

GENERAL SERVICES ADMINISTRATION
Washington, DC 20405

HRM 9531.1A
July 16, 2024

GSA ORDER

SUBJECT: Superior Qualifications and Special Needs Pay-Setting Authority

1. Purpose. This Order issues and transmits GSA agency policy governing the use of the Superior Qualifications and Special Needs Pay-Setting Authority (SQA) under 5 U.S.C. § 5333 and 5 C.F.R. § 531.212.
2. Background. A GSA Administrator memorandum dated April 15, 2012 requires that all requests to use superior qualifications pay setting authority receive the joint approval of both the Chief Human Capital Officer (CHCO) and the Chief Financial Officer (CFO). This directive continues to implement this delegation of authority. In addition, this directive implements a new Office of Personnel Management (OPM) “diversity, equity and inclusion” final rule, dated January 30, 2024 (89 FR 5737 – 5757). This rule prohibits Federal agencies from considering either an applicant’s salary history, or the salary for competing job offers, during the pay-setting process. In addition, this rule requires the agency to consider the step at which pay has historically been set for employees who had similar qualifications and who have been newly-appointed to positions that are similar to the candidate’s position. This new rule implements the Biden Administration’s Presidential Executive Order 14035 (June 25, 2021), *Executive Order on Diversity, Equity, Inclusion, and Accessibility in the Federal Workforce*.
3. Scope and applicability.
 - a. This General Schedule (GS) pay-setting authority applies to appointees who have superior qualifications or who meet a special agency need, and who are “newly appointed,” in other words, entering the Federal service for the very first time or are returning to Federal employment after a break in service of 90 calendar days or more. Limited exceptions to the 90-day limitation are provided within 5 C.F.R. § 531.212(a)(3).
 - b. The Office of Inspector General (OIG) has independent personnel authority. See Section 6 of the Inspector General Act of 1978, (5 U.S.C. App. 3), as amended (Inspector General is authorized “to select, appoint, and employ, such officers and employees as may be necessary for carrying out the functions, powers, and duties of Office of Inspector General”) and GSA Order ADM P 5450.39D GSA Delegations of Authority Manual (Delegations Manual), Chapter 2, Part 1 (“the Inspector General has independent authority to formulate policies and make determinations concerning human

capital issues within the [OIG] and GSA determinations/delegations do not limit that authority). Similarly, GSA specifically recognizes that the Inspector General has independent authority to formulate policies and make determinations concerning training, employee development, and career management.

4. Cancelation. Order HRM 9531.1 dated April 8, 2016 is hereby canceled.
5. Nature of revision. This Order implements the requirements from the Office of Personnel Management (OPM) final rule dated January 30, 2024 (89 FR5737 - 5757). Also, see Presidential Executive Order 14035 (June 25, 2021).
6. Implementation under this issuance must be carried out in accordance with applicable laws, regulations, and bargaining agreements.
7. Signature.

/S/

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

HRM 9531.1 Superior Qualifications and Special Needs Pay-Setting Authority

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1. INTRODUCTION

This order provides the General Service Administration's (GSA's) agency policy for requesting and authorizing pay-setting above the minimum rate for newly-appointed GS employees who have superior qualifications or who meet a special agency need in accordance with 5 U.S.C. § 5333 and the civil service regulation at 5 C.F.R. § 531.212.

2. REFERENCES

- 5 U.S.C. § 5333
- 5 C.F.R. § 531.212
- *Advancing Pay Equity in Governmentwide Pay Systems*, 89 FR 5737-5757 (January 30, 2024).
- Executive Order 14035, *Executive Order on Diversity, Equity, Inclusion, and Accessibility in the Federal Workforce*. June 25, 2021.

