Equity in Governmentwide Pay Systems*, due to superseding E.O.'s 14148 and 14151, mentioned above.

Applicability:

This Order applies to all job candidates and current GSA employees selected for, or encumbering, positions classified and paid under the General Schedule. The following are exceptions:

1. The Office of Inspector General (OIG), given its independence under the Inspector General Reform Act of 2008 (5 U.S.C. §§ 401-424).

Cancellation:

This version of the Order cancels the prior version, HRM 9552.1B, *Maximum Payable Rate Rule in Basic Pay Setting*, March 11, 2025.

Summary of Changes:

1. This version of the Order changes the title of the Order, to better reflect the vernacular term for this authority most commonly encountered in management and human resources contexts.
2. This version of the Order eliminates the role of the Chief Financial Officer in approving use of this authority.
3. This version of the Order permits the Deputy Chief Human Capital Officer to function as the final approving authority.

Roles and Responsibilities:

1. **Human Resources Specialists** are responsible for working with the job candidate and the selecting official to facilitate the consideration and approval of using a highest previous rate in basic pay setting.
2. The **selecting official** is responsible for obtaining management and budget approval from the appropriate executive in the Office of the Administrator or Head of Service or Staff Office.
3. The **Deputy Chief Human Capital Officer** is the final approving authority for HPR pay setting.

4. As described within Order ADM 5450.39, *GSA Delegations Manual*, **Executives in the Office of the Administrator and Heads of Services and Staff Offices** are responsible for certifying that using the HPR authority represents an appropriate approach for workforce administration.

Signature

____________________________ ____________________

Arron E. Helm Date
Chief Human Capital Officer
Office of Human Resources Management

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1. Introduction

An agency may apply a highest previous rate to provide a higher payable rate than would otherwise apply upon reemployment (including reinstatement), transfer, reassignment, promotion, demotion, appointment conversion, or appointment from a non-GS pay system. A payable rate set under this Order must take effect on the effective date of the personnel action involved. This policy may not be used to set an employee's rate of basic pay retroactively unless a retroactive action is required to comply with an appropriate regulatory or decision-making agency, court of law or other binding authority.

2. References

2.1. Title 5, United States Code, Chapter 53.

2.2. Title 5, Code of Federal Regulations, Part 531, Subpart B.

2.3. 5 C.F.R. §§ 531.221 - 223.

2.4. E.O. 14151, *Ending Radical and Wasteful Government DEI Programs and Preferencing*, 90 FR 8339 (January 29, 2025)

2.5. E.O. 14148, *Initial Rescissions of Harmful Executive Orders and Actions*, 90 FR 8237 (January 28, 2025).

2.6. E.O. 14035, *Diversity, Equity, Inclusion, and Accessibility in the Federal Workforce*, 86 FR 34593 (June 25, 2021).

3. Definitions

3.1. GS rate

A rate of basic pay within the General Schedule under 5 U.S.C. § 5332, excluding any law enforcement officer (LEO) special base rate or additional pay of any kind (such as locality payments or special rate supplements).

3.2. Highest Previous Rate

A rate of basic pay previously received by an individual while employed in a civilian position in any part of the Federal government (including service with the government of the District of Columbia for employees first employed by that government before October 1, 1987), without regard to whether or not the position was in the GS pay system. For GS employees, this rate is determined by the combination of the highest previous GS grade and step ever held.

3.3. Maximum Payable Rate Rule

The principle, or rule, that allows agencies to provide a previous government rate of pay when this previous rate is higher than under the typical pay setting rules for that situation.

3.4. Rate of basic pay

A rate of pay fixed by law or administrative action for the position held by an employee before any tax deductions or benefits contributions, as used in the context of the civil service pay regulations at 5 CFR Part 531 and 550. It includes: a GS rate, a special rate, a locality rate, or a retained rate. A rate of basic pay excludes additional pay of any other kind (such as overtime and/or shift differentials).

4. Rates of basic pay that may be used as the highest previous rate

4.1. Generally

The highest previous rate must be a rate of basic pay received by an employee while serving on a full-time or part-time regularly scheduled tour of duty (i.e., and not intermittent):

4.1.1. Under an appointment not limited to 90 days or less; or

4.1.2. For a continuous period of not less than 90 days under one or more consecutive appointments without a break in service.

4.2. Locality Rates

If a locality-adjusted annual rate is used as the highest previous rate, the underlying GS rate (without locality, called a “base rate”) is used as the highest previous rate for pay setting purposes. The reason why the base rate is used is that the pay setting rules have the human resources specialist adjust the previous locality rate for other localities (if they change) as well as for a different annual pay table if the previous rate was in a prior pay year.

