

INFORMATION ON GRADE AND PAY RETENTION

What is mandatory grade retention?

An employee is eligible for grade retention when his or her position has been reclassified at a lower grade, if immediately before the reduction in grade, that position was classified at the existing grade or a higher grade for a continuous period of at least 1 year.

Grade retention begins on the effective date of the change to lower grade and lasts for two years. During this two-year period, employees continue to receive locality pay, within-grade increases, 100% of comparability increases, and consideration for other Federal positions based on the retained grade.

What is not covered under grade retention?

Grade or pay retention is not authorized to an employee who:

- 1) Is reduced in grade or pay for personal cause or at the employee's request;
- 2) Was employed on a temporary or term basis immediately before the action causing the reduction in grade or pay;
- 3) Does not satisfactorily complete the probationary period and as a result, is removed from a supervisory or managerial position.

How long does grade retention last?

An employee is entitled to retain the grade held for 2 years beginning on the date the employee is placed in the lower-graded position.

What causes grade retention to stop before 2 years is past?

Eligibility for grade retention ceases if any of the following conditions occurs at any time after the employee receives written notice of the reduction in grade, but before the commencement of the 2-year period of grade retention:

- 1) The employee has a break in service of 1 workday or more;
- 2) The employee is reduced in grade for personal cause or at the employee's request;
- 3) The employee moves to a position under a covered pay system with a grade that is equal to or higher than the retained grade, excluding a temporary promotion;
- 4) The employee declines a reasonable offer of a position with a grade equal to or higher than the retained grade;
- 5) The employee elects in writing to terminate the benefits of grade retention; or
- 6) The employee moves to a position not under a covered pay system.
- 7) The employee fails to enroll in, or to comply with reasonable written requirements established to assure full consideration under, a program providing priority consideration for placement.

DoD Priority Placement Program (PPP)

If an employee is under retained grade, he/she must be registered in DoD Priority Placement Program (PPP). The CHRC will register employees as soon as the employee enters the grade retention period. The purpose of this registration is to try to place an employee into a position at the same grade from which he/she has been demoted. These conditions apply:

- 1) Registration in PPP is only for the 2-year period authorized for grade retention.
- 2) Initial registration **MUST** be for all DoD activities in the commuting area that have not been formally announced for closure.
- 3) Registration is for the retained grade only.

Pay retention:

Employees whose grade retention has expired are eligible for pay retention.

This means that the employee's pay is set as high as possible in the new grade and if the pay exceeds the top step of new grade, pay continues indefinitely at current (retained) rate.

While on retained pay, the employee does not receive within-grade increases and receives 50% of general increases.

When the retained rate falls within the pay range of the lower grade, pay is set within the new grade range and pay retention ceases.

Retained rate may not exceed 150% of the maximum rate of the lower grade

How long will pay retention last?

Eligibility for pay retention, or actual retention of pay, ceases to apply to any employee who:

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