3. DEFINITIONS

a. Superior Qualifications Appointment. An appointment made at a rate of pay above the minimum rate of the appropriate GS grade under the authority of 5 U.S.C. § 5333, based upon the superior qualifications of the applicant or a special need of the agency for the candidate's services.

b. Special Agency Need. When GSA has a documented need for a specific set of skills and/or expertise and recruitment historically has been met with limited success, it is determined that the candidate may fill that agency need with a particular type, level, or quality of skills, competencies, qualities or experience. The candidate is unusually or singularly qualified for a unique organizational function, or, one who has special (though not necessarily superior) qualifications that meet a particular unique need of the position or a documented area of chronic labor shortage.

c. Hiring Manager. The hiring manager (alternatively referred to as the "selecting official") is considered the employee that arranges for funding for the position, participates in the job analysis, undertakes creation of the position description and assessment instrument, serves on the interview panel (if applicable) and functions as the selecting official of the most suitable and best qualified candidate. This official normally initiates the request to use SQA.

d. Reviewing official. A management official who serves as the Head of Services and Staff Offices (HSSO) or Regional Administrator (RA) who is responsible for the control of funds within an organization. This individual has the authority to commit funds for the Hiring Manager's organization.

e. Approving official. The approving officials for this authority are the Chief Human Capital Officer (CHCO) and Chief Financial Officer (CFO). Joint approval is required.

4. RESPONSIBILITIES

a. Office of Human Resources Management.

(1) Reviews each request package to ensure that the justification and documentation support the use of this incentive and that the request is in compliance with this Order and the governing OPM regulations.

(2) Consults with the requesting organization, as necessary, to request additional information or documentation.

b. Office of the Chief Financial Officer. Coordinates with the Chief Human Capital Officer to review each superior qualifications appointment (SQA) request memorandum and justification and then either approves or disapproves each request, based on the availability of funds.

c. Requesting Office. The Hiring Manager and the Reviewing Official have certain responsibilities under this authority. They must:

(1) Carefully consider the qualifications, skills and abilities of all of the best qualified referred candidates. If a selected candidate indicates that he or she will not accept an offer of employment at the minimum rate, the hiring manager and reviewing official must consider the selection of an alternative job candidate rather than requesting approval of SQA pay-setting;

(2) Carefully consider and weigh alternative human capital authorities (such as recruitment incentives or student loan repayment incentives). Under the SQA civil service regulation, 5 C.F.R. § 531.212(d), hiring officials must consider a recruitment incentive in lieu of SQA pay-setting. Recruitment incentives are more flexible and less costly and do not affect the employee's retirement record or the opportunity for future salary growth;

(3) Understand that GSA is prohibited from using the candidate's salary history in the job offer process, or considering the salary in a job candidate's competing job, offer when setting pay, due to the revised civil service regulations (89 FR 5737, January 30, 2024); and

(4) Understand that hiring managers should not engage in salary discussions or advise applicants to decline job offers made at a grade's minimum rate. Managers should also not ask job candidates for their salary history, as this information is now prohibited in the process of making employment or pay-setting decisions.

5. STANDARD AND OPTIONAL PAY SETTING RULES

Pay-setting rules under the General Schedule (e.g., the Classification Act of 1949) are established by both statute and regulation. The Standard and Optional principles are as

follows:

Standard Rules

Type of Personnel Action	Rule	Authority
First civil service appointment or reemployment (e.g., reinstatement career) following a break in service of at least one day	Assign Step 1	5 U.S.C. § 5333 5 C.F.R. § 531.211
Agency appointment or reinstatement of a candidate currently outside of Title 5 (e.g., Title 10) with no significant break in service (i.e., less than 3 days)	Assign Step 1	5 U.S.C. § 5333 5 C.F.R. § 531.211(b)
Lateral movement within the GS system through reassignment, appointment conversion, agency transfer or change in duty station	Existing GS Step remains the same	5 U.S.C. § 5334 5 C.F.R. § 531.213
Promotion within the GS system	Add the value of two GS steps in the current GS grade and slot to an equivalent Step in the higher GS grade (note: assign higher step when between two steps)	5 U.S.C. § 5334 5 C.F.R. § 531.214
Demotion within the GS system	Assign Step 1 of the new lower GS grade	5 C.F.R. § 531.215
Return to the lower grade following conclusion of a temporary promotion	Set the step as if never temporarily promoted, given within-grade-increase time credit for the period of time during the temporary promotion	5 C.F.R. § 531.215(c)

