

1. U.S. note 1 to such subchapter is modified by inserting the following new sentence immediately before the final sentence to the text of such note:

“Goods of a party to the Agreement as defined in general note 29(a) to the tariff schedule, and described in subheading 9915.50.01 (or in any subsequent subheadings of this subchapter which may hereafter be established), are subject to duty at the special rate of duty set forth therein in lieu of the special rate of duty provided for in chapters 1 through 97 or subchapter II of chapter 98 of the tariff schedule, unless such goods are entered at the appropriate general duty rate provided for in chapters 1 through 97 of the tariff schedule.”

2. The following new subheading is inserted in numerical sequence in such subchapter, with the material inserted in the columns entitled “Heading/Subheading”, “Article Description”, “Rates of Duty 1 General” and “Rates of Duty 1 Special”, respectively:

“9915.50.01	: Socks, stockings and other hosiery and footwear	:	:	:
	: without applied soles, of cotton, knitted or crocheted	:	:	:
	: (provided for in subheading 6115.95.60 or 6115.95.90,	:	:	:
	: and including such goods eligible for entry under	:	:	:
	: heading 9802.00.80 or 9822.05.10), the foregoing which	:	:	:
	: are originating goods of Honduras under the terms of	:	:	:
	: general note 29 to the tariff schedule and are entered	:	:	:
	: during the period from July 1, 2008 through December	:	:	:
	: 31, 2008, inclusive.	: No change	: 5% on the full	:
	:	:	: value of the im-	:
	:	:	: ported article”	:

Susan C. Schwab,  
U.S. Trade Representative.  
[FR Doc. E8-10350 Filed 5-8-08; 8:45 am]  
BILLING CODE 3190-W8-P

**OFFICE OF PERSONNEL  
MANAGEMENT**

**Submission for OMB Review;  
Comment Request for Extension,  
Without Change, of a Currently  
Approved Information Collection: RI  
38-45**

**AGENCY:** Office of Personnel  
Management.

**ACTION:** Notice.

**SUMMARY:** In accordance with the Paperwork Reduction Act of 1995 (Public Law 104-13, May 22, 1995), this notice announces that the Office of Personnel Management (OPM) has submitted to the Office of Management and Budget (OMB) a request for extension, without change, of a currently approved information collection. RI 38-45, We Need the Social Security Number of the Person Named Below, is used by the Civil Service Retirement System and the Federal Employees Retirement System to identify the records of individuals with similar or the same names. It is also needed to report payments to the Internal Revenue Service.

Approximately 3,000 RI 38-45 forms will be completed annually. Each form requires approximately 5 minutes to

complete. The annual estimated burden is 250 hours.

For copies of this proposal, contact Mary Beth Smith-Toomey on (202) 606-8358, FAX (202) 418-3251 or via E-mail to *MaryBeth.Smith-Toomey@opm.gov*. Please include a mailing address with your request.

**DATES:** Comments on this proposal should be received within 30 calendar days from the date of this publication.

**ADDRESSES:** Send or deliver comments to—

Ronald W. Melton,  
Deputy Assistant Director,  
Retirement Services Program,  
Center for Retirement and Insurance  
Services,  
U.S. Office of Personnel Management,  
1900 E Street, NW., Room 3305,  
Washington, DC 20415-3500;  
and  
Brenda Aguilar,  
OPM Desk Officer,  
Office of Information & Regulatory  
Affairs,  
Office of Management and Budget,  
New Executive Office Building, NW.,  
Room 10235,  
Washington, DC 20503.

*For Information Regarding  
Administrative Coordination—Contact:*  
Cyrus S. Benson, Team Leader,  
Publications Team, RIS Support  
Services/Support Group, (202) 606-  
0623.

Office of Personnel Management.  
**Howard Weizmann,**  
Deputy Director.  
[FR Doc. E8-10356 Filed 5-8-08; 8:45 am]  
BILLING CODE 6325-38-P

**OFFICE OF PERSONNEL  
MANAGEMENT**

**Proposed Personnel Demonstration  
Project; Alternative Personnel  
Management System for the U.S.  
Department of Agriculture, Food Safety  
and Inspection Service**

**AGENCY:** U.S. Office of Personnel  
Management.

**ACTION:** Notice of a proposed  
demonstration project plan.

**SUMMARY:** Chapter 47 of title 5, United States Code, authorizes the U.S. Office of Personnel Management (OPM), directly or in agreement with one or more agencies, to conduct demonstration projects that experiment with new and different human resources management concepts to determine whether changes in human resources policy or procedures result in improved Federal human resources management. The Food Safety and Inspection Service (FSIS), the United States Department of Agriculture (USDA), and OPM propose to test a results-based, competency-linked pay-for-performance system that is combined with a simplified, pay banding classification and compensation system. Section 4703 of

title 5 requires OPM to publish the proposed project plan in the **Federal Register**. This notice fulfills that requirement.

**DATES:** To be considered, written comments must be submitted on or before June 9, 2008. A public hearing will be held on the proposed project plan on Thursday, June 26, 2008, and will begin at 10 a.m., Eastern Standard Time. *The location of the hearing is:* U.S. Department of Agriculture, South Building, 1400 Independence Avenue, SW., Washington, DC 20250. You must use the 7th wing entrance which is accessible from Independence Avenue.

Public parking is limited, but the building is conveniently accessible to the "Smithsonian" Metro stations. The South Building is a secure facility. Members of the public must show a government-issued photo ID (e.g. State driver's license). Attendees will undergo electronic screening, and their personal belongings will be subject to a physical search. Personal items prohibited in the South Building include devices that can transmit and record, weapons (guns, knives, explosives, etc.), and alcohol. A member of the public possessing such items will be barred from entering, and such items are subject to confiscation. There will be a sign-in table set up in the lobby of the Jefferson Auditorium. A greeter and signs will direct attendees to the auditorium location.

There will be a telephone call-in number for members of the public and agency who cannot attend in person. That number will be 888-790-4330 (Passcode: Demonstration Project), and the line will be active from 10 a.m. Eastern Standard Time until the conclusion of the hearing.

At the time of the hearing, interested persons or organizations may present their written or oral comments on the proposed demonstration project. The hearing will be informal. However, anyone wishing to testify should contact the person listed under **FOR FURTHER INFORMATION CONTACT**, so that FSIS, USDA, and OPM can plan the hearing and provide sufficient lead time for all interested persons and organizations to be heard. Priority will be given to those on the schedule, with others speaking in any remaining available time. Each speaker's presentation will be limited to five minutes. Written comments may be submitted to supplement oral testimony during the public comment period.

**ADDRESSES:** Comments may be mailed to Demonstration Projects, U.S. Office of Personnel Management, 1900 E Street, NW., Room 7677, Washington, DC 20415 or submitted by e-mail to [Demoprojects@opm.gov](mailto:Demoprojects@opm.gov).

**FOR FURTHER INFORMATION CONTACT:** (1) FSIS, Laurie Lindsay, Director, HR Demonstration Project Staff, (202) 720-7983, 1400 Independence Avenue, SW., Room 2134 South Building, Washington D.C, 20250; (2) Office of Personnel Management, Patsy Stevens, Systems Innovation Group Manager, (202) 606-1574, U.S. Office of Personnel Management, 1900 E Street, NW., Room 7456, Washington, DC 20415.

**SUPPLEMENTARY INFORMATION:** The goals of this demonstration project are to improve workforce performance and promote mission accomplishment by making employees' pay increases more performance-sensitive, so that only Fully Successful and higher performers will receive any pay adjustments and the best performers will receive the largest pay adjustments. This will produce such measurable outcomes as improving the quality of new hires, increasing the proportion of agency positions that remain filled, improving supervisors' and employees' commitment to a highly effective performance culture, retaining good performers, making line managers more responsible and accountable for human resources management, improving the effectiveness and efficiency of human resources systems, and closing human capital gaps for supervisory and mission-critical occupations (e.g., the gap between the number of employees required at each competency proficiency level to perform current and future missions and the number of existing employees at those levels).

**Linda M. Springer,**  
*Director.*

#### Table of Contents

- I. Executive Summary
- II. Introduction
  - A. Purpose
  - B. Problems with the Present System
  - C. Changes Required/Expected Benefits
  - D. Participating Organizations
  - E. Participating Employees
  - F. Labor Participation
  - G. Project Design
- III. Personnel System Changes
  - A. Pay Banding Classification and Pay System
    - 1. Establishment of Career Paths and Pay Bands
    - 2. Position Classification
    - 3. Delegation of Classification Authority
    - 4. Classification Appeals
    - 5. Elimination of Fixed Steps
    - 6. Rate Range
    - 7. Locality Pay
    - 8. Rate of Basic Pay Upon Initial Appointment
    - 9. Rate of Basic Pay Upon Promotion
    - 10. Rate of Basic Pay in Noncompetitive Lateral Actions
    - 11. Other Pay Administration Provisions
    - 12. Staffing Supplements

- 13. Status as GS Employees
- B. Performance Appraisal System
  - 1. Program Requirements
  - 2. Supervisory Accountability
  - 3. Reconsideration of Ratings
- C. Performance-based Pay Increases and Awards
  - 1. Performance Shares
  - 2. Performance Pay Pools
  - 3. Performance-based Pay Increases
  - 4. Employees Who Cannot Receive a Performance Pay Increase
  - 5. Performance Awards
- D. Developmental Pay Increases
- E. Staffing
  - 1. Minimum Qualification Requirements
  - 2. Flexible Pay Setting for New Hires
  - 3. Promotions
- F. Reduction-in-Force
- IV. Training
- V. Conversion
  - A. Conversion to the Demonstration Project
  - B. Conversion to the General Schedule
- VI. Project Modification
- VII. Project Duration
- VIII. Project Evaluation
- IX. Costs
  - A. Buy-in Costs
  - B. Recurring Costs
- X. Waiver of Laws and Regulations Required

#### I. Executive Summary

This project was designed by the United States Department of Agriculture (USDA), including the Food Safety and Inspection Service (FSIS), with participation of and review by the U.S. Office of Personnel Management (OPM). The demonstration project will pursue several key objectives: to simplify the current classification system for greater flexibility in classifying work and paying employees; to reaffirm the performance management and rewards system for improving individual and organizational performance; to assure that the allocation of annual pay increases reflects distinctions in levels of performance in a meaningful way; and to test the effectiveness of multi-grade pay bands in recruiting, advancing and retaining employees. The duration of the project will be 5 years, except that the project may be extended by OPM if further testing and evaluation are warranted.

