

Commerce Alternative Personnel System (CAPS) Desktop Pay Setting Guide

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INTRODUCTION: The key element of the Commerce Alternative Personnel System (CAPS) is a pay system that improves the Department's ability to both attract and retain quality employees. This is done through a variety of avenues: flexible pay setting for new hires; promotions and competitive reassignments; supervisory performance pay; pay for performance, which provides for pay progression within broad pay bands; and basic pay and locality increases. The authority to exercise these flexibilities is delegated from the Office of Personnel Management, to the CAPS Board, to the Operating Personnel Management Boards (OPMBs), to the supervisors with appropriate oversight as necessary.¹

PURPOSE/SCOPE: To provide a Desktop Pay Setting Guide for employees, supervisors/ managers, and human resources (HR) professionals on basic pay setting flexibilities in CAPS. This Guide is not a comprehensive pay setting policy, and does not replace the pay setting policy in the Federal Register Notice of 1997 or the CAPS Operating Procedures Manual.²

POLICY: In addition to the pay setting policy authorized in Federal Register Notice Vol. 62, No. 247, Wednesday, December 24, 1997, and explained in the CAPS Operating Procedures Manual, as well as this Desktop Guide; it is the policy of the Department of Commerce when setting pay for any reason (new hire, promotion, competitive reassignment, reinstatement, transfer etc.) that supervisors/managers must consider the applicant's level of experience and overall qualifications for the position as well as the salary that is being or has been offered for similar positions in the bureau or operating unit (OU). Supervisors/ managers **may not rely solely on an applicant's prior salary in setting pay.**

DEFINITIONS:

Competitive Reassignment – Competitive movement of an employee from one position to another within the same career path and pay band as a result of a selection from a Job Opportunity Announcement (JOA), and which can result in a pay adjustment at the supervisor's discretion. Since this is not considered a promotion, there is no minimum increase requirement.

New Hires –

- Individuals who applied and were selected from a JOA;
- Individuals hired under a non-competitive hiring authority;
- Current Federal employees who do not occupy a CAPS-covered position and who applied and were selected from a JOA;
- Current Federal employees who do not occupy a CAPS-covered position and will be appointed under a non-competitive hiring authority; and
- Former Federal employee with reinstatement eligibility, when they apply to a JOA.

¹ Federal Register Vol. 62, No. 247 / Wednesday, December 24, 1997,

<https://www.commerce.gov/sites/default/files/2018-12/final-federal-register-notice-dec-24-1997.pdf>

Page 67460, Table 6. *Project Authorities.*

² CAPS Operating Procedures Manual, <https://www.commerce.gov/sites/default/files/2018-12/Commerce-alternative-personel-system-operating-procedure-manual.pdf>

Pay Adjustment – An adjustment in base salary within the same career path and pay band.

Pay for Performance – Has three components: (1) the annual adjustment to basic pay, which includes any annual general pay increase and any adjustment to locality rates, special salary rates, or LEO special base rates, as applicable; (2) annual performance pay increases; and (3) bonuses.

Promotion –

- Movement within the same career path to a higher band. The new basic pay rate upon promotion may be set at any level in the new band (intervals 1-3); however, the employee **must receive at least a 6 percent minimum pay increase.**
- Movement to a different career path to a higher band. The new basic pay rate upon promotion may be set at any level in the new band (intervals 1-3); however, the employee **must receive at least a 6 percent minimum pay increase.**
- Movement to a different career path at the same band. When the move is to a different career path, any band within the new career path is considered a “new band,” and management has the discretion of providing an increase in pay. **If granted**, the new basic rate may be set at any level in the new band (intervals 1-3); however, the employee **must receive at least a 6 percent minimum pay increase.**

PAY SETTING:

I. New Hires: Flexibility in setting pay for new hires allows supervisors/managers to offer more competitive salaries to attract highly qualified candidates.

Q. What should I consider when setting pay for a new hire?

A. Consider the applicant’s experience and overall qualifications for the position. Also consider if the salary you are offering is competitive with salaries being offered for similar positions. **You may not rely solely on an applicant’s prior salary in setting initial pay.**

If you consider the prior salary of an applicant in setting an applicant’s initial pay, you must consider other factors such as performance, education, and experience to determine whether the prior salary accurately reflects the applicant’s abilities.