Optional Rules

Type of Personnel Action	Rule	Authority
First appointment or reinstatement following a break in service of at least 90 days	Superior qualifications pay-setting authority, discussed in this order	5 C.F.R. § 531.212, as amended
Reinstatement, agency transfer, reassignment, promotion, demotion, appointment conversion, appointment from a non-GS pay system, or termination of grade or pay retention	Maximum Payable Rate Rule, also known as the “Highest Previous Rate (HPR)” rule within GSA Offer the Step within the selected GS grade that most approximates an equivalent rate of basic pay as currently held, or held in the past*	5 C.F.R. § 531.221 - 223

* A Federal employee’s compensation may be composed of certain components that are not considered basic pay under 5 C.F.R. § 530.202. As an example, recruitment and retention bonuses under 5 U.S.C. §§ 5753 and 5754, as well as under other authorities, are not considered basic pay for pay-setting purposes.

6. CRITERIA FOR AUTHORIZING AN SQA

a. Superior Qualifications. The first basis for an SQA, which is the most common, is based on a candidate’s “superior qualifications.” Described below is how a candidate’s qualifications are evaluated during the staffing process and how managers can articulate a basis for superior qualifications.

Under 5 U.S.C. § 3319 and 5 C.F.R. Part 337, Subpart C, the agency uses a rating and ranking procedure known as “category rating.” An initial step in this process is a job analysis of the vacant position that results in “selective placement factors” and “quality ranking factors.” Selective placement factors (SPFs) are special qualifications or competencies that are essential for a candidate to perform the duties of a job satisfactorily. SPFs are considered critical for successful performance and are not something that a new employee can easily learn. A quality ranking factor (QRF) is a job-related skill, knowledge, or ability that can significantly improve performance in a position, but is not essential for satisfactory performance. QRFs can be obtained through experience or education. Applicants with QRFs may be ranked higher than those who don’t have them.

In category rating, candidates are evaluated (by single-hurdle or multiple hurdle assessment instruments) as either qualified or not qualified; those that are qualified are typically placed into one of two available categories: “highly-qualified” or “well-qualified.” Highly-qualified candidates possess the type and quality of

experience that substantially exceeds the minimum qualifications of the position, including all selective placement factors and appropriate quality ranking factor(s). Highly-qualified candidates are considered highly proficient in all the requirements of the job and should all perform effectively in the position almost immediately, or with a minimum amount of training and/or orientation. Well-qualified candidates, on the other hand, meet the minimum qualifications of the position but are only proficient in some, but not all, of the requirements of the position. Such candidates may require extensive training and/or orientation in order to satisfactorily perform the duties of the position.

In the SQA pay-setting authority, one or more candidates selected from the highly-qualified category may, in particular, stand out within that category because of unique or superior qualifications compared to the other candidates. A certain candidate, for example, may have an unusual or unique skill-set or particular competency relevant or important to the position. Examples include uniquely-relevant prior work experience, specialized education or voluntary certification in a professional field. While all candidates within the highly-qualified category should perform well if selected for the position, some candidates may have certain individual skills and/or abilities that make them more likely to be best suited for that position without additional training and with a minimum of orientation. These are the individuals with superior qualifications.

b. Special Agency Need. As an alternative to the basis of superior qualifications, the SQA pay-setting authority may instead be authorized if the type, level, or skills and competencies possessed by the candidate are essential to accomplishing an important agency mission, goal, or program activity. Justifications that use this basis should discuss the particular agency need, such as the project, program, or area of responsibility.

