



# United States Department of the Interior

OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20240



July 22, 1991

PERSONNEL MANAGEMENT LETTER NO. 91-6

(575)

SUBJECT: Departmental Policy on Supervisory Differentials

Attached is the Department's policy regarding the implementation of section 211 of the Federal Employees Pay Comparability Act of 1990 which covers the payment of supervisory differentials. This policy incorporates comments made by bureau personnel offices in response to PMB 91-91, dated June 13, 1991.

This policy will be incorporated in an appropriate chapter of the Departmental Manual when it is revised in the future.

Director of Personnel

Attachment

INQUIRIES:

Alan Coulter, Division of Employee Relations,  
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## Supervisory Differentials

### I. Authorities.

5 U.S.C. 1104 (a)(2), 5753, 5754, 5755 and 5 CFR Part 575 Subpart D

### II. Policy.

The Department of the Interior hereby establishes a policy to implement the payment of supervisory differentials in accordance with the regulations issued by the Office of Personnel Management (OPM) in 5 CFR Part 575. These regulations authorize the payment of a supervisory differential to a General Schedule or Performance Management and Recognition System employee who has supervisory responsibility for one or more civilian employees not under the General Schedule if one or more of the subordinate employees would, in the absence of such a differential, be paid more than the supervisory employee. Heads of bureaus and offices will be responsible for administering this policy. This authority may be further delegated at the discretion of the bureau or office head.

### III. Departmental Procedures.

#### A. Approving Official.

Bureaus will designate an official(s) with authority to determine the payment of a supervisory differential. Each determination to make such a payment will be reviewed and approved by an official in the bureau who is at a higher level than the official who made the initial decision.

#### B. Requirements for Payment.

1. In determining whether to pay a supervisory differential and the amount of this differential, bureaus will consider the relationship in pay among General Schedule supervisors in the same organizational component, as well as the relationship in pay between the supervisor and his or her subordinates.

2. A supervisory differential will not be paid when the differential is based on supervising an employee whose rate of basic pay exceeds the maximum rate of basic pay for grade GS-15.

3. Each determination to pay a supervisory differential will be documented in writing.

4. Bureaus are encouraged to authorize supervisory differentials only when there is a significant pay disparity because of the potential for frequent changes in a supervisor's eligibility for a differential at different times of the year. In addition, the amount of a supervisory differential should be set so as to minimize the necessity for frequent adjustments because of predictable changes in basic pay rates.

C. Calculation and Payment of Supervisory Differential.

1. A supervisory differential will be calculated as a percentage of the supervisor's rate of basic pay or as a dollar amount and will be paid in the same manner and at the same time as the supervisor's basic pay; i.e., the differential will be paid at an hourly rate for each hour during which the supervisor receives basic pay.

2. The amount of a supervisory differential will not cause the supervisor's continuing pay (as defined in paragraph 3 of this section) to exceed the continuing pay of the highest paid subordinate not under the General Schedule by more than 3 percent. The differential may be less than 3 percent.

3. The following payments will be included in determining the amount of continuing pay received by the supervisor:

- a. Basic pay, including a retained rate;
- b. A locality-based comparability payment or interim geographic adjustment;
- c. A staffing differential;
- d. A retention allowance;
- e. Any other continuing payment except night, Sunday or holiday premium pay or a hazardous duty differential;
- f. Premium pay paid on an annual basis.

4. The following payments will be included in determining the amount of continuing pay received by a subordinate whose position is not under the General Schedule:

- a. Basic pay, excluding a night or environmental differential or a retained rate of pay;

b. A locality-based comparability payment, an interim geographic adjustment or another locality-based payment under similar authority;

c. Any other continuing payment except Sunday or holiday pay or a retention allowance;

d. Premium pay paid on an annual basis.

5. A supervisory differential is not considered part of the supervisor's rate of basic pay for any purpose.

D. Adjustment or Termination of Supervisory Differential.

1. A supervisory differential will be terminated when the continuing pay of the supervisor (not including the supervisory differential) exceeds the continuing pay of the highest paid subordinate whose position is not under the General Schedule.

2. A supervisory differential will be reduced or terminated (as appropriate) when the continuing pay of the supervisor (including the supervisory differential) exceeds the continuing pay of the highest paid subordinate whose position is not under the General Schedule by more than 3 percent. This may occur, for example, when the supervisor receives an annual pay adjustment, a merit increase, a within-grade increase or a quality step increase.

3. The effective date of a reduction or termination of a supervisory differential must not be later than 30 calendar days after the date of the event that necessitated the reduction or termination of the differential.

4. The reduction or termination of a supervisory differential may not be appealed.

E. Records.

1. Bureaus will keep a record of each determination to pay a supervisory differential as well as any subsequent adjustments and terminations in order to allow for reconstruction of the action. Each record will include the basis for determining the amount of the differential and the comparison of continuing pay.

2. Bureaus will submit data concerning each determination to establish, adjust or terminate a supervisory differential to PAY/PERS as part of the regular submission for OPM's Central Personnel Data File.