Determine how an applicant’s qualifications compare to that of existing staff doing the same type work. Is there a learning curve? How much training will be required?

To support consistency in pay setting, you should review the salaries of other employees in your office/bureau who encumber the same or similar positions, with equal job-related qualifications.

Also consider pay progression within the band and promotion potential to allow room for potential salary increases.

Q. May I take into consideration the timing of the hire with regard to the performance cycle?

A. Yes, the pay flexibilities of CAPS allow you to take into consideration the fact that employees hired after June 4 will not occupy a CAPS-covered position for the minimum 120-day requirement to be eligible for a performance pay increase.

Q. Must the initial pay of a new hire be set at the lowest salary of the respective pay band?

A. No. Unlike the General Schedule, where the initial pay of a new hire is usually set at step 1 of the grade level, under CAPS, pay can be set anywhere within the pay band between intervals 1 and 3. Intervals 4 and 5 only apply to supervisory positions, and even when the position is supervisory, initial pay cannot be set within these intervals. Intervals 4 and 5 can only be reached through performance increases for supervisory positions.

Q. What are my options if I offer a salary that is not accepted by the candidate I am considering?

A. Flexibility in setting pay under CAPS allows you to negotiate a higher salary when justified by factors other than current salary (i.e. individual's experience, difficulty in recruiting, etc.) and approved by the appropriate approving official for the bureau/OU.

Example: You offer JoAnn an Economist position at the ZP-03 with a salary of \$72,750. JoAnne has more than 2 years of specialized experience and says she will not accept anything less than \$80,000. The 2021 pay band range of a ZP-03 (interval 1-3) in Washington D.C. is \$72,750 through \$113,362. Therefore, **based on her qualifications**, you increase your offer to \$80,000.

Q. I have worked with my HR office and cleared the Career Transition Assistance Program (CTAP) and the Interagency Career Transition Assistance Program (ICTAP) in order to transfer a qualified individual from another Federal agency; can I give the individual an increase in pay?

A. No, you may not give the individual an increase in pay because the individual did not apply (compete) through a JOA. Only when an individual applies for and competes through a JOA are they eligible for an increase in pay. The only exception is when the individual is eligible for highest previous rate (HPR), and the hiring manager chooses to exercise the HPR pay setting flexibility, in accordance with their OPMB guidelines.

II. Promotions

Pay may be set anywhere within the new band (interval 1-3) upon promotion; however, the employee must receive at least a 6 percent pay increase.

You may not rely solely on an employee's current or prior salary when setting pay upon promotion. First, you should determine how an employee's qualifications compare to that of existing staff doing the same type work. Is there a learning curve? How much training will be required? To encourage consistency in pay setting, you should consider the salaries of other employees in your office or bureau in the same or similar positions, and compare their job-related qualifications.

Q. Is there any way to promote an employee in their current position to a higher pay within their current band?

A. No. In-band promotions are not possible. Employees receive increases in pay within their band based on the annual performance cycle. An employee can only be promoted from one pay band to a higher pay band.

Note: Pay adjustments within the same band, when an employee applies and competes for a different position within the same band, are “Competitive Reassignments,” not “Promotions.” (See Definitions.)

Q. Is an employee who received a promotion within the last 120 days of the performance cycle eligible for a performance increase?

A. No, employees who receive any type of pay increase (i.e., promotion, competitive reassignment increase) during the last 120 days of the rating cycle are not eligible for a performance pay increase.

Example: John is being promoted effective June 30. Since he will not be eligible for a performance pay increase, the supervisor/manager may factor ineligibility for a performance pay increase into consideration when setting pay for his promotion.

III. Pay Adjustment Within the Same Pay Band

Q. Can an employee be reassigned into another position at the same pay band and receive a pay increase?

A. It depends. If the employee applied for a position in the same career path and the same pay band through a JOA, therefore competing for the position, they can receive an increase in pay. However, the increase in pay is not mandatory, it is at the sole discretion of the hiring supervisor/manager, in accordance with their OPMB guidelines. If a higher salary is provided, it is considered a Competitive Reassignment, not a Promotion; therefore, there is no minimum increase requirement.

