

**DEPARTMENT OF DEFENSE****Office of the Secretary****Science and Technology Reinvention Laboratory Personnel Management Demonstration Project, Department of the Army, Army Research, Development and Engineering Command, Edgewood Chemical Biological Center (ECBC)**

**AGENCY:** Office of the Under Secretary of Defense (Civilian Personnel Policy) (DUSD (CPP)), Department of Defense (DoD).

**ACTION:** Notice of approval of a demonstration project final plan.

**SUMMARY:** Section 342(b) of Public Law 103–337, as amended, authorizes the Secretary of Defense to conduct personnel demonstration projects at Department of Defense (DoD) laboratories designated as Science and Technology Reinvention Laboratories (STRLs). The above-cited legislation authorizes DoD to conduct demonstration projects to determine whether a specified change in personnel management policies or procedures would result in improved Federal personnel management. Section 1107 of Public Law 110–181 as amended by section 1109 of Public Law 110–417 requires the Secretary of Defense to execute a process and plan to employ the Department’s personnel management demonstration project authorities found in title 5 United States Code (U.S.C.) section 4703 at the STRLs enumerated in 5 U.S.C. 9902(c)(2), as redesignated in section 1105, Public Law 111–84, and 73 **Federal Register** (FR) 73248 to enhance the performance of these laboratories. The ECBC is listed as one of the designated STRLs.

**DATES:** Implementation of this demonstration project will begin no earlier than February 1, 2010.

**FOR FURTHER INFORMATION CONTACT:** Edgewood Chemical Biological Center ECBC: Ms. Kim Hoffman, U.S. Army ECBC, Directorate of Program Integration, Workforce Management Office (RDCB–DPC–W), 5183 Blackhawk Road, Building 3330, Room 264, Aberdeen Proving Ground, MD 21010–5424.

DoD: Ms. Betty Duffield, CPMS–PSSC, Suite B–200, 1400 Key Boulevard, Arlington, VA 22209–5144.

**SUPPLEMENTARY INFORMATION:****1. Background**

Since 1966, many studies of Department of Defense (DoD) laboratories have been conducted on laboratory quality and personnel.

Almost all of these studies have recommended improvements in civilian personnel policy, organization, and management. Pursuant to the authority provided in section 342(b) of Public Law 103–337, as amended, a number of DoD STRL personnel demonstration projects were approved. These projects are “generally similar in nature” to the Department of Navy’s “China Lake” Personnel Demonstration Project. The terminology, “generally similar in nature,” does not imply an emulation of various features, but rather implies a similar opportunity and authority to develop personnel flexibilities that significantly increase the decision authority of laboratory commanders and/or directors.

This demonstration project involves: (1) Two appointment authorities (permanent and modified term); (2) extended probationary period for newly hired engineering and science employees; (3) pay banding; (4) streamlined delegated examining; (5) modified reduction-in-force (RIF) procedures; (6) simplified job classification; (7) a pay-for-performance based appraisal system; (8) academic degree and certificate training; (9) sabbaticals; and (10) a Voluntary Emeritus Corps.

**2. Overview**

DoD published notice in 73 FR 73248, December 2, 2008, that pursuant to subsection 1107(c) of Public Law 110–181 the three STRLs listed in 73 FR 73248 not having personnel demonstration projects at this time may adopt any of the flexibilities of the other laboratories listed in subsection 9902(c)(2), as redesignated in section 1105 of Public Law 111–84, and further provided notice of the proposed adoption of an existing STRL demonstration project by two centers under the United States (U.S.) Army Research, Development and Engineering Command (RDECOM): ECBC and Natick Soldier Research, Development and Engineering Center (NSRDEC). The notice indicated that these two centers intended to adopt the STRL Personnel Management Demonstration project designed by the U.S. Army Communications—Electronics Command, Research, Development, and Engineering organizations (a reorganization changed this designation to the U. S. Army Communications—Electronics Research, Development and Engineering Center (CERDEC)). Relative to ECBC’s intent to adopt the CERDEC demonstration project, DoD received comments from three employees during the public comment period which ended on January 2, 2009: Two

presented interests on behalf of the Unions they represent and the other presented comments on behalf of the organization itself. All comments were carefully considered.