The proposed project will test whether a results-based, competency-linked pay-for-performance system can be successful in USDA. Previous alternative pay systems that used competency models (e.g., the Government Accountability Office (GAO) compensation system and the Department of Defense (DOD) Acquisition Workforce Demonstration Project) did not focus on missions or occupations related to public health or food defense. Moreover, the workforce covered by the proposed demonstration project is predominantly supervisory (about 40%), and it is important to

establish effective pay-for-performance policies and procedures for supervisory positions before extending such systems to large numbers of line worker positions throughout the Federal Government. Finally, a substantial number of the covered employees (approximately 30 percent) have working conditions that are dramatically different from other white-collar workers (e.g., shift-oriented work in slaughter or meat processing facilities), including the requirement for substantial amounts of regularly-scheduled and intermittent overtime.

## II. Introduction

### A. Purpose

The purpose of the proposed project is to strengthen the contribution of human resources management in helping to achieve the missions of the specific program areas of FSIS. The proposed project will test whether a results-based, competency-linked, pay-for-performance system and related innovations will produce successful results in a public health regulatory environment with distinct working conditions and an ever-present concern for food defense and security.

### B. Problems with the Present System

The USDA Strategic Human Capital Plan and the President's Management Agenda require FSIS to manage human capital in the 21st century very aggressively. FSIS must achieve comprehensive human capital goals for strategic workforce planning, learning and workforce development, recruitment and retention, and evolution of a highly effective performance culture.

The FSIS Strategic Plan calls for continued transformation of the existing workforce, which was recruited and trained during a time when food safety was considered a conventional inspection program governed by legislation such as the Federal Meat Inspection Act of 1906, the Poultry Products Inspection Act of 1957, the Wholesome Meat Act of 1967, the Wholesome Poultry Products Inspection Act of 1968, and the Egg Products Inspection Act of 1970. This legislation was enacted when food industry practices were characterized by carcass-by-carcass organoleptic inspection. To carry out its public health regulatory missions today, FSIS must assure science-based development and execution of policy and must also emphasize risk-oriented assessment, planning, analysis, inspection, and management activities. Also, FSIS must recruit, develop, retain, and accomplish

life-cycle management for a workforce that is educated and skilled in public health, food defense, food safety, public education, and emergency-response systems, programs, practices, and technologies. In addition to inspecting poultry and meat animals, poultry and meat products, and egg products, FSIS must accomplish a growing list of advanced public health functions to include conducting risk assessments to identify and evaluate the potential human health outcomes from the consumption of meat, poultry, and egg products.

At best, the personnel system that currently covers USDA and FSIS employees is based on 20th century assumptions about the nature of public service. Although the current Federal personnel management system is based on important core principles, those principles operate in an inflexible, one-size-fits-all system of defining work, hiring staff, managing people, assessing and rewarding performance, and advancing personnel. These inherent weaknesses make support of the FSIS mission complex, costly, and, ultimately, risky from the standpoint of public health. Currently, pay and the movement of personnel are pegged to outdated, narrowly-defined work definitions, hiring processes are cumbersome, and high performers and low performers are generally paid alike. These systemic inefficiencies detract from the potential effectiveness of the public health workforce.

The challenges facing USDA and FSIS today to assure and improve the public health from farm to table require a workforce transformation. FSIS employees are being asked to assume new and different responsibilities, take more initiative, and be more innovative, agile, and accountable than ever before. It is critical that USDA and FSIS support the entire public health workforce with modern systems, particularly a human resources management system that supports and protects their critical role in public health, food safety, and food security.

### C. Changes Required/Expected Benefits

The innovations of the project and their objectives are summarized below.

#### 1. Pay Banding and Classification

Occupational groups will be placed in appropriate career paths, pay bands will replace grades, and agency pay band standards will replace OPM position classification standards. The classification system will be automated as much as possible through intranet-based classification tools, and authority will be delegated to line managers (at

least one level below the Deputy Assistant Administrator level).

These changes are intended to simplify and speed up the classification process, make the process more serviceable and understandable, improve the effectiveness of classification decision-making and accountability, and facilitate pay for performance.

Pay bands, which generally correspond to multiple grade levels, provide larger classification targets that can be defined by shorter, simpler, and more understandable classification standards. This simpler system will be easier to automate, will require fewer resources to operate, and will facilitate delegation to line managers.

By providing broader and more flexible pay ranges for setting entry pay, pay banding will provide hiring officials with an important tool for attracting high-quality candidates and thus contribute to the objective of increasing the quality of new hires.

By providing more flexible pay progression based on performance, pay banding will give managers the ability to increase the pay of good performers to higher and more competitive levels, thus improving the retention of good performers. At the same time, the potential for higher pay increases for good performance, supported by the broader pay ranges of a pay banding system, will contribute to the objective of improving organizational and individual performance.

#### 2. Staffing

Additional staffing tools will include such elements as flexible entry salaries, staffing supplements for employees in the applicable special rate categories, developmental pay increases, and more flexible pay increases associated with promotion.

These changes are intended to attract high-quality candidates and increase the retention of good performers. Flexible pay-setting for new hires is a recruiting tool that gives hiring officials greater flexibility to offer more competitive salaries to high-quality candidates, addressing the objective of improving the quality of new hires. This will be used in conjunction with existing recruitment and retention incentives under title 5.

#### 3. Pay

The most important change in pay administration is the introduction of a pay-for-performance system. The pay-for-performance system will support several objectives. It will strengthen the organization's performance culture. It will promote fairness through the

results-based, competency-linked, performance rating process. It will provide a motivational tool as well as a retention tool. As a motivational tool, the promise of higher pay increases for good performance encourages high achievement. As a retention tool, a pay-for-performance system allows the organization to quickly move the salaries of good performers to levels that are more competitive in the labor market. The promise of higher pay increases for good performance will encourage achievement and promote the objective of improved individual and organizational performance.

Under the proposed pay-for-performance system, employee performance ratings will govern individual pay progression within pay bands. Any general increase in GS rates of basic pay approved by Congress and the President will be applied only to the FSIS band ranges (*i.e.*, band minimums and maximums). Demonstration project employees will receive pay increases based on their rating of record. Funds currently applied to within-grade increases, quality step increases, and the annual GS pay adjustment will be used to grant these performance-based pay increases. Employees rated below Fully Successful will not receive any basic pay increase, nor will they receive pay increases when locality pay percentages are increased. (See section III.C.)

In addition, employees in developmental positions may receive additional pay increases. Funds used for career ladder promotions from one grade to a higher grade will initially be used to fund these developmental pay increases. These pay increases may be granted to an employee to recognize the faster progression that can occur in a developmental position. This pay flexibility addresses the objective of improving retention by raising the pay of high-performing employees while also supporting the objective of preserving merit system principles (*e.g.*, equal pay for work of equal value). (See section III.D.)

#### 4. Performance Appraisal

The demonstration project will continue to use the current FSIS appraisal program including the current five-level rating process, which incorporates competencies into the performance standards. (The five-level rating system has the following levels: 1—Unacceptable, 2—Marginal, 3—Fully Successful, 4—Superior, and 5—Outstanding.) The performance appraisal process is intended to (1) promote good performance; (2) encourage a continuing dialogue between supervisors and employees on

organizational objectives, supervisory expectations, employee performance, employee needs for assistance and guidance, and employee development; and (3) provide a basis for performance-related decisions in employee development, pay, rewards, assignment, promotion, and retention. The program will more effectively communicate to employees how they are performing, the rewards of good performance, and the consequences of poor performance.

#### 5. Pay for Performance

The most important feature of the demonstration project is that it links the employee's rating of record to shares of a performance pay pool. Performance-based pay increases give an operating unit the ability to raise the pay of good performers more rapidly, thus improving retention of good performers. Performance pay is distributed to employees either in the form of increases in base pay or, when the employee reaches a band maximum (or is on retained pay), in the form of a performance bonus. The number and type of performance pay pools will be described in implementing guidance, but performance ratings will be linked to performance pay shares so that employees who earn a level five rating (the highest) will earn the greatest number of performance pay shares, employees who earn a level four rating will earn a smaller number of shares, and employees who earn a level three rating will earn the fewest number of performance shares. Employees rated below level three will not be eligible for performance pay increases.

#### 6. Performance Awards

Existing programs for both non-monetary and monetary recognition will remain under the plan in accordance with chapter 45 of title 5, United States Code.

Awards address two objectives. First, rewarding achievement will make high achievers more likely to remain, thus improving retention of the best performers. Second, the potential for awards for achievement will encourage improved individual performance. Although FSIS is not testing any new procedures under the demonstration project authority in chapter 47 of title 5, awards are a key part of a performance pay system and therefore noted here to clarify their use and provide a full picture of the project plan.

#### 7. Line Management Authority

The program areas will delegate greater authority and accountability to line managers. This delegation is intended to improve the effectiveness of

human resources management by strengthening the role of line managers as the human resources managers of their units. The project will be managed by the FSIS Demonstration Project Management Board (DPMB), composed of representatives from each operating unit (program area) and chaired by the Assistant Administrator for the Office of Management.

#### D. Participating Organizations

The Department proposes that FSIS be the only agency participating in this project. The Department and FSIS have determined that employees in all program areas in the agency, including headquarters and field employees, will participate, except that all bargaining-unit members will be excluded. Including all bargaining unit members would cause the project to exceed the 5,000 limit on the number of participating employees. Included in the project are all non bargaining-unit employees located in meat and poultry plants throughout the United States (excluding intermittent food inspection personnel (GS-1863) appointed under Schedule A 213.3113(1)(3) and Schedule C employees), 15 District Offices, 3 Field Laboratories, a Technical Service Center in Omaha NE, a Financial Processing Center in Des Moines IA, a Human Resources Field Office in Minneapolis MN, as well as all Headquarters program offices. Each of these units is committed to operating a credible, robust performance appraisal program aligned to the organization's strategic goals and objectives. These organizations have demonstrated this commitment the past two years, as FSIS implemented a comprehensive performance management training program within the agency.