4.3. Special Rates

Normally special rates may <u>not</u> be used as the highest previous rate. However, as an exception, a special rate may be used as a highest previous rate when:

4.3.1. The employee is reassigned to another position in the same agency, at the same grade level, and in the same metropolitan area (or to another metropolitan area that is also authorized the same special rates);

4.3.2. The special rate is the employee's rate of basic pay immediately before the reassignment; and

4.3.3. An authorized agency official finds that the need for the services of the employee, and the employee's contribution to the program of the agency, will be greater in the position to which he or she is reassigned. This determination must be made on a case-by-case basis. In each case, the agency must document the determination to use the special rate as an employee's highest previous rate in writing.

4.4. Non-GS Rates

A non-GS rate may be used in pay setting as a highest previous rate under the maximum payable rate rule (see 5 CFR § 531.221(d)). Non-GS rates are associated with statutory classification and pay authorities outside of the Classification Acts of 1923 and 1949 (i.e., the General Schedule). Examples include the Foreign Service, under Title 22, and the U.S. Postal Service, under Title 39.

5. Rates of basic pay that may not be used as the highest previous rate

5.1. A rate received under an appointment as an expert or consultant under 5 U.S.C. § 3109;

5.2. A rate received in a position to which the employee was temporarily promoted for less than 1 year, except upon permanent placement in a position at the same or higher grade;

5.3. A rate received in a position from which the employee was reassigned or reduced in grade for failure to satisfactorily complete a probationary period as a supervisor or manager;

5.4. A rate received by an individual while employed by the government of the District of Columbia who was first employed by that government on or after October 1, 1987;

5.5. A rate received by an individual while employed by a Department of Defense or Coast Guard non-appropriated fund instrumentality;

5.6. A rate received solely during a period of interim relief under 5 U.S.C. § 7701(b)(2)(A);

5.7. A special rate established under 5 U.S.C. § 5305 and 5 C.F.R. Part 530, Subpart C, or 38 U.S.C. § 7455 (except as provided in 5 C.F.R. § 531.222(c));

5.8. A rate received under a void appointment or a rate otherwise contrary to applicable law or regulation;

5.9. A rate received as a member of the uniformed services; or

5.10. A retained rate under 5 U.S.C. 5363 or a similar rate under another legal authority.

6. Determining the Highest Previous Rate

“HPR,” also known as the “maximum payable rate rule,” is an optional pay setting authority, available as a human capital tool when other pay setting rules would otherwise apply. There are three general calculation methods: for GS rates, special rates, or non-GS rates. (See 5 C.F.R. § 531.221).

6.1. When the highest previous rate is based on a GS rate

(5 CFR § 531.221(b)). This rule slots the highest previous base rate to the historical GS base rate associated with the grade of the new position, excluding locality.

6.1.1. **Step** A: Compare the employee's highest previous rate (**excluding locality**) with the GS rates (i.e. base rates) for the grade in which pay is currently being set. Use the historical GS base rate pay table in effect at the time that the highest previous rate was previously earned.

For example, if the highest previous rate was earned in 2021 with GS-12, Step 6, use the 2021 GS base pay schedule for the current grade considered, for example, GS-9 during a planned downgrade (demotion).

6.1.2. **Step B**: Identify the lowest step in the grade for the new position being considered at which the GS base rate was, at that time, equal to or greater than the employee's highest previous rate. If the employee's highest previous rate was greater than the maximum GS rate for the grade, designate the step 10 rate.

For example, when considering GS-12, Step 6 for a GS-9 downgrade, use the GS base rates for GS-12 and GS-9 during the pay year when that highest previous rate was earned, in our example, 2021. See where that historical highest previous rate (from that grade and step combination) fits within the new grade's range (i.e., Step 1 to 10). In this case, GS-12, Step 6 is higher than Step 10 of the new lower grade, GS-9.

6.1.3. **Step C**: Identify the rate on the current pay table (meaning, the current pay year) applicable to the GS base rate (excluding locality) for the employee's new position of record and grade. This rate is the highest previous rate, adjusted for both the new grade and the current pay year.

For example, when considering GS-12, Step 6 for a GS-9 downgrade, find the GS base rate associated with the current pay table, for example, GS-9, Step 10 in the 2026 GS table.