The following summary addresses the pertinent comments received, provides responses, and notes resultant changes to the original CERDEC project plan published in 66 FR 54872, October 30, 2001. Each commenter addressed more than one topic and each topic was counted separately. Thus, the total number of comments exceeds the number of individuals cited above.

**A. Pay-for-Performance System**

Ten comments were received that relate to the pay-for-performance system.

**(1) General**

*Comments:* Three comments were received concerning the pay-for-performance system in general as follows: questioned impact to “good” workers since this system is designed to reward “very high” performers; asserted that individual performance appears to be more critical and questioned impact to teamwork; and expressed concern that favoritism could impact employees getting a fair share in payouts from pay pools which have a fixed amount of money.

*Response:* The demonstration project performance management system is designed to provide greater differentiation among performers, as opposed to the current Total Army Performance Evaluation System (TAPES) which has evolved into most employees being rated at the same level. This new approach is based on a pay-for-performance model which allows for greater communication between supervisor and employee, promotes clearer accountability of performance, facilitates employee career progression and provides an understandable and rational basis for pay changes by linking pay and performance. Under a pay-for-performance appraisal system there is a fixed amount of money for allocation to all employees rated. It is expected that higher performing employees earn greater rewards than lower performing employees. It is important to note that under this demonstration project, no employee who is rated at an acceptable level (10 or above on a scale of 0–50) loses base pay. A reduction in base pay could only occur if an employee receives an unacceptable rating (9 or below on a scale of 0–50) and is the subject of an adverse action.

Pay-for-performance systems are often viewed as increasing competition among employees for limited financial

rewards and are believed to have a negative impact on teamwork. However, the Office of Personnel Management (OPM), in an independent evaluation of laboratory demonstration projects analyzed this factor and concluded that teamwork had actually improved and that the pay-for-performance system had no negative effect on teamwork. Furthermore, a rigorous review process is an integral part of the demonstration project's pay-for-performance system which links base pay and bonus to organizational, team and individual performance. Interpersonal skills is one of the critical performance elements in every employee's performance plan. This element includes such qualities as being an effective team player, coordinating actions with others, being considerate of differing viewpoints, maintaining effective relationships, *etc.*, all of which encourage sustainment of teamwork. Lastly, special act and other traditional 5 U.S.C. awards are still viable options that can be used to reward groups for exceptional team work.

Major features in the design of the rating system are intended to overcome perceptions of favoritism and limited differentiation among ratings. Improved communication throughout the rating cycle facilitates building a common understanding of performance expectations and progress toward achieving those expectations. The automated performance management tool helps assure that objectives are in place on a timely basis, accomplishments are recorded, and communication related to performance is on-going. The pay-for-performance system uses standard performance elements and performance benchmarks to evaluate employee performance that supports the mission, allows managers to make meaningful performance distinctions, considers pay in making performance-based pay decisions and provides information to employees about the results of the appraisal process and pay decision. At the end of the rating period, employees submit their accomplishments. Following the initial scoring of each employee, raters in an organizational unit along with their next level of supervision, meet to ensure consistency and equity of the ratings. Through discussion and consensus building, consistent and equitable ratings are determined based on similar level of performance, level of work and level of base pay. This improves upon the current performance appraisal system where there are only brief performance standards described for the fully successful level and rating

is typically done by a supervisor with review and approval by a senior rater.