#### E. Participating Employees

The demonstration project covers all General Schedule employees (with pay plan codes GS and GM) in non-bargaining unit positions. The excluded bargaining unit positions are nonsupervisory positions in the food technology (GS-1382), food inspection (GS-1863), and consumer safety inspection (GS-1862) series and non-bargaining food inspection (GS-1863) employees appointed under Schedule A 213.3113(1)(3).

Also *excluded* from coverage of this project are *all* Senior Executive Service (SES), Senior Level (SL), and Federal Wage System (WG) employees, and all Schedule C employees.

Table 1 shows the number of employees subject to coverage under this project by occupational series and

grade. The OPM occupational series will be retained for all covered positions.

TABLE 1.—COVERED EMPLOYEES, BY SERIES AND GRADE (AS OF 01/08/08)

Series	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total
0018												4	1			5
0080														1		1
0099				1												1
0101															1	1
0110													1	4		5
0199				1												1
0201									10		4	26	41	21	4	106
0203					6	5	17									28
0260									3		1	1	8	4	1	18
0299								1	2							3
0301							1		46	1	1	23	20	19	11	122
0303	3		3	14	9	4	12		1							46
0305			1	5	1											7
0318					4	16	37	8	4							69
0326		1		14		9										24
0335				1		5	1									7
0340														35	28	63
0341											1		1			2
0342									1				1	1		3
0343							1		16		15	34	52	32	14	164
0344					1	4	35									40
0361							1			1						2
0391												1	1			2
0399				1												1
0401													4	1	2	7
0403									6		2	30	35	16	2	91
0404			5	2	1	1	8		11		2					30
0414												1				1
0415													2	1		3
0499		1	1	1	1											4
0501							2		5		4	2	6	6	3	28
0503				2	22	6	5	3								38
0510												8	10	3		21
0544							3									3
0560									1			5	3	3	1	13
0561							1									1
0599				1												1
0601													6	6	1	13
0602														1		1
0690												1	1			2
0696							2		3		14	161	83	2		265
0699				2												2
0701											74	678	184	25	6	967
0799							19				1					20
0896													1	1		2
1035							1		1		3	5	7	1		18
1071											2					2
1084											1					1
1101													3	1	1	5
1102									1			3	3	2		9
1301													2	2		4
1311				1	1	1			6		2					11
1320									2		5	33	20	6		66
1382													8	3		11
1412											1	7	1	1		10
1501													3	2		5
1515												1	1			2
1529													2	1		3
1654											1	1	1			3
1701													1			1
1702						1		1								2
1801							1		1		41	71	30	16	2	162
1810												6	2	1		9
1862								15	115							130
1863												1	4			5
1899				1	1											2
2001											3		2			5
2005						1										1
2210									2		2	34	30	18	3	89
2299									1							1
Total	3	2	10	47	56	44	148	27	238	2	180	1,137	581	236	80	2,791

### F. Labor Participation

No bargaining-unit employees are covered in this project.

### G. Project Design

The project methodology is to introduce into all FSIS program areas (for covered positions) certain innovations in human resources management, and to evaluate over time the effects of those innovations on the ability of the program areas to manage their human resources. The methodology includes the following steps:

1. *Selection of Innovations:* The Department and FSIS have determined that particular pay banding and performance-based pay progression innovations that are linked to a framework of core competencies should be included in the proposed project. These innovations, and the procedures associated with them, are described below under *Pay Banding Classification and Pay System, Performance Appraisal System, Performance-based Pay Increases and Awards, Developmental Pay Increases, Staffing and Reduction-in-Force* (See Section III, A through F).

2. *Selection of Program Areas:* The Department and FSIS have selected all program areas of the agency for inclusion in the project since the total number of non-bargaining unit employees is approximately 2,900 (part-time, full-time, and intermittent) and falls within the maximum of 5,000 allowed for a demonstration project.

3. *Goals and Objectives:* The specific project objectives are listed under **SUPPLEMENTARY INFORMATION** and *Executive Summary* and are directly related to the issues identified under Section II.B, *Problems with the Present System*.

4. *Partnership:* The Department and FSIS have limited the covered workforce to non-bargaining unit positions. Therefore, input from labor representatives is not required. However, consistent with the policy of the agency Administrator, FSIS will seek input from two employee associations whose membership overlaps with the covered workforce.

5. *Baseline Evaluation:* To provide a basis of comparison between employee opinions of the current system and their future opinions of the project system, each employee in the covered program areas will be asked to complete an

opinion questionnaire comparable to the Federal Human Capital Survey prior to implementation of the project. To establish a baseline for cost analysis, each operating unit will be required to analyze its personnel costs during fiscal years 2005, 2006, and 2007.

6. *Training:* The agency and the program areas will provide training to managers, employees, and human resources staff prior to implementation of the project and will provide additional training to managers on the pay-for-performance system prior to the end of the first performance cycle. (See Section IV, *Training*.)

7. *Implementation:* To ensure a smooth implementation, the agency will emphasize top management support; the development of detailed operating procedures and implementing directives prior to implementation; thorough training of managers, employees and human resources staff; step-by-step implementation planning; adequate backup systems, particularly in automated personnel and payroll systems; and sufficient operating resources.

8. *Program Evaluation:* The Department and FSIS will arrange for periodic evaluation of the project under an OPM-approved evaluation plan. (See Section VIII, *Project Evaluation*.) The evaluation will be designed to determine whether the innovations are achieving project goals and objectives and are operating within acceptable cost limits. (See Section IX, *Costs*.)

### III. Personnel System Changes

#### A. Pay Banding Classification and Pay System

##### 1. Establishment of Career Paths and Pay Bands

In coordination with OPM, FSIS may establish, and adjust over time, career paths that group one or more occupational categories together and provide a common pay banding structure (i.e., a set of work levels and rate ranges) for occupations within a given career path. Initially, FSIS intends to establish four career paths as follows:

(a) *Professional, Scientific, and Administrative [AP]:* Policy, staff, line, supervisory, and managerial positions in science, veterinary medicine, consumer safety, food technology, mathematics, accounting, and other comparable occupations with a positive

education requirement. Examples of occupational series are 0403-Microbiology, 0510-Accounting, 0696-Consumer Safety, 0701-Veterinary Medical Science, and 1301-General Physical Science. In addition, this career path will include policy, staff, line, supervisory, and managerial positions in such fields as finance, procurement, human resources management, public information, management and program analysis, compliance investigation, and other two-grade interval occupations that do not maintain a positive education requirement. Examples of these occupational series are 0201-Human Resources Management, 0343-Management and Program Analysis, 1035-Public Affairs.

(b) *Supervisory Inspection [AI]:* Supervisory positions that direct the work of inspectors at an import warehouse, a plant, or in a circuit of plants within a geographic area. These positions are 1862-Supervisory Consumer Safety Inspectors.

(c) *Scientific and Technical Support [AS]:* Line positions, predominantly in agency laboratories, which support professional and scientific operations. Examples include 0404-Biological Science Technician, 1311-Physical Science Technician and similar traditional one-grade interval technician support occupations in agency laboratories.

(d) *Management Support [AO]:* Nonsupervisory and supervisory clerical and assistant positions that support positions not fitting the definition of any other career paths. Examples include 203-Human Resources Assistant, 318-Secretary, 326-Office Automation Assistant, 344-Management Assistant and similar traditional one-grade interval technician and administrative support occupations.

Each career path will be subdivided into pay bands. Each pay band will correspond to one or more GS grades. Pay bands provide larger classification targets that can be defined by shorter, simpler and more understandable classification standards. In coordination with OPM, FSIS may establish, and adjust over time, a career path's pay band structure. Initially, the pay bands within each career path and their relationship to GS grades will be as follows:

TABLE 2.—SAMPLE PAY BANDS UNDER PHRS

Career path	Pay band 1	Pay band 2	Pay band 3	Pay band 4	Pay band 5	Pay band 6
Administrative, Professional, and Scientific (AP).	GS-1/4 (Student Trainee).	GS-5/7 Trainee	GS-9/11 Intermediate.	GS-12/13* Full Performance.	GS-14 Expert .. Pay Band 5S GS-13/14 Supervisor.	GS-15 Senior Expert Pay Band 6S GS-15 Manager
Supervisory Inspection (AI) .....	.....	.....	GS-8/9 Supervisory Inspectors.	GS-10/11 Senior Supervisors.		
Scientific & Technical (AS) .....	GS-1/4 (Aide) ..	GS-5/6/7 Entry	GS-8/9 Independent.	GS-10/11 Expert & Supervisory.		
Management Support (AO) .....	GS-1/4 Clerical (Entry).	GS-5/6/7 Assistant or Clerical Supervisor.	GS-8/9/10 Senior or Lead Assistant, and Supervisor.			

\* Also includes supervisory positions where the band-controlling work is actually personally performed non-supervisory work.

The final pay banding architecture will be described in implementing guidance. FSIS will coordinate changes in career paths or pay banding structures with OPM. After coordination with OPM, FSIS will give affected employees advance notice and an opportunity to comment before effecting a change with respect to career paths or pay banding structure.

2. Position Classification

Occupational groups will be placed in career paths, pay bands will replace grades, and FSIS pay band standards will replace OPM position classification standards. The General Schedule occupational series will be retained.

Each classification standard will describe the threshold of work encompassed by each pay band based on general duties and responsibilities, knowledge, skills, and abilities. FSIS will establish classification standards in consultation with OPM. Positions must meet or exceed the threshold to be classified into a pay band. These bases complement each other at each pay band in a career path and may not be separated in classifying a position. OPM classification standards will not be used directly, but may be used indirectly to establish competency criteria that distinguish pay bands or pay levels within a key career path.

3. Delegation of Classification Authority

The agency has delegated classification authority to SES and GS-15 executives and managers since July 2004. The delegated classification authority (DCA) provisions of this project continue this initiative and increase the number of managers who receive classification authority. Managers must successfully complete DCA training before classification authority may be exercised. The

delegation of classification authority will be facilitated by the expansion of an intranet-based Position Description Library, which will include standard descriptions of all key positions in all career paths and pay bands. Line managers will utilize this intranet-based Position Description Library to select or classify most positions. These changes are intended to simplify and speed up the classification process, make the process more serviceable and understandable, improve the effectiveness of classification decision-making and accountability, and facilitate pay for performance. Implementing guidance will describe the modified DCA policies and procedures.