Example: Mary is a Fishery Biologist, ZP-0482-03, in Washington DC, earning \$74,500. She applies for (competes) another Fishery Biologist, ZP-0482-03 position, and is selected. The 2021 pay band range of a ZP-03 (interval 103) in Washington DC is \$72,750 through \$113,362. She is offered a new salary of 76,735 (a 3 percent increase).

Q. Is an employee who received an increase in pay through a competitive reassignment within the last 120 days of the performance cycle eligible for a performance increase?

A. No, employees who receive any type of pay increase (i.e. competitive reassignment increase, promotion) during the last 120 days of the rating cycle are not eligible for a performance pay increase.

Example: David’s competitive reassignment pay increase will be effective June 30. Since he will not be eligible for a performance pay increase, the supervisor/manager may take this into consideration when setting his increase in pay.

IV. Supervisory Performance Pay

Q. Now that I am a Supervisor, when do I get my Supervisory Pay Increase?

A. Supervisory Performance Pay allows supervisory salaries to increase up to 6 percent higher than the maximum rate of the non-supervisory (interval 3) of the pay band. However, this is not an immediate increase; pay cannot be set within the supervisory intervals 4 and 5 upon effecting the supervisory action. Supervisory performance pay can only be earned through the pay for performance system (i.e., pay increases based on annual performance evaluation).

Q. Do I get to maintain my supervisory performance pay once I reach the interval 4 or 5 through performance, upon leaving the supervisory position?

A. No, the supervisory performance pay is reserved only for supervisory positions. Once an employee leaves the supervisory position, even when the individual was receiving the supervisory pay of interval 4 or 5, the supervisory pay is terminated upon the effective date of the non-supervisory position, and the individual's pay is set accordingly within the respective pay band interval 1 through 3.

Example: Sara is a supervisor and her salary has reached the maximum rate of the ZP-IV, interval 3. The rating cycle has just ended, and Sara is eligible to receive a performance increase. This increase places her salary at the ZP-IV, within interval 4. However, if Sara decides to return to a non-supervisory ZP-IV position, or if management decides to return her to a non-supervisory ZP-IV position, her salary will be reset to the maximum rate of the ZP-IV, interval 3.

Q. Is it an adverse action when my pay is reduced because management moves me from my supervisory position to a non-supervisory position?

A. No, reduction in pay from the supervisory performance pay intervals 4 and 5 is not an adverse action, even when management initiates the change from a supervisory position to a non-supervisory position.

V. Geographic Location Change

Q. I am currently a ZA-0301-IV in Washington D.C. with a salary of \$135,000, and I have accepted a ZA-0301-IV in Casper, Wyoming. Will my salary remain \$135,000?

A. No, even though the salary of \$135,000 is within the pay band under the 2021 Casper, Wyoming locality pay chart of Rest of the U.S. for non-supervisory positions (\$92,143 through \$141,548), your pay will be adjusted to account for any change in the band maximum rates between the two locality areas of Washington, D.C. (\$103,690 through \$159,286) and Rest of the U.S. (\$92,143 through \$141,548). This adjustment ensures that your relative position in the band (measured as a percentage of the band maximum rate) is maintained upon movement. This geographical conversion formula is followed:

$$\text{new pay rate} = \text{former pay rate} \times \frac{\text{pay band maximum rate after movement}}{\text{pay band maximum rate before movement}}$$

$$\text{Example: new pay rate} = \$135,000 \times \frac{141,548}{159,286}$$

$$\text{New pay rate} = \$135,000 \times .8886405584922718$$

$$\text{New pay rate} = \$119,966.475, \text{ rounded to the nearest whole dollar: } \$119,966.$$

Your new pay rate for the ZA-0340-IV position in Casper, Wyoming is \$119,966

Note: The rounding guidance is updated to reflect that traditional rounding principles are applied after the final “new pay rate” calculation is completed in order to round to the nearest whole dollar. The previous guidance applied rounding principles earlier in the calculation.

Traditional rounding principles: If the first digit to the right of the decimal is the number 5 or greater, round the whole dollar amount up to the next number. For example: \$119,966.575 rounds to \$119,967