7. THE NEW OPM RULES

The superior qualifications pay-setting authority, within 5 C.F.R. § 531.212, was significantly revised by OPM during January 2024 as part of the Biden Administration's "diversity, equity and inclusion" (DEIA) initiative. The following are important excerpts from the new OPM final rule, dated January 30, 2024 (89 FR 5737).

a. **Pay should almost always be set at the minimum rate.** "Generally, a new appointment to a GS or a prevailing rate position must be made at the minimum (step 1) rate of the grade of the employee's position," (we also note this requirement is in 5 CFR § 531.211(a) for GS employees and within 5 U.S.C. § 5333 for non-GS civilian employees);

b. **Agencies cannot consider non-Federal salary history.** "Agencies will no longer be able to set pay based on non-Federal salary history, which could vary between equally qualified candidates. Agencies also will not be permitted to consider a candidate's competing job offer when setting pay;"

c. **Agencies cannot solicit salary history.** “Agencies should not solicit salary history from job candidates.”

d. **Agencies cannot use salary history if divulged.** “An agency has no control over what information a candidate may volunteer to provide and that a candidate could disclose their prior salary during the interview process. In the event of voluntary salary disclosure, agencies will continue to be prohibited from considering that information to set pay, regardless of how they learn that information.”

e. **To create equity, agencies must consider the pay-setting of prior candidates.** The OPM regulations (2024) created a new regulatory requirement that an agency must first consider, as a threshold issue: “The step at which pay has been set for employees who had similar qualifications (based on the level, type, or quality of the candidate’s skills or competencies or other qualities and experiences) and who have been newly appointed to positions that are similar to the candidate’s position (based on the position’s occupational series, grade level, organization, geographic location, or other job-relevant factors), if applicable.”

To implement this new, required pay equity analysis, staff from the Office of Human Resources (OHRM) will consider the proportion of prior candidates approved for SQA pay-setting as well as the median and mode steps associated with the applicable pay-setting distribution. As a result of this new requirement, OHRM staff may advise the selecting official that SQA may not be used, or if used, that pay must be set at a particular step.

8. REQUESTING SUPERIOR QUALIFICATION APPOINTMENT PAY-SETTING

Following the equity analysis, if OHRM staff permit SQA pay setting, the regulations allow the selecting official to draft an SQA request package. Under a 2012 memorandum governing the approval of certain GSA employee benefits that have a financial impact on the organization, a request for SQA initiated by the hiring manager must be cleared by a “reviewing official” (i.e. the head of the staff or service office) and then forwarded for joint final approval by the Chief Human Capital Officer and the Chief Financial Officer.

A sample request memorandum (for circulation and approval) is provided at **Attachment A**.

The request memorandum must justify the request based on one or more of the following regulatory criteria (from 5 C.F.R. § 531.212(c)(2)):

- (1) The level, type, or quality of the candidate's skills or competencies (where competencies mean the measurable or observable knowledge, skills, abilities, behaviors, and other characteristics required by a position);
- (2) Significant disparities between Federal and non-Federal salaries for the skills and competencies required in the position to be filled;

- (3) Existing labor market conditions and employment trends, including the availability and quality of candidates for the same or similar positions [for example, a discussion that includes information from the Bureau of Labor Statistics on national unemployment trends and/or career growth projections for the occupation];
- (4) The success of recent efforts to recruit candidates for the same or similar positions [for example, a situation where prior announcements yielded very few qualified candidates];
- (5) Recent turnover in the same or similar positions;
- (6) The importance/criticality of the position to be filled and the effect on the agency if it is not filled or if there is a delay in filling it;
- (7) The desirability of the geographic location, duties, and/or work environment associated with the position;
- (8) Agency workforce needs, as documented in the agency's strategic human capital plan; or
- (9) Other relevant factors, except that an agency **may not** consider the candidate's salary history (i.e., existing salary or prior salary) or a salary from a competing job offer.

While the hiring manager's request memorandum may suggest a certain pay step, the step ultimately approved will depend on the results of the pay equity analysis. Any recommendation of a particular step must be supported by quantitative evidence, such as a salary survey from the Bureau of Labor Statistics or a professional organization.