4. Classification Appeals

An employee covered by the FSIS Demonstration Project may appeal the occupational series, official title, or pay band of his or her position at any time to the agency, Department or directly to the Office of Personnel Management consistent with procedures currently prescribed under 5 CFR part 511, subpart F. Implementing guidance will describe the classification appeals process.

5. Elimination of Fixed Steps

Employees will be converted from existing 15-grade GS position classification and pay system established under 5 U.S.C. chapter 51 and chapter 53, subchapter III, to the new pay banding system. The 10 fixed steps of each GS grade will not apply to employees participating in the demonstration project. The fixed-step system operates primarily to reward longevity. A pay banding pay system is an important element of any effort to make pay more performance-sensitive. No employee's pay will be reduced as

a result of becoming covered by the demonstration project. (See section V.A.) However, demonstration project employees will no longer receive longevity-based, within-grade pay increases at prescribed intervals. Instead, they will be granted annual performance increases and bonuses as described in section III.C below.

6. Rate Range

The normal minimum and maximum rates of the rate range for each pay band will equal the applicable step 1 rate and step 10 rate, respectively, for the lowest and highest grades, respectively, in the GS that are included in the pay band. The normal minimum and maximum rates of each band will be increased at the time of a general pay increase under 5 U.S.C. 5303 so they equal the new minimum and maximum rates of the grades corresponding to the band.

The minimum rate of the pay band is extended 5 percent below the normal minimum for employees with a rating of record below Fully Successful. Such an employee's rate may fall below the normal pay band minimum when that minimum increases as a result of a pay band adjustment, but the employee cannot receive a pay increase because the employee's rating of record is below Fully Successful, as described in section III.C.4.

The maximum rate of each pay band is extended 5 percent above the normal maximum for all employees with a rating of record at the highest level (currently called "Outstanding" in FSIS). This feature will help to ensure that the range of available pay rates will be adequate to recognize truly outstanding performance. The upper range extension is reserved for employees with an Outstanding rating. If an employee in the upper range extension is rated below the

Outstanding level, special provisions apply, as described in section III.A.11.

#### 7. Locality Pay

Locality-based comparability payments under 5 U.S.C. 5304 will be paid on top of the rate of basic pay in the same manner as those payments apply to GS employees (except as otherwise provided in this plan). Staffing supplements may apply as described in section III.A.12. When a locality-based comparability payment established under 5 U.S.C. 5304 is increased, a demonstration project employee whose most recent rating of record is Fully Successful or higher is entitled to the increased locality payment.

A demonstration project employee whose most recent rating of record is below Fully Successful is entitled to the increased locality payment, but his or her underlying rate of basic pay will be reduced in a manner that ensures the employee's total rate of pay does not increase. This reduction is necessary to ensure, in an administratively feasible way, that an employee rated less than Fully Successful will not receive a pay increase. It does not constitute a reduction in pay for purposes of applying the adverse action procedures in chapter 75 of title 5, United States Code. (Exception: An employee's rate of basic pay may not be reduced under this paragraph to the extent that the reduction would cause an employee's rate to fall more than 5 percent below the normal range minimum.)

A locality rate cap 5 percent higher than the normal EX-IV cap is established to accommodate those Outstanding performers in the 5 percent upper rate range extension. This higher cap will apply only to employees receiving a rate within the upper range extension. If the locality rate for an employee at the normal band maximum is affected by the EX-IV cap, resulting in an "effective locality pay percentage" that is less than the regular locality pay percentage, the locality rate for an employee in the upper rate range extension of the same band will be computed using that same effective locality pay percentage. (For example, if the regular locality pay percentage is 30 percent, but the EX-IV cap causes the amount of locality pay actually received by an employee at the normal band maximum to be 20 percent, that effective locality pay percentage of 20 percent would be used to compute locality pay for an employee in the upper range extension of the same band.)

#### 8. Rate of Basic Pay Upon Initial Appointment

Upon appointment to a demonstration project position under Delegated Examining, Direct-Hire Authorization or other authority primarily designed for initial entry into the Federal service (e.g., Veterans Employment Opportunity Act, 30% Disabled Veteran Appointment), an appointee's rate of basic pay may be set at any rate within the normal pay band range. In exercising this flexibility, FSIS will consider the appointee's qualifications, competing job offers, FSIS's need for the appointee's talents, the appointee's potential contributions to FSIS mission accomplishment, and the rates received by on-board employees. This flexibility will allow FSIS to compete more effectively with private industry for the best talent available. Implementing guidance will provide managers with assistance in setting pay to assure fair and equitable treatment of a diverse workforce.

#### 9. Rate of Basic Pay Upon Promotion

Upon promotion to a higher pay band within a career path or to a pay band in another career path with a higher maximum rate, an employee's rate of basic pay will be set at a rate within the higher pay band that provides a pay increase of 8 percent, unless a greater increase is necessary to set pay at the normal range minimum. (See section III.E.3 for definition of "promotion.") In consultation with OPM, FSIS may establish exceptions to this policy to deal with employees receiving a retained rate, employees who are re-promoted shortly after demotion, employees with exceptional performance warranting a larger increase with higher-management approval, etc. FSIS may adopt, in consultation with OPM, policies providing a promotion-equivalent increase in appropriate circumstances to a Federal employee outside the demonstration project who accepts a position covered by the demonstration project.

#### 10. Rate of Basic Pay in Noncompetitive Lateral Actions

Upon non-competitive lateral movement (e.g., via transfer or reassignment, not conversion of position) to a demonstration project position from another Federal position, an employee's pay rate (including any locality payment or staffing supplement) will be set at an amount that is equal (after any geographic pay conversion) to the employee's existing pay rate (including any locality payment or

equivalent basic pay supplement), subject to the applicable normal range maximum. For such an employee moving from a position outside the demonstration project, FSIS may provide an increase in the rate of basic pay immediately after movement to reflect the prorated value of the employee's next scheduled within-grade increase under the former pay system, consistent with the requirements in section V.A.

#### 11. Other Pay Administration Provisions

Annual performance-based pay increases described in section III.C.3 will be made to the rate of basic pay. These increases are scheduled to be made on the same date that the annual range adjustments normally take effect—i.e., the first day of the first pay period beginning on or after January 1. To be eligible for an annual performance pay increase an employee must have a rating of record of Fully Successful or higher.

Annual performance awards described in section III.C.5. provide for lump-sum cash payments recognizing performance and will be made at the same time as the annual performance pay increase. To be eligible for a performance award, an employee must have a rating of record of Fully Successful or higher.

Developmental pay increases described in Section III.D may be paid no more than once during any 52-week period, following the mid-year progress review.

The grade retention provisions in 5 U.S.C. 5362 and 5 CFR part 536 are not applicable (i.e., no pay band retention). The pay retention rules in 5 U.S.C. 5363 and 5 CFR part 536 apply to demonstration project employees, subject to the following exceptions:

(1) An employee with a rating of record below Fully Successful may not receive an increase in his or her retained rate under the 50-percent adjustment rule in 5 U.S.C. 5363(b)(2)(B);

(2) The cap on retained rates is equal to the rate for level IV of the Executive Schedule plus 5 percent (instead of the EX-IV cap established in 5 CFR 536.306) in order to accommodate the upper range extension;

(3) An employee in the upper range extension who is rated below Outstanding will be converted to a retained rate before processing any other pay action; and

(4) The range maximum rate used in computing retained rate adjustments under the 50-percent adjustment rule will be the maximum rate of the highest applicable rate range (including any applicable locality payment or staffing



supplement) taking into consideration an employee's rating of record. For retained rate employees rated Outstanding, the increase is 50 percent of the dollar change in the applicable adjusted rate for the upper range extension maximum. (Note that an employee rated Outstanding must have a retained rate in excess of the upper range extension maximum adjusted rate, since he or she would otherwise be converted to a rate within that range extension.) For retained rate employees rated below Outstanding, the increase is 50 percent of the dollar change in the applicable adjusted rate for the normal band maximum.

If an employee is receiving a retained rate that is less than the applicable adjusted maximum rate (including any applicable locality payment or staffing supplement) for the upper range extension for the employee's band, and if that employee receives a rating of record of Outstanding, the employee's retained rate will be terminated and converted to an equal adjusted rate (base rate in upper range extension plus applicable locality payment or staffing supplement). This conversion must be processed before any other pay adjustment.

For a retained rate employee with a rating of record of Outstanding, if a retained rate increase provided at the time of a range adjustment results in the retained rate falling below the applicable adjusted rate for the upper range extension maximum, the employee's retained rate will be terminated, and the employee's pay will be set at the maximum rate of the upper range extension.

For a retained rate employee with a rating of record of Fully Successful or Superior, if a retained rate adjustment provided at the time of a range adjustment results in the retained rate falling below the applicable adjusted rate for the normal band maximum, the employee's retained rate will be terminated, and the employee's pay will be set at the normal band maximum rate.

For a retained rate employee with a rating of record below Fully Successful, the retained rate is frozen and not subject to adjustment. When such an employee's retained rate falls below the applicable adjusted rate for the normal band maximum, the employee's retained rate will be terminated, and the employee's pay will be set at an adjusted rate equal to the retained rate (i.e., the rate is not set at the range maximum).

As required by 5 CFR 536.304(a)(2) and 536.305(a)(2), any general pay adjustment, including a retained rate

adjustment as described in the preceding paragraphs, must be processed before any other simultaneous pay action (such as a geographic pay conversion).

When applicable, the saved pay rules in 5 U.S.C. 3594 and 5 CFR 359.705 for former SES members continue to apply to demonstration project employees, except that (1) an employee with a rating of record below Fully Successful may not receive an increase in his or her saved rate under 5 U.S.C. 3594(c)(2); and (2) the 50-percent adjustment rule must be applied in the same manner as it is applied for a retained rate under 5 U.S.C. 5363, subject to the modifications described in the preceding paragraphs. The rules regarding termination of a saved rate when it falls below the applicable adjusted maximum rate must be parallel to those governing termination of a retained rate under 5 U.S.C. 5363, subject to the modifications described in the preceding paragraphs.