6.1.4. **Step D**: After setting the employee's GS base rate (excluding locality) within the GS base rate range for the new grade (not to exceed Step 10, the maximum), determine the employee's payable rate of basic pay (i.e., **including locality** or a special rate). In other words, apply the determined grade and step combination to the current locality pay table to yield the final, locality-adjusted salary for the SF-50 personnel action.

For our example, determine the locality-adjusted rate for GS-9, Step 10, in the current pay year, 2026. For example, for a position in Washington, DC, use the Washington, DC locality table to find the current annual salary for GS-9, Step 10.

6.2. When the highest previous rate is based on a GS employee's special rate

(5 C.F.R. § 531.221(c)). As discussed above, normally a special rate is not used in pay setting as a highest previous rate. Sometimes, however, an employee is laterally reassigned within the same agency under conditions that satisfy 5 C.F.R. § 531.222(c). Under this particular, narrow circumstance, a special rate can be carried forward (i.e. slotted) into the appropriate locality-adjusted pay table:

6.2.1. **STEP A**: Identify the basic rate of pay associated with the current Grade and Step on the Special Rate Schedule applicable to the employee's current position.

6.2.2. **STEP B**: Locate the Step in the appropriate locality pay schedule that is equal to, or higher (if between steps), than the existing special rate.

6.2.3. **STEP C**: Process the reassignment with that slotted Step and note that a new waiting period begins because the employee received an "equivalent increase" under 5 C.F.R. § 531.407(a)(3).

6.2.4. **STEP D**: For purposes of SF-50 personnel action processing, determine the underlying GS base rate, i.e., step (excluding locality) for the grade and step combination determined above.

6.3. When the highest previous rate is based on a non-GS pay rate

(5 C.F.R. § 531.221(d)). Typically this scenario occurs when an employee is appointed by transfer from a losing agency that is under a demonstration project, alternative pay system, or other non-Title 5 classification and pay authority.

6.3.1. **Step A**: Compare the non-GS rate to the **locality or special rate table** in effect at the time and place where the non-GS highest previous rate was earned.

Assume that the employee held the new GS position of record (including the job series and grade) at that former time and place.

6.3.2. **Step B**: Slot the non-GS rate to the historical GS locality or special rate table for that labor market's metropolitan area.

Identify the lowest step rate in the locality or special rate range equal to, or higher, than the non-GS rate. Assign Step 10 if the non-GS rate is higher than Step 10.

6.3.3. **Step C**: Convert the rate identified in Step B to the current corresponding pay rate (i.e. use the same step) on the **locality table** appropriate for the employee's new position of record and official worksite. This new locality pay rate will be the employee's highest previous rate, adjusted for the current year and any difference in locality pay area.

6.3.4. **Step D**: After setting the employee's rate of basic pay, determine any underlying GS base rate (without locality) to which the employee is entitled to, at the position's GS grade and step.

6.4. Special Considerations for Foreign Area Agency Transfers

Certain non-GS pay systems have pay components that differ greatly from the General Schedule for positions in foreign areas (i.e., outside of the U.S. states, commonwealths, the District of Columbia, territories and possessions).

In the below two situations, human resources specialists should either not offer the HPR authority (and instead only offer Step 1 of the position's advertised GS grade), or, offer a higher step under the below procedure which assigns a step lower than that found under the normal non-GS HPR pay setting rule.

Under this procedure, an equivalent pay step within the base General Schedule rate should be offered that reflects only the "base" pay component within these two non-GS pay systems. In both cases, the normal non-GS rule under 5 CFR § 531.221(d) should not be applied. Doing so would have the unintended consequence of carrying position-specific and non-GS pay system-specific pay components from outside the General Schedule into the General Schedule, as permanent, career-lasting, compensation entitlements.

The below alternative procedures are permitted by 5 CFR 531.221(a)(2) which allows for rates of pay lower than would otherwise be determined by purely mechanical application of the HPR regulations for non-GS rates.

6.4.1. Applicants from the Foreign Service for an Foreign GS Position

The Foreign Service maintains pay schedules derived from the General Schedule with a “base” component and a “locality” component. In foreign areas, the Foreign Services actually provides for a “locality” component — one that is 2/3rd’s the General Schedule locality adjustment for Washington, DC.

Because the General Schedule does not include a locality component for foreign area positions, the human resources specialist should compare the “base” Foreign Service pay table salary with the “base” General Schedule pay table salary for the selected new GS grade in the foreign area.