9. CONSIDERATION OF ALTERNATIVE AUTHORITIES

Due to the civil service regulation at 5 C.F.R. § 531.212(d), the hiring manager's memorandum must contain a discussion of whether or not alternative compensation flexibilities were considered. Common alternative compensation flexibilities include:

- Individual or group recruitment incentives (under 5 U.S.C. § 5753);
- Student loan repayment incentives (under 5 U.S.C. § 5379);
- The "first post to duty" relocation incentive (under 5 U.S.C. § 5723 and 41 C.F.R. Part 302); and
- Annual leave service computation date credit for prior non-Federal employment (under 5 U.S.C. § 6303(e) and the [OPM Fact Sheet](#)).

The SQA authority should only be used in lieu of these other options in rare cases. The SQA authority is not only the most expensive authority for the agency, but it also affects the employee's permanent future service history as well as retirement annuity (if the appointee remains in Federal service until retirement).

10. DOCUMENTATION AND RECORDKEEPING

If an SQA request is approved, OHRM staff should annotate the Pay Rate Determinant (PRD) as described further in the [Guide to Processing Personnel Actions](#). The human resources specialists should also review the [Guide to Data Standards](#) and the [Guide to Human Resources Reporting](#). These helpful OPM online reference manuals contain rules and advice about how to process these personnel actions.

Under General Records Schedule 2.1, Item 050, *Job Vacancy Case Files*, the Tableau query results, as with the other documents within the MGS or USA Staffing vacancy record, must be maintained for a minimum of 2 years.

The pay-setting equity analysis will be made available upon request from an authorized GSA agency official (e.g., as part of Delegated Examining Unit audits and HR Office and program reviews) or will be provided in response to a request from OPM or another oversight agency (e.g., OIG, GAO).

Disclosure is subject to the Privacy Act of 1974 and its exceptions (see 5 U.S.C. §§ 552 and 552a) as well as 5 C.F.R. § 293.311, *Availability of Information*.

Attachment A: Sample SQA Request Package



[GSA Office - SSO]

[Date]

MEMORANDUM FOR [NAME]
CHIEF HUMAN CAPITAL OFFICER
OFFICE OF HUMAN RESOURCES MANAGEMENT

[NAME]
CHIEF FINANCIAL OFFICER
OFFICE OF THE CHIEF FINANCIAL OFFICER

FROM: [NAME OF HIRING OFFICIAL]
[GSA STAFF OR SERVICE OFFICE]

THROUGH [NAME OF REVIEWING OFFICIAL]
[GSA STAFF OR SERVICE OFFICE]

SUBJECT: Request for Superior Qualifications Appointment Pay
Setting Approval for the Appointment of **[name of candidate]**

The GSA Office of **[name of staff or service office]** proposes that the superior qualifications authority (SQA) pay-setting be approved for **[name of job candidate]**. The basis for this approval is [check only one]:

- The candidate's superior qualifications; or
- The candidate fills a special agency need.

The following **consideration factor(s)** are discussed in the attached Justification [check all that apply]:

- The candidate's skills or competencies
- Significant disparities exist between Federal and non-Federal salaries
- Existing labor market conditions and trends
- The success of recent efforts to recruit candidates for the same or similar positions
- Recent turnover in the same or similar positions
- The special importance or criticality of the position to be filled and the effect on the agency
- The desirability of the geographic location, duties, and/or work environment
- Agency workforce needs, as documented in the GSA Strategic Plan or SSO workforce plan
- Other factor, not listed above, excluding candidate's salary history or salary in a competing job offer

Justification

[Date]

Background

[Describe your staff or service office, and its mission or function.]

[Discuss any relevant special project or initiative.]

[Provide some basic details about the position being recruited, and its major duties and responsibilities.]

[Articulate why this particular candidate was selected, and what knowledge, skills, and/or experience stood out compared to the other qualified candidates.]

Consideration Factors

[Provide an explanation of the consideration factor(s) marked above, on the front cover sheet. A minimum of one factor must be discussed.]

Consideration of Other Authorities

[Explain whether or not other human capital authorities were considered and why SQA was chosen as preferable compared to the other options.]

Suggested Attachments

- **Job candidate's resume**
- **Vacancy announcement**
- **Position description**
- **Any other relevant documents (e.g., recruitment or retention statistics, labor market salary surveys, etc.)**