FSIS may adopt supplemental pay administration policies governing matters not specifically addressed in this plan, subject to any OPM guidance. In addressing geographic conversions and simultaneous pay actions, such rules must be consistent with 5 CFR 531.205 and 5 CFR 531.206, respectively.

## 12. Staffing Supplements

An employee who is assigned to an occupational series and geographic area covered by an OPM-established special rates schedule, and who meets any other applicable coverage requirements, will be entitled to a staffing supplement if the maximum adjusted rate for a covered position in the GS grades corresponding to the employee's band is a special rate that exceeds the applicable maximum GS locality rate. The staffing supplement is added on top of the rate of basic pay in the same manner as locality pay. An employee will receive the higher of the applicable locality payment or staffing supplement.

For employees being converted into the demonstration project, the employee's total pay immediately after conversion will be the same as immediately before, but a portion of the total will be in the form of a staffing supplement. Adverse action and pay retention provisions will not apply to the conversion process as there will be no change in the total salary rate. The staffing supplement is calculated as described below.

Upon conversion, the demonstration base rate will be established by dividing the employee's former GS adjusted rate (the higher of special rate or locality rate) by the staffing factor. The staffing

factor will be determined by dividing the maximum special rate for the banded grades by the GS base rate corresponding to that special rate (step 10 GS base rate for the same grade as the special rate). The employee's demonstration staffing supplement is derived by multiplying the demonstration base rate by the staffing factor minus one. Therefore, the employee's final demonstration special staffing rate equals the demonstration base rate plus the special staffing supplement; this amount will equal the employee's former GS adjusted rate.

Simplified, the formula is this:  
 Staffing factor=(Maximum special rate for banded grades)/(GS base rate corresponding to that special rate)  
 Demonstration base rate=(Former GS adjusted rate [special or locality rate]) / (Staffing factor)  
 Staffing supplement=demonstration base rate × (staffing factor – 1)  
 Salary upon conversion=demonstration base rate + staffing supplement [sum will equal existing rate]

If a special rate employee is converted to a band where the maximum GS adjusted rate for the banded grades is a locality rate, when the employee is converted into the demonstration project, the demonstration base rate is derived by dividing the employee's former special rate by the applicable locality pay factor (for example, in the Washington-Baltimore area, the locality pay factor is 1.2089 in 2008). The employee's demonstration locality-adjusted rate will equal the employee's former GS adjusted rate.

Any GS or special rate schedule adjustment will require recomputation of the staffing supplement. Employees receiving a staffing supplement remain entitled to an underlying locality rate, which may over time supersede the need for a staffing supplement. If OPM discontinues or decreases a special rate schedule, pay retention provisions will be applied, as appropriate. Upon geographic movement, an employee who receives the special staffing supplement will have his or her entitlement to a staffing supplement redetermined; any resulting reduction in the supplement will not be considered an adverse action or a basis for pay retention.

When a staffing supplement is increased, a demonstration project employee whose rating of record is below Fully Successful is entitled to the increased supplement, but his or her underlying rate of basic pay will be reduced in a manner that ensures the employee's total rate of pay does not increase. Such a reduction does not

constitute a reduction in pay for purposes of applying the adverse action procedures in chapter 75 of title 5, United States Code. (*Exception:* An employee's rate of basic pay may not be reduced under this paragraph to the extent that the reduction would cause an employee's rate to fall more than 5 percent below the normal range minimum.)

Established salary including the staffing supplement will be considered basic pay for the same purposes as a special rate under 5 CFR 530.308—*e.g.*, for purposes of retirement, life insurance, premium pay, severance pay, and advances in pay. It will also be used to compute workers' compensation payments and lump-sum payments for accrued and accumulated annual leave.

Adjusted rates that include a staffing supplement are subject to an Executive Schedule Level IV (EX-IV) cap, except that an adjusted rate cap 5 percent higher than the EX-IV rate is established exclusively for Outstanding-rated employees in the upper range extension. If the adjusted rate for an employee at the normal band maximum is affected by the EX-IV cap, resulting in an "effective staffing supplement percentage" that is less than the regular staffing supplement percentage, the adjusted rate for an employee in the upper rate range extension of the same band and in the same staffing supplement category will be computed using that same effective staffing supplement percentage. (For example, if the regular staffing supplement percentage is 35 percent, but the EX-IV cap causes the amount of the staffing supplement actually received by an employee at the normal band maximum to be 20 percent, that effective staffing supplement percentage of 20 percent would be used to compute the staffing supplement for an employee in the upper range extension of the same band.)

OPM may approve staffing supplements for categories of employees within the demonstration project who are not in approved special rate categories for GS employees, consistent with the provisions in 5 U.S.C. 5305(a) and (b).

### 13. Status as GS Employees

Notwithstanding the waiver of laws governing the GS classification and pay system, demonstration project employees will be considered to be GS employees in applying other laws, regulations, and policies, except as otherwise provided in this plan. For example, demonstration project employees will remain eligible for locality pay under 5 U.S.C. 5304

(subject to exceptions described in this plan), hazardous duty differentials under 5 U.S.C. 5545(d), and recruitment, relocation, and retention incentives under 5 U.S.C. 5753–5754. Demonstration project employees will be covered by the regulations in 5 CFR part 300, subpart F, except that "grade" will be replaced with "pay band." (See section III.E.3. for a 52-week time-in-band requirement.) However, project employees will not be covered by the supervisory differential provision in 5 U.S.C. 5755.

A demonstration project employee who converts from the project position to a GS position without a break in service will be considered a GS employee for the purpose of applying the GS promotion rule under 5 U.S.C. 5334(b). (See section V.B.)

### B. Performance Appraisal System

FSIS will use its current performance management program under the Department of Agriculture appraisal system that has been approved by OPM, consistent with chapter 43 of title 5, United States Code. Throughout the duration of the demonstration project, the effectiveness of performance management within the project will be monitored by examining metrics and assessments that will be included in the demonstration project evaluation plan.

#### 1. Program Requirements

The FSIS performance appraisal program requires written performance plans for each covered employee containing the employee's performance elements and standards. The performance plan links the performance elements and standards for individual employees to the organization's strategic goals and objectives. Ongoing feedback and dialogue between employees and their supervisors regarding performance is required. In addition, the program provides for, at a minimum, one midyear progress review.

The FSIS appraisal program, including its performance levels and standards, provides for making meaningful distinctions in performance. The program currently uses a five-level summary rating pattern to summarize performance and three levels to appraise performance at the element level. Its summary level pattern under 5 CFR 430.208(d) uses Pattern H with Levels 1, 2, 3, 4, and 5, which FSIS has labeled Unacceptable, Marginal, Fully Successful, Superior, and Outstanding, respectively. Employees must be covered by their performance plan for at least 90 days before they can be assigned a rating of record. Supervisors and managers apply the appraisal

program in a way that makes appropriate differentiations in performance. These differentiations reflect overall organizational performance. Employees receive a written performance appraisal (*i.e.*, a rating of record) annually. Forced distributions of ratings are prohibited. Each annual appraisal period will begin on October 1 and end on the following September 30. Performance appraisals will be completed in a timely manner to support pay decisions in accordance with section III.C.

Additional guidance on the performance appraisal program is provided in current FSIS directives. Performance appraisal is an evolutionary process, and changes may be made during the course of the demonstration project based on findings from our ongoing evaluations and reviews. Any changes will be communicated to affected employees, and they will be given a chance to comment before FSIS implements the changes.

#### 2. Supervisory Accountability

Supervisors are responsible for providing appropriate consequences for employee performance by addressing poor performance and recognizing exceptional performance. The performance plans for supervisors and managers include the degree to which supervisors and managers plan, assess, monitor, develop, correct, rate, and reward subordinate employees' performance. It is recognized that specific training must be provided to prepare supervisors and managers to exercise these responsibilities. FSIS understands that this demonstration project will heighten the need for continuing supervisory training to support the accurate and realistic appraisal of performance.

#### 3. Reconsideration of Ratings

To support fairness and transparency for the program and its consequences, employees have an opportunity to request reconsideration of a rating of record by a management official other than the rating official. Such reconsiderations must be initiated no more than 15 days after the official rating of record is assigned, consistent with the applicable administrative grievance policy. If the reconsideration of the appraisal results in a different rating of record, the revised rating of record will become the basis for the employee's pay increase(s) in accordance with section III.C. If the adjustment occurs after all pay deliberations have been finalized, it

does not result in a recalculation of other employees' pay increases.

If, after an opportunity to improve, an employee's performance is still not satisfactory, the Rating Official will give the employee a rating of Level 1, Unacceptable, and must take action to reassign or remove the employee, or place the employee in a lower pay band, in accordance with performance action provisions in law and regulation.

### C. Performance-based Pay Increases and Awards

#### 1. Performance Shares

FSIS will establish rating/share patterns for each pay pool—that is, the relationship between ratings of record and numbers of shares. A share mechanism will be used (1) to ensure that employees with higher ratings of record receive greater pay increases than employees with relatively lower ratings, and (2) to control costs without resorting to a forced distribution of ratings, which is prohibited.

FSIS may adjust rating/share patterns over time after coordination with OPM, and after giving affected employees advance notice. A change in the rating/share pattern may be applied in computing performance increases based on an appraisal period only if it takes effect at least 120 days before the end of that appraisal period.

Each employee will be assigned a certain number of shares, based on his or her rating or record. Initially, the number of shares for each rating level will be as follows: 9 shares are assigned to the Outstanding rating; 6 shares to the Superior rating; and 4 shares to the Fully Successful rating. No shares may be assigned to any rating of record below Fully Successful, since no pay increase is payable to employees with such a rating of record.

After the ratings of record and shares are assigned to employees the value of a single share can be calculated. The value of each performance share will be expressed as a percentage of the rate of basic pay. The agency will provide training to all project participants to assure fair, accurate performance ratings and equitable performance payouts.

#### 2. Performance Pay Pools

Funds that otherwise would be spent on the annual GS pay adjustment, within-grade increases (WGI's), and quality step increases (QSI's) for demonstration project employees will instead be placed into a pay pool, which will be used to fund annual performance increases. Unlike GS employees, participating employees whose most recent rating of record is

below Fully Successful will not receive any increase in their rate of basic pay.