By using this method, a Foreign Service applicant selected for an overseas GS position will experience an overall pay decrease because the General Schedule does not provide for locality in foreign areas. However, this modified procedure still provides for a higher pay rate compared to Step 1, the minimum rate for the GS grade, if HPR is not used.

6.4.2. Applicants from the Defense Civilian Intelligence Personnel System (DCIPS)

The DCIPS pay and classification system, under 10 U.S.C. § 1601 et. seq., is also derived from the General Schedule’s “base” rates. Similar to the Foreign Service schedule, DCIPS also provides for a locality-like “Local Market Supplement” to positions located in foreign areas. In some cases, DCIPS instead provides for an even higher “targeted local market supplement” job-specific differential for certain high-demand, specially-designated positions (such as cyber security professionals) meant to support DoD-only recruitment and retention.

In both cases, the “base” DCIPS rate component in its General Government (GG) pay schedule should be compared to the “base” General Schedule rates to determine the highest previous rate upon appointment to the General Schedule in the foreign area. Application of HPR in this manner is more generous than providing the Step 1 minimum rate for the GS grade if HPR is not used.

7. Re-promotions

Agencies, including GSA, often permit an employee to be re-promoted to a grade previously held without competitive selection. This flexibility is permitted under the GS staffing regulations at 5 CFR § 335.103(c)(3). Book 531 of the historical *Federal Personnel Manual*, had the following agency guidance, which is incorporated into GSA policy:

7.1. Employees may be selected for a position in a different job series at a lower grade that is associated with a developmental career ladder. This situation most often occurs when an employee voluntarily chooses to participate in an on-the-job training program to change career fields. In this situation, the current employee (or a job candidate from another agency) may request to maintain his or her current salary but within the new lower grade's pay range.

7.2. This request deviates from the normal pay setting rules which is to set the pay rate at Step 1, the minimum rate of the GS grade (see 5 U.S.C. § 5333, 5 CFR §§ 531.211 or 215).

7.3. In this situation, it is expected, with a very high level of certainty, that the employee will be "re-promoted" back to the higher GS grade previously held within 1 or 2 years.

7.4. When this is the case, the step during the demotion should ***not*** be determined mechanically through application of the normal base rate "slotting" rule under 5 CFR § 531.221(b).

7.5. Instead, a rate of pay in the lower range should be identified that upon re-promotion would lead to the step currently held in the higher grade, or, to a step the employee would have reached by remaining in that higher grade and never demoted. This is known as the "**re-promotion rule**."

For example, an employee at GS-12, Step 1, applies for a new position at GS-11 and is selected. Under the normal rule (using 2026 rates), the current salary would be mechanically slotted to GS-11, Step 7. However, using the "re-promotion rule" the employee should instead be placed into GS-11, Step 5. This lower step is used because upon re-promotion, the employee will be placed into GS-12, Step 2, which is exactly where he or she would have been (step-wise) one year later if he or she had never applied for the demotion.

Without using the re-promotion rule, an employee would often be further ahead in the step progression by taking a demotion and then being re-promoted compared to never having applied for the demotion in the first place.

8. Processing Steps

8.1. Consideration of a highest previous rate commences when a j**ob applicant** requests use of this authority rather than the typical pay rule that would otherwise apply. (In most cases, the typical rule will place the employee at the minimum rate of the new position's GS grade, Step 1.)

8.2. The **human resources staffing specialist** should discuss the impact of using this rule on the job offer with the selecting official. If the selecting official agrees, he or she should contact the appropriate Executive in the Office of the Administrator or Head of Services and Staff Office.

8.3. Under the *GSA Delegations Manual*, Order 5450.39 ADM, **Executives in the Office of the Administrator or Heads of Services and Staff Offices** must decide whether or not it is prudent to use this authority, since it increases payroll costs.

8.4. The **selecting official** should prepare a short official memo to request permission from his or her leadership. This memo should include:

8.4.1. A copy of the vacancy announcement;

8.4.2. A copy of the position description;

8.4.3. A copy of the job candidate's resume;

8.4.4. A brief statement that explains when and how the highest previous rate was earned (i.e., in the current position or prior position); and

8.4.5. A brief narrative or explanation that asserts why the highest previous rate should be used and how such a use would be an appropriate use of the agency's limited financial resources.

8.5. If the appropriate Executive in the Office of the Administrator or Heads of Services and Staff Office approves use of this authority, the **human resources specialist** should provide the package to the **Deputy Chief Human Capital Officer** for final consideration. If he or she approves, the human resources specialist may create the tentative job offer with the approved salary. This internal human resources approval may be by email, and may be delegated to Branch Chiefs, as long as the approval is retained as a type of temporary staffing record.

