



DoD INSTRUCTION 1400.25, VOLUME 536

DoD CIVILIAN PERSONNEL MANAGEMENT SYSTEM: GRADE AND PAY RETENTION

Originating Component:	Office of the Under Secretary of Defense for Personnel and Readiness
Effective:	March 25, 2020
Change 1 Effective:	March 30, 2020
Releasability:	Cleared for public release. Available on the Directives Division Website at https://www.esd.whs.mil/DD/ .
Reissues and Cancels:	DoD Instruction 1400.25, Volume 536, "DoD Civilian Personnel Management System: Grade and Pay Retention," June 28, 2006
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Purpose: This instruction is composed of several volumes, each containing its own purpose. In accordance with the authority in DoD Directive 5124.02:

- This instruction establishes and implements policy, establishes procedures, provides guidelines and model programs, delegates' authority, and assigns responsibilities regarding civilian personnel management within the DoD.
- This volume, in accordance with DoD Directive 1400.25, establishes and implements policy, delegates authority, assigns responsibilities, and provides procedures for the administration of grade and pay retention pursuant to Sections 5361 through 5366 of Title 5, United States Code (U.S.C.); Parts 530, 536, and 831 of Title 5, Code of Federal Regulations (CFR), and DoD Instruction (DoDI) 1400.20.

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SECTION 1: GENERAL ISSUANCE INFORMATION

1.1. APPLICABILITY.

This issuance 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 DoD (referred to collectively in this issuance as the “DoD Components”).

1.2. POLICY.

Pursuant to Sections 5361 through 5366 of Title 5, U.S.C., it is DoD policy that grade and pay retention authority will be used for the benefit of employees:

- a. Determined to be eligible in accordance with this issuance.
- b. Reduced in grade or pay due to personnel actions initiated by management, other than for cause, to further the agency’s mission in accordance with applicable laws and regulations.

1.3. SUMMARY OF CHANGE 1.

This change administratively corrects a version control error, removing “optional” from grade and pay retention authority.

SECTION 2: RESPONSIBILITIES

2.1. ASSISTANT SECRETARY OF DEFENSE FOR MANPOWER AND RESERVE AFFAIRS.

Under the authority, direction, and control of the Under Secretary of Defense for Personnel and Readiness, the Assistant Secretary of Defense for Manpower and Reserve Affairs has overall responsibility for the development of DoD civilian personnel policy covered by this volume.

2.2. DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR CIVILIAN PERSONNEL POLICY.

Under the authority, direction, and control of the Assistant Secretary of Defense for Manpower and Reserve Affairs, the Deputy Assistant Secretary of Defense for Civilian Personnel Policy supports the development of civilian personnel policy covered by this volume and monitors its execution by DoD Components, ensuring consistent implementation and continuous application throughout the DoD.

2.3. DIRECTOR, DEPARTMENT OF DEFENSE HUMAN RESOURCES ACTIVITY.

Under the authority, direction, and control of the Under Secretary of Defense for Personnel and Readiness, the Director, Department of Defense Human Resources Activity, provides support to the Deputy Assistant Secretary of Defense for Civilian Personnel Policy, as appropriate, in the execution of the procedures in this volume.

2.4. DOD COMPONENT HEADS.

DoD Component heads, pursuant to Part 536 of Title 5, CFR:

- a. Will provide pay and grade retention in accordance with Section 3.
- b. May provide pay and grade retention for circumstances other than those detailed in Section 3.

SECTION 3: PROCEDURES

3.1. GRADE RETENTION.

In accordance with Subpart 536.202(a) of Title 5, CFR, an authorized agency official will 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 Title 5, CFR, are met, DoD Components will extend grade retention to an employee when:

- a. 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 Deputy Assistant Secretary of Defense for Civilian Personnel Policy 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.

- b. An otherwise eligible employee is placed through the Priority Placement Program in accordance with DoDI 1400.20, including placement resulting from early registration, even though the employee does not have a specific RIF notice.

- c. 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.

3.2. PAY RETENTION.

Subject to the limitations in Subpart 536.302(a) of Title 5, CFR, DoD Components will 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. Pay retention will be extended when:

- a. An employee would otherwise be granted grade retention pursuant to this volume but does not meet the time requirements specified in Subpart 536.203(a) of Title 5, CFR.

- b. 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 Title 5, CFR.

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

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

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

(3) A non-displaced overseas employee under no obligation to return to the United States is otherwise eligible for Priority Placement Program registration in accordance with Part 536 of Title 5, CFR.

d. An employee declines an offer to transfer with the organization's function to a location outside the commuting area, or is identified as performing such function but is not placed in a position at the gaining activity, and is placed in a lower-graded position at the losing activity or any other DoD activity.

e. An employee accepts a lower-graded position offered by an activity to accommodate a disabling medical condition.

f. 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 (i.e., change in administration).

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

h. An employee occupying a National Guard technician position loses military status, through no fault of the employee, and accepts placement without a break in service in a lower-graded competitive service position

i. 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.

j. An employee applies through a formal recruitment program (e.g., a vacancy announcement in a talent acquisition system) and is selected for a position outside the continental United States for which pay retention has been advertised, in writing, as an incentive for applicants whose pay would be reduced if selected for the position. Pay retention will not be offered as an incentive for employees moving between overseas positions.

k. An employee eligible pursuant to Subpart 536.302(a) of Title 5, CFR, is involuntarily moved from a DoD nonappropriated fund position to a DoD civil service position without a break in service of more than 3 days.

GLOSSARY

G.1. ACRONYMS.

ACRONYM	MEANING
CFR	Code of Federal Regulations
DoDI	DoD instruction
RIF	reduction in force
U.S.C.	United States Code

G.2. DEFINITIONS.

TERM	DEFINITION
grade retention	Defined in Section 5362 of Title 5, U.S.C.
pay retention	Defined in Section 5363 of Title 5, U.S.C.
Priority Placement Program	The program established pursuant to DoDI 1400.20 and Volume 1800 of this instruction.
RIF	Defined in Section 3595(d) of Title 5, U.S.C.

REFERENCES

Code of Federal Regulations, Title 5

DoD Directive 1400.25, “DoD Civilian Personnel Management System,” November 25, 1996

DoD Directive 5124.02, “Under Secretary of Defense for Personnel and Readiness
(USD(P&R)),” June 23, 2008

DoD Instruction 1400.20, “DoD Program for Stability of Civilian Employment,” September 26,
2006

United States Code, Title 5