Participating programs will establish pay pools for allocating performance-based pay increases. FSIS will determine which participating employees are covered by any pay pool and determine the dollar value of each pay pool. In setting the value of the pay pool, FSIS will initially allocate an amount for performance-based pay increases equal to the estimated value of the WGI's, QSI's and the annual GS pay adjustments that otherwise would have been paid to participating employees. In computing the estimated value of WGI's, and QSI's, FSIS may use Governmentwide or agency historical averages.

#### 3. Performance-based Pay Increases

FSIS will determine the value of one performance share, expressed as a percentage of the employee's rate of basic pay, based on the value of the pay pool and the distribution of shares among pay pool employees. An individual employee's performance payout is determined by multiplying the determined percentage value of a performance share by the number of shares assigned to the employee. On the first day of the first pay period beginning on or after January 1 of each year, this amount will be paid as an increase in the employee's rate of basic pay, but only to the extent that it does not cause the employee's rate to exceed the applicable maximum of the employee's rate range. Notwithstanding the preceding sentence, employees in the upper range extension rated below the highest rating level are subject to special rules as described in sections III.A.6 and III.A.11. Any portion of an employee's performance pay increase amount that cannot be delivered as a basic pay increase will be paid out as a lump-sum performance bonus (with no charge to the pay pool). Such a lump-sum payment is not basic pay for any purpose and is not a cash award under chapter 45 of title 5, United States Code.

An employee with a rating of record of Fully Successful or higher may not receive a performance payout that is less than the percentage value of any simultaneous rate range adjustment, except for (1) an employee receiving a retained rate and (2) an employee in the upper range extension with a rating of record below Outstanding (Level 5) who is converted to a retained rate (as provided in section III.A.11.). This guaranteed amount will be used in place of any lower performance payout resulting from the share methodology. Any additional costs of using the guaranteed amount will be funded

outside the pay pool. Otherwise, the guaranteed amount is applied in the same manner as the regular performance payout.

An employee who does not have a rating of record for the appraisal period most recently completed will be treated the same as employees in the same pay pool who received the modal rating for that period, subject to FSIS proration policies.

FSIS may establish policies on prorating the performance-based pay increases and/or lump-sum payments for an employee who, during the period between annual pay adjustments, was (1) hired or promoted, (2) in leave-without-pay status, (3) on a part-time work schedule, or (4) in other circumstances that make proration appropriate. Such proration policies will provide each eligible employee with the full percentage adjustment used to adjust base rate ranges (if any) and will prorate any additional amount of performance pay increase that would be applicable to the employee but for the proration requirement.

If any employee's rating of record that is the basis for a performance payout is retroactively revised (after the regular effective date of performance payouts) through a reconsideration or grievance process, the employee's performance payout must be retroactively recomputed using the share value as originally determined. Any such retroactive corrections are not funded out of the pay pool and do not affect the performance payouts provided to other employees in the pay pool. In setting the size of a future pay pool, management will take into account past and projected corrections.

*Special provision for employees receiving a retained rate:* An employee receiving a retained rate under 5 U.S.C. 5363 or 5 U.S.C. 3594 is not eligible for a basic pay increase except in conjunction with (1) a rate range adjustment as described in section III.A.11 or (2) a geographic conversion under 5 CFR.359.705(e) or 536.303(b), as applicable. At the discretion of an authorized agency official, a retained rate employee may receive the same lump-sum payment payable to an employee in the same pay pool who is at the applicable range maximum and who has the same rating of record and number of shares.

*Special provisions for employees returning to duty after a period of service in the uniformed services or in receipt of workers' compensation benefits:* Special pay-setting provisions apply to employees who do not have a rating of record to support a pay adjustment but who are returning to

duty status after a period of leave-without-pay or separation during which the employee (1) was serving in the uniformed services (as defined in 38 U.S.C. 4303 and 5 CFR 353.102) with legal restoration rights (e.g., 38 U.S.C. 4316), or (2) was receiving workers' compensation benefits under 5 U.S.C. chapter 81, subchapter I. In these cases, FSIS will determine the employee's prospective rate of basic pay upon return to duty by making performance-based pay increases for the intervening period based on the modal rating of record for employees in the same pay pool. The performance pay increases during the intervening period may not be prorated based on periods covered by this provision. In addition, a performance pay increase that is effective after the employee's return to duty may not be prorated based on periods covered by this provision. A lump-sum payment for a period including actual service performed after the employee's return to duty must be prorated (based on service covered by this provision) under the same agency proration policies that apply generally to periods of leave without pay.

#### 4. Employees Who Cannot Receive a Performance Pay Increase

Employees with a rating of record below Fully Successful are prohibited from receiving a performance payout. When an employee does not receive a performance pay increase because of performance below Fully Successful, his or her pay rate may fall below the normal minimum rate of the pay band, since that range minimum may be increasing. However, in no case may an employee's rate of basic pay be set more than 5 percent below the normal range minimum.

If FSIS later chooses to give such an employee a new rating of record of Fully Successful or higher before the end of the next appraisal period, the employee is entitled to an increase effective on the first day of the first pay period beginning on or after the date the new rating of record is final. The increase must be the same dollar amount as the increase the employee would have received if he or she had been rated Fully Successful at the time the increase was initially denied.

Each employee who does not receive an increase in basic pay because his or her performance is less than Fully Successful will be entitled to be notified promptly in writing of that fact. At the same time, the employee must be informed in writing of the right to request that the agency reconsider its determination, under the same procedures prescribed by OPM

regarding the determination not to provide a within-grade increase under 5 U.S.C. 5335(c). The Merit Systems Protection Board will process any appeals under this section in the same manner that it processes appeals under 5 U.S.C. 5335(c).

See section III.A.7 and section III.A.12 regarding the recomputation of an employee's rate of basic pay to prevent a pay increase resulting from an increase in the applicable locality payment or staffing supplement.

#### 5. Performance Awards

Performance awards may be granted to any employee with a rating of record at Level 3 (Fully Successful) or higher and are given at the end of the performance year in conjunction with decisions on performance pay increases. FSIS will adopt supplemental award administration policies not specifically covered under the plan to improve implementation of existing authorities prescribed under chapter 45, title 5, United States Code. These performance awards are separate from performance pay increases.

#### D. Developmental Pay Increases

Employees in developmental positions (i.e., positions with promotion potential to a higher pay band) may receive additional pay increases (in addition to the annual performance pay increase) as they acquire the competencies, skills and knowledge necessary to advance to the full performance level of their position. An employee in a developmental position may be awarded a pay increase within his or her pay band that ranges up to 7 percent of basic pay to recognize the faster progression that can occur in a developmental position. Employees must be performing at the Fully Successful level or higher to be eligible for a developmental pay increase. Developmental pay increases may be paid no more than once during a 52-week period and following the mid-year progress review in accordance with implementing guidance. Developmental pay increases must be approved by the program's Assistant Administrator or his or her designee to ensure equity and accountability. The funds previously used for career promotions for the GS grade levels will initially be used to fund the developmental pay increases in the first fiscal year of the program's implementation. In all future fiscal years, FSIS will allocate a fixed amount of funds within the annual appropriation, and these funds will go into a pool for distribution to each FSIS program area to cover developmental pay increases.

#### E. Staffing

##### 1. Minimum Qualification Requirements

*Application of the OPM Operating Manual:* Qualification Standards for General Schedule Positions is simplified by allowing a candidate to qualify for a specific pay band if the candidate meets (or exceeds) the requirements for the lowest grade included in that specific pay band. For example, a candidate for a 403-Microbiologist position assigned to Pay Band 2 (GS-5 through GS-7) need only meet the qualification requirements for a GS-0403 Microbiologist position at the GS-5 level.

For FSIS demonstration project employees and employees of other Federal agencies who are in sufficiently similar pay banding systems (as described in FSIS implementing policies), the common OPM requirement of 1 year of experience "at the next lower grade in the normal line of progression for the occupation" is changed to "at the next lower pay band in the normal line of progression for the occupation."

##### 2. Flexible Pay Setting for New Hires

Upon appointment to a demonstration project position under Delegated Examining, Direct-Hire Authorization or other authority primarily designed for initial entry into the Federal service (e.g., Veterans Employment Opportunity Act, 30% Disabled Veteran Appointment), an appointee's pay rate may be set at any rate within the normal pay band range. In exercising this flexibility, FSIS will consider the appointee's qualifications, competing job offers, the agency's need for the appointee's talents, the availability of other candidates, the appointee's potential contributions to FSIS mission accomplishment, and the rates received by on-board employees. This flexibility will allow FSIS to compete more effectively with private industry for the best talent available. Implementing guidance will provide managers with assistance in setting pay to assure fair and equitable treatment of a diverse workforce.

##### 3. Promotions

A promotion is a change to (1) a higher pay band in the same career path or (2) a pay band in another career path with a higher maximum rate of basic pay. To be eligible for promotion, an employee must have a current performance rating of Fully Successful or higher. The time-in-band requirement for promotion eligibility is 52 weeks, with one exception: An employee may be promoted from Pay Band 1 to Pay

Band 2 in the Management Support Career Path or in the Scientific and Technical Support Career Path without time restriction. (See section III.A.9. for pay setting upon promotion.) When employees are competitively selected for a position with promotion potential, and are subsequently moved to a higher pay band in their career path, the action is processed as a non-competitive pay band promotion until the full performance level of the position is reached.

#### *F. Reduction in Force*

If, during the life of the demonstration project, FSIS enters into a reduction in force (RIF), the RIF will be conducted in accordance with 5 U.S.C. 1302 and 3502 and 5 CFR part 351, except as follows:

(a) Each of the career paths in each FSIS local commuting area will constitute separate competitive areas (i.e., separate from the other career paths, and separate from the competitive areas of other FSIS employees);

(b) FSIS will establish competitive levels consisting of all positions in a competitive area which are in the same pay band and classification series, and which are similar enough in duties, qualification requirements, pay schedules, and working conditions so that the incumbent of one position may be reassigned to any of the other positions in the level without undue interruption. Each demonstration project competitive level will become a Retention List for purposes of competition when employees are released from their competitive levels, displaced by higher-standing employees, or placed during the exercise of assignment rights.

(c) Assignment rights will be modified by substituting "one pay band" for "three grades" and "two pay bands" for "five grades."

(d) FSIS will use retention standing when it chooses to offer vacant positions within the meaning of 5 CFR 351.704.