8.6. Under the Federal Records Act of 1950 (44 U.S.C. Chapters 21, 29, 31, and 33), the human resources specialist should save an electronic copy of the selecting official's memorandum package, and email approval chain, within the vacancy announcement's staffing file (in the systems Monster Government Solutions or USA Staffing).

8.7. In April of 2012, a delegation memorandum had originated a special, additional requirement that all optional pay setting and incentive authorities had to be jointly approved by both the Chief Financial Officer and the Chief Human Capital Officer. This historical memorandum has subsequently been rescinded. While these two additional executive approvals are no longer required, the *GSA Delegations Manual*, Chapter 2, still requires management and budget approval by the appropriate Executive in the Office of the Administrator or Head of Services and Staff Office.

9. Records

9.1. Documentation generated under this authority should be maintained in the vacancy announcement staffing file for a minimum of 2 years under General Records Schedule 2.1, *Employee Acquisition Records*, Disposition Authority DAA-GRS2017-0011-0001.

9.2. The human resources specialist may use the Worksheets in **Attachments A and B** to document pay setting.

Attachment A: HPR Worksheet (GS to GS)

HPR Worksheet

GS to GS

Use this worksheet when HPR is based upon a GS position.

Step 1: Find the GS Base Table (not the locality table) for the Year the Employee Earned their HPR.

Year: _____

Series: ____ Grade: __ Step: ___ Salary: **$_______**

Series and grade level of the position you're filling: Series: ____ Grade: ___

If setting pay higher than Step 1 based on HPR, have the regulatory requirements and agency-specific policy requirements for HPR been met and paying HPR approved by the hiring manager? Yes: ___ No:___

Step 2: Use the Same GS Base Table and Slot the Pay into the Grade of the Position you are Filling.

Take the salary from Step 1 and slot the pay into the lowest step of the grade to fill that equals or exceeds that rate.

If the salary falls between two steps of the grade to fill then use the higher step.

If the salary exceeds Step 10 of the grade then use Step 10.

This is the maximum payable rate we can pay the employee.

Grade: ____ Step: _____

Step 3: Update the Grade and Step to the Pay Table in the Current Year.

Find the locality table or special rate table (if applicable) that applies to the position you are filling in the current year.

Take the grade and step from Step 2 and apply it to the current applicable pay table.

Pay is set at: Pay Table: ____ Series: ____ Grade: ___ Step: ____ Salary: **$________**

Attachment B: HPR Worksheet Non-GS to GS

HPR Worksheet

Non-GS to GS

Do not use for Overseas Foreign Service or DCIPS

Use this worksheet when HPR is based on a non-GS position, e.g., the Postal Service or Pay Banding.

Step 1: Find the Locality Table (not the Base Table) for the Year the Employee Earned Their HPR:

Year: ________

Locality where HPR was earned: ________________

Series: ______

Salary: $_________

Series and grade level of the position you're filling: Series: ____ Grade: _______

If setting pay higher than Step 1 based on HPR, have the regulatory requirements and agency-specific policy requirements for HPR been met and paying HPR approved by the hiring manager? Yes: ___ No:___

Step 2 : Use the Same Locality Table and Slot the Pay into the Grade of the Position you are Filling.

Take the salary from Step 1 and slot the pay into the lowest step of the grade to fill that equals or exceeds that rate.

If the salary falls between two steps of the grade to fill then use the higher step.

If the salary exceeds Step 10 of the grade then use Step 10.

This is the maximum payable rate we can pay the employee.

Grade: ___ Step: ____

Step 3: Update the Grade and Step to the Pay Table in the Current Year.

Find the locality table and special rate table (if applicable) that apply to the position you're filling in the current year.

Take the grade and step from Step 2 and update it to the current pay table.

Pay is set at:

Pay Table: ____ Series: _____ Grade: ____ Step: ____ Salary: $_______

Step 4 Date of Last Equivalent Increase Determination.

Under 5 CFR § 531.407, time in grade in one pay system is creditable in a different pay and classification system. This also means that a pay increase resulting from a change in pay systems does not count as an “equivalent increase.” For an equivalent increase, the personnel action must have occurred within the same pay system; even if the employee receives an increase in pay when he or she moves from Non-GS to GS, the pay increase is not considered an equivalent increase.

Date of last equivalent increase under the former non-GS system: _______

(Contact the losing agency if it’s not on the SF-75 to determine when the employee’s last equivalent increase occurred):