Prior to conducting a RIF, FSIS will issue and implement a policy in accordance with 5 CFR part 330, subpart B, except that the establishment and operation of a reemployment priority list (RPL) will be designed to assist current FSIS competitive service demonstration project employees who will be separated as a result of a RIF and, subsequently, former FSIS competitive service demonstration project employees who have been separated as a result of a RIF, or who have fully recovered from a compensable injury after more than 1 year, in their efforts to be reemployed at

FSIS, by affording them reemployment priority over certain outside job applicants for FSIS competitive service demonstration project vacancies.

FSIS will develop and adopt supplemental RIF administration procedures to augment the RIF policies stipulated by this plan.

#### **IV. Training**

Training will be provided to all participating employees, supervisors, and managers before the project is launched and throughout the life of the project. It is important that employees perceive the performance management program as fair and transparent; therefore, supervisors and managers will be trained extensively in setting and communicating performance expectations; monitoring performance and providing timely feedback; developing employee performance and addressing poor performance; rating employees' performance based on expectations; and involving employees in the development and implementation of the performance appraisal program. Supervisors and managers will be held accountable for the effective management of the performance of employees they supervise through performance expectations set for and appraisals made of their own performance in this regard.

All employees will be trained in the performance appraisal process and the pay adjustment mechanism. Various types of training are being considered, including video conferencing, on-line tutorials, simulation, and train-the-trainer concepts.

#### **V. Conversion**

##### *A. Conversion to the Demonstration Project*

1. Only General Schedule (pay plan codes GS and GM) employees who are not in a bargaining unit will be converted to this project (excludes non-bargaining unit food inspection (GS-1863) employees appointed under Schedule A 213.3113(1)(3) and Schedule C employees). Employees whose positions become covered by the demonstration project will convert into the career path and pay band covering the occupational series and grade of their position of record. Employees will convert to the demonstration project with no change in their total rate of pay (including basic pay, plus any applicable locality payment, special rate supplement or staffing supplement). Special conversion rules apply to special rate employees as described in section III.A.12, Staffing Supplements. Any simultaneous pay action that is

scheduled to take effect under the GS pay system on the date of conversion must be processed before processing the conversion to the pay banding system. FSIS implementing policies will provide procedures for converting an employee on grade retention under 5 U.S.C. 5362 or receiving a retained rate under 5 U.S.C. 5363 or a saved rate under 5 U.S.C. 3594 to the demonstration project.

2. Immediately after conversion, eligible employees will receive an increase in basic pay reflecting the prorated value of the next scheduled within-grade increase (WGI). The prorated value is determined by calculating the portion of the time in step employees have completed towards the waiting period for their next WGI. This WGI "buy-in" adjustment will not be paid to (1) employees who are at the step 10 rate for their grade immediately before conversion to the demonstration project, (2) employees who are receiving a retained rate of pay under 5 U.S.C. 5363 or saved rate under 5 U.S.C. 3594 immediately before conversion to the demonstration project, or (3) employees whose rating of record is below Fully Successful.

3. Adverse action provisions under 5 U.S.C. chapter 75, subchapter II, do not apply to reductions in pay upon conversion into the demonstration project as long as the employee's total rate of pay (including basic pay, plus any applicable locality payment, special rate supplement) is not reduced upon conversion.

4. The first performance-based pay increase under the project's pay adjustment mechanism will be effective on the first day of the first pay period beginning on or after January 1, 2010.

5. For employees who enter the demonstration project by lateral reassignment or transfer (i.e., not by conversion of position), FSIS may apply parallel pay conversion rules, including rules for providing a prorated adjustment reflecting time accrued toward a GS within-grade increase or similar within-range adjustment under another pay system. If conversion into the demonstration project is accompanied by a geographic move, the employee's pay entitlements under the former pay system in the new geographic area must be determined before performing the pay conversion.

##### *B. Conversion to the General Schedule*

FSIS implementing guidance will provide procedures for converting an employee's pay band and pay rate to a GS-equivalent grade and rate of pay if the employee moves out of the demonstration project to a GS position.

The converted GS-equivalent grade and rate of pay will be determined before any geographic move, promotion, or other simultaneous action that occurs simultaneously with conversion back to the GS system. The new employing organization must use the converted GS-equivalent grade and rate of pay in applying various pay administration rules that govern how pay is set in the GS position (e.g., rules for promotion and highest previous rate under 5 CFR part 531, subpart B, and pay retention under 5 CFR part 536). The converted GS rate will not be adjusted to match a step rate before applying those rules. The converted GS grade and rate of pay are deemed to have been in effect at the time the employee left the demonstration project pay banding system. The rules for determining the converted GS grade for pay administration purposes do not apply to the determination of an employee's GS-equivalent grade for other purposes, such as reduction-in-force or adverse action. FSIS will perform the computations for employees who remain within FSIS and USDA. FSIS may perform the computations, as a courtesy, for employees who move to other Federal agencies. At a minimum, FSIS will provide a copy of the conversion procedures to gaining Federal agencies for their use. If an employee moves out of the demonstration project to a non-GS system, the employee's pay will be set under the pay-setting rules governing that system.

## VI. Project Modification

Demonstration projects require modification from time to time as experience is gained, results are analyzed, and conclusions are reached on how the system is working. FSIS may modify and adjust features and elements of this project plan over time. FSIS will coordinate such modifications with OPM and gain its approval prior to implementing the modification. Depending on the nature and extent of the modification, OPM may require that the modification be published as a notice in the **Federal Register**.

## VII. Project Duration

The initial implementation period for the demonstration project will be 5 years. However, with OPM's concurrence, the project may be extended for additional testing or terminated before the expiration of the 5-year period.

## VIII. Project Evaluation

Chapter 47 of title 5, United States Code, requires an evaluation of the

results of the demonstration project. FSIS, in coordination with USDA and OPM, will develop a plan to evaluate the demonstration project to determine the extent to which the pay increases paid to participating employees reflect meaningful distinctions among their levels of performance and the extent to which the project is achieving its other stated goals. Workforce data will be analyzed to make this assessment. Key features of successful performance-based pay systems, including leadership commitment, communication, stakeholder involvement, training, planning, mission alignment, and the rewarding of performance, will be assessed to determine the effectiveness of the demonstration project and ensure compliance with stated project goals. The evaluation will address the extent to which the project has incorporated the elements required by section 1126 of Public Law 108-136 (5 U.S.C. 4701 note). In addition, the project will be examined during each phase of the evaluation to assess that costs are being managed effectively. Moreover, cost discipline will be examined during each phase of the evaluation to ensure spending remains within acceptable limits. Finally, employee feedback will be sought through surveys, interviews, and focus groups to assess employee perceptions of the fairness and integrity of the performance appraisal and pay adjustment processes.

## IX. Costs

### A. Buy-in Costs

Upon conversion to the demonstration system many employees will receive an increase in basic pay for the prorated time in grade towards their next within-grade increase. However, these costs will be offset by the elimination of within-grade step increases that otherwise would have occurred.

### B. Recurring Costs

All funding will be provided through the organization's budget. Each project program area will maintain compensation during the project at the level it would have reached under the current system. No additional funding will be requested specifically for this project; all costs will be charged to available funds through existing appropriations. To ensure appropriate carryover of costs from pre-project to project years, a base assessment will be made using 3 base years: Fiscal Years 2005, 2006, and 2007. For example, data associated with average annual salary, pay increases and promotions, turnover, and other relevant data will be collected

to ensure a thorough analysis of costs which are impacted by pay banding. Budget discipline will be required and achieved by imposing specific funding principles. Finally, both longitudinal and site comparisons will be used to ensure that spending remains within acceptable limits.

## X. Waiver of Laws and Regulations Required

### A. Title 5, United States Code

*Chapter 35, section 3594:* Saved pay for former members of the Senior Executive Service (only to the extent necessary to (1) bar employees with a rating of record lower than Fully Successful from receiving saved rate increases under 5 U.S.C. 3594(c)(2); (2) provide a saved rate that is less than the maximum rate (including any locality adjustment or staffing supplement) of the upper range extension for an employee who receives a rating of record of Outstanding will be terminated and converted to an equal adjusted rate; (3) provide the range maximum rate used to compute saved rate adjustments is the normal range maximum rate (including any locality adjustment or staffing supplement) for employees with a rating of record below Outstanding and the upper range maximum rate (including any locality adjustment or staffing supplement) for an employee with an Outstanding rating of record; and (4) provide when a frozen saved rate for an employee with a rating of record below Fully Successful falls below the applicable adjusted rate for the normal band maximum, the saved rate will be terminated and the employee's pay will be set at an adjusted rate equal to the saved rate).

*Chapter 51:* Classification (except that (1) sections 5111 and 5112 are retained with "grade" replaced by "pay bands" and (2) for the purpose of applying any other laws, regulations, or policies that refer to GS employees or to chapter 51 of title 5, United States Code, the modified classification system established under this plan must be considered to be a GS classification system under chapter 51; this includes, but is not limited to, the reference to the General Schedule in section 5545(d) (relating to hazard pay).

*Chapter 53, section 5302(1)(A), (8) and (9):* Definitions (only to the extent necessary to provide that employees under the demonstration project are not considered to be GS employees for the purposes of annual adjustments under section 5303 or similar provision of law governing annual adjustments for employees covered by section 5303).

Chapter 53, section 5303: Annual adjustments to pay schedules Chapter 53, section 5304(g)(1): Locality-based comparability payments (only to the extent necessary to (1) provide a locality rate may not exceed the rate for EX-IV plus 5 percent for employees in the upper range extension) and (2) apply an “effective” locality pay percentage for employees in the upper range extension under circumstances described in the plan).

*Chapter 53, section 5305:* Special pay authority.

*Chapter 53, subchapter III:* General Schedule pay rates (except that, for purposes of applying any other laws, regulations, or policies that refer to GS employees or to subchapter III of chapter 53 of title 5, United States Code, the modified pay system established under this plan must be considered to be a GS pay system established under such subchapter III, except as otherwise provided in this plan; this includes, but is not limited to, references to the General Schedule in section 5304 (relating to locality pay), section 5545(d) (relating to hazard pay), and sections 5753–5754 (dealing with recruitment, relocation, and retention incentives).

*Chapter 53, section 5362:* Grade retention.

*Chapter 53, section 5363:* Pay retention (only to the extent necessary to (1) replace “grade” with “pay band;” (2) bar employees with a rating of record lower than Fully Successful from receiving retained rate increases under 5 U.S.C. 5363(b)(2)(B); (3) provide that pay retention provisions do not apply to conversions into the demonstration project from the General Schedule or other pay system, as long as the employee’s total pay rate is not reduced; (4) provide the pay (including any locality adjustment or staffing supplement) of an employee in the upper range extension who is rated below Outstanding will be converted to a retained rate before processing any other actions; (5) provide a retained rate that is less than the maximum rate (including any locality adjustment or staffing supplement) of the upper range extension for an employee who receives a rating of record of Outstanding will be terminated and converted to an equal adjusted rate; (6) provide the range maximum rate used to compute retained rate adjustments is the normal range maximum rate (including any locality adjustment or staffing supplement) for employees with a rating of record below Outstanding and the upper range maximum rate (including any locality adjustment or staffing supplement) for an employees with an Outstanding rating of record; and (7) provide when

a retained rate for an employee with a rating of record below Fully Successful falls below the applicable adjusted rate for the normal band maximum, the retained rate will be terminated and the employee’s pay will be set at an adjusted rate equal to the retained rate).

*Chapter 55, section 5542(a):* Overtime rates (only to the extent necessary to provide that the GS–10 minimum special rate (if any) for the special rate category that would otherwise apply to an employee (but for the existence of the demonstration project) is deemed to be the “applicable special rate of pay” in determining the overtime hourly rate cap).

*Chapter 55, section 5547:* Limitation on premium pay (only to the extent necessary to provide that an applicable staffing supplement is added to the GS–15, step 10, rate in lieu of the applicable locality payment).

*Chapter 59, section 5941:* Cost-of-living allowances and post differentials (only to the extent necessary to provide that employees in the demonstration project pay system are eligible for coverage under section 5941).

*Chapter 75, section 7512(3):* Adverse actions (only to the extent necessary to replace “grade” with “pay band”).

*Chapter 75, section 7512(4):* Adverse actions (only to the extent necessary to provide that adverse action provisions do not apply to (1) conversions into the demonstration project from the General Schedule or other pay system, as long as the employee’s total rate of pay is not reduced and (2) reductions in rates of basic pay to offset a locality pay or staffing supplement increase as a result of receiving a rating of record below Fully Successful).

**Note:** If any of the provisions of title 5, United States Code, listed above are amended during the period this demonstration project is in effect, FSIS may choose to terminate the waiver of one or more such provisions with respect to employees participating in the project, without formally modifying the project itself. FSIS must notify OPM when any such waiver is terminated.

#### *B. Title 5, Code of Federal Regulations*

*Part 300, subpart F:* Time-in-grade restrictions (only to the extent necessary to replace “grade” with “pay band”).

*Part 330, subpart B, section 330.201:* Establishment and maintenance of Reemployment Priority List (RPL) (only to the extent necessary to establish and maintain a reemployment priority list exclusively for FSIS competitive service demonstration project employees).

*Part 351, subpart D, section 351.402:* Competitive area (only to the extent necessary to permit the use of career paths in conjunction with

organizational units and geographic locations when establishing competitive areas).

*Part 351, subpart D, section 351.403:* Competitive level (only to the extent necessary to substitute “same pay band” for “same grade”).

*Part 351, subpart G, section 351.701:* Assignment involving displacement (only to the extent necessary to substitute “one pay band” for “three grades” and “two pay bands” for “five grades”).

*Part 359, subpart G, section 359.705:* Pay (only to the extent necessary to (1) bar employees with a rating of record lower than Fully Successful from receiving a saved rate increase under 5 CFR 359.705(d)(1); (2) provide a saved rate that is less than the maximum rate (including any locality adjustment or staffing supplement) of the upper range extension for an employee who receives a rating of record of Outstanding will be terminated and converted to an equal adjusted rate; (3) provide the range maximum rate used to compute saved rate adjustments is the normal range maximum rate (including any locality adjustment or staffing supplement) for employees with a rating of record below Outstanding and the upper range maximum rate (including any locality adjustment or staffing supplement) for an employees with an Outstanding rating of record; and (4) provide when a saved rate for an employee with a rating of record below Fully Successful falls below the applicable adjusted rate for the normal band maximum, the saved rate will be terminated and the employee’s pay will be set at an adjusted rate equal to the saved rate).

*Part 430, subpart B, section 430.203:* Definitions (only to the extent necessary to allow an additional rating of record to support a pay decision under section III.C.3 or 4 of this project plan).

*Part 511, subpart B:* Coverage of the General Schedule.

*Part 511, section 511.607:* Nonappealable issues.

*Part 530, subpart C:* Special Rate Schedules for Recruitment and Retention.

*Part 531, subpart B:* Determining Rate of Basic Pay.

*Part 531, subpart D:* Within-Grade Increases.

*Part 531, subpart E:* Quality Step Increases.

*Part 531, section 531.604:* Determining an employee’s locality rate (only to the extent necessary to apply an “effective” locality pay percentage for employees in the upper range extension under circumstances described in the plan).

*Part 531, section 531.606:* Maximum limits on locality rates (only to the extent necessary to provide a locality rate may not exceed the rate for EX-IV plus 5 percent for employees in the upper range extension).

*Part 536, subpart B:* Grade Retention.

*Part 536, subpart C:* Pay Retention (only to the extent necessary to (1) replace “grade” with “pay band;” (2) bar employees with a rating of record lower than Fully Successful from receiving retained rate increases under 5 CFR 536.305; (3) provide that pay retention provisions do not apply to conversions into the demonstration project from the General Schedule or other pay system, as long as the employee’s total pay rate is not reduced); (4) provide that a retained rate may not exceed the rate for EX-IV plus 5 percent; (5) provide the pay (including any locality adjustment or staffing supplement) of an employee in the upper range extension who is rated below Outstanding will be converted to a retained rate before processing any other actions; (6) provide a retained rate that is less than the maximum rate (including any locality adjustment or staffing supplement) of the upper range extension for an employee who receives a rating of record of Outstanding will be terminated and converted to an equal adjusted rate; (7) provide the range maximum rate used to compute retained rate adjustments is the normal range maximum rate (including any locality adjustment or staffing supplement) for employees with a rating of record below Outstanding and the upper range maximum rate (including any locality adjustment or staffing supplement) for an employees with an Outstanding rating of record; and (8) provide when a retained rate for an employee with a rating of record below Fully Successful falls below the applicable adjusted rate for the normal band maximum, the retained rate will be terminated and the employee’s pay will be set at an adjusted rate equal to the retained rate).

*Part 550, sections 550.106–107:*

Biweekly and annual maximum earnings limitation (only to the extent necessary to provide that an applicable staffing supplement is added to the GS–15, step 10, rate in lieu of the applicable locality payment).

*Part 550, section 550.113(a):* Computation of overtime pay (only to the extent necessary to provide that the GS–10 minimum special rate (if any) for the special rate category that would otherwise apply to an employee (but for the existence of the demonstration project) is deemed to be the “applicable special rate of pay” in determining the overtime hourly rate cap).

*Part 550, section 550.703:* Definitions (to the extent necessary to modify paragraph (c)(4) of the definition of “reasonable offer” by replacing “two grade or pay levels” with “one pay band level” and “grade or pay level” with “pay band level”).

*Part 591, subpart B, section 591.204:* Cost-of-living allowances and post differentials (only to the extent necessary to provide that the demonstration project pay system is a qualifying pay plan).

*Part 752, section 752.401(a)(3):* Adverse actions (only to the extent necessary to replace “grade” with “pay band”).

*Part 752, section 752.401(a)(4):* Adverse actions (only to the extent necessary to provide that adverse action provisions do not apply to (1) conversions into the demonstration project from the General Schedule or other pay system, as long as the employee’s total rate of pay is not reduced and (2) reductions in rates of basic pay to offset a locality pay or staffing supplement rate increase as a result of receiving a rating of record below Fully Successful).

**Note:** If any of the provisions of title 5, Code of Federal Regulations, listed above are revised during the period this demonstration project is in effect, FSIS may choose to terminate the waiver of one or more such provisions with respect to employees participating in the project, without formally modifying the project itself. FSIS must notify OPM when any such waiver is terminated.

[FR Doc. E8–10440 Filed 5–8–08; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

File No. 500–1

**In the Matter of: ABS Group, Inc. (n/k/a The Motion Picture Group, Inc.), Accrue Software, Inc., iAsiaworks, Inc., Premier Laser Systems, Inc., Siskon Gold Corp., and Syquest Technology, Inc. (n/k/a SYQT, Inc.); Order of Suspension of Trading**

May 7, 2008.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of ABS Group, Inc. (n/k/a The Motion Picture Group, Inc.), because it has not filed any periodic reports since the period ended June 30, 1998.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of Accrue

Software, Inc., because it has not filed any periodic reports since the period ended December 28, 2002.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of iAsiaworks, Inc., because it has not filed any periodic reports since the period ended September 30, 2001.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of Premier Laser Systems, Inc., because it has not filed any periodic reports since the period ended December 31, 1999.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of Siskon Gold Corp., because it has not filed any periodic reports since the period ended December 31, 1997.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of Syquest Technology, Inc. (n/k/a SYQT, Inc.), because it has not filed any periodic reports since the period ended June 30, 1998.

The Commission is of the opinion that the public interest and the protection of investors require a suspension of trading in the securities of the above-listed companies.

Therefore, it is ordered, pursuant to section 12(k) of the Securities Exchange Act of 1934, that trading in the securities of the above-listed companies is suspended for the period from 9:30 a.m. EDT on May 7, 2008, through 11:59 p.m. EDT on May 20, 2008.

By the Commission.

Jill M. Peterson,

Assistant Secretary.

[FR Doc. 08–1241 Filed 5–7–08; 10:47 am]

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## SECURITIES AND EXCHANGE COMMISSION

[File No. 500–1]

**In the Matter of: National Manufacturing Technologies, Inc., Natural Solutions Corp., Natural Wonders, Inc., Net Nanny Software International, Inc., Netcentives, Inc., and Netcruise.com, Inc.; Order of Suspension of Trading**

May 6, 2008.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of National