The demonstration project plan includes other means of checks and balances that address perceptions of favoritism and bias. A Personnel Management Board has been created to provide oversight for the project and includes members representing each directorate. A cross-section of employees participate in a Workforce Advisory Group and are actively involved in identifying training needs and developing operating procedures. Training in the pay-for-performance system and other aspects of the demonstration project will be mandatory for all supervisors. Finally, perceived fairness of the appraisal process has been identified as an area for evaluation and will be included in surveys of the workforce and focus group discussions with employees. An annual report with a thorough review and analysis of the pay-for-performance cycle will be published to assist in providing greater transparency.

#### (2) Rating

*Comments:* One commenter believes that higher scores are needed each year to receive pay increases and questioned whether salary increases taper off after a few years. The same commenter questioned whether managers will be involved in rating employees they do not have direct contact with and whether pay pool managers will be familiar with those they are rating.

*Response:* Base pay increases and/or bonuses are earned based on an employee's total performance score. Scores of 21 or higher earn a performance payout. Higher scores are not needed each year to receive a base pay increase. Base pay increases can continue to be earned which allows progression in base pay up to the maximum base pay rate for the employee's pay band. Once an employee reaches the maximum base pay rate for their pay band their base pay is "capped," similar to when an employee reaches step 10 of their General Schedule (GS) grade. The performance payout earned is then converted to bonus. The project plan also includes two performance-based rules (midpoint rule and significant accomplishment rule) that may affect base pay increases. Refer to III.C.10. and III.C.11. for how these rules relate to scores. It is important to note that as base pay progresses over time, performance expectations also increase and are factored into the appraisal process.

As to the rating process, first-line supervisors initially rate their

employees. These initial scores are then subject to discussion, review and reconciliation and may result in adjustments upward or downward. Review of the scores across organizational lines continues at succeeding levels up the management chain to the final level of review which is the pay pool manager. Participants in the next level reconciliation will have full knowledge of their respective preceding level's discussions and decisions to represent those employees. Other participants may have varying degrees of direct knowledge of an employee's performance but will be knowledgeable of the nature of the technologies/work being performed. The requirement for raters to explain their recommended ratings and the active discussion within the group emphasizes to each rater the importance of taking performance management earnestly. The process of reconciliation serves to overcome variations in expectations from one rater to another, helps to ensure that different raters apply the performance benchmarks consistently, and resolves variances in what one manager considers exceptional work from another who judges it as merely acceptable.

#### (3) Pay Pools

*Comments:* One commenter recommended that the base pay and bonus pay pool funding percentage be revised to set a minimum percentage rather than ranges. Another commenter questioned how many pay pools would be set for the Rock Island site. This same commenter asked who would serve as the pay pool manager(s) for the Rock Island site.

*Response:* The laboratory considered the recommendation to alter the pay pool funding percentage and has amended III.C.7. "Pay Pools" to define pay pool funding for base pay increases and bonuses at minimum levels as opposed to a range of minimum and maximum. The base pay increase pool of money will be set at no less than the current minimum of 2% and the bonus increase pool of money will be set at no less than the current minimum of 1%. Higher amounts may be set within budgetary limits.

With regard to the questions concerning pay pools and pay pool manager(s) at one of ECBC's remote sites (Rock Island), the Personnel Management Board will annually determine the number of pay pools using guidelines such as size, number of supervisory/non-supervisory employees participating, *etc.*, and make a recommendation to the Technical Director for final approval. Once the pay

pools have been decided, then the pay pool managers will be named for each pay pool by the Personnel Management Board. All employees will be informed of their pay pool assignment and designated pay pool manager.

#### (4) Payout Determinations

*Comments:* One commenter questioned how payouts are computed and the factors that affect the equation. The same commenter asked whether management can decide to not give a base pay increase or bonus for an employee's rating and give payouts in the form of all bonus rather than a combination of base pay increase and bonus.

*Response:* Management cannot arbitrarily decide to not give a pay increase or a bonus. An employee's performance payout is based on the employee's score, the shares earned for that score, the value of the shares and the employee's adjusted base pay. The performance payout is calculated based on provisions set forth in the FR Notice and the resulting payout is a base pay increase and/or bonus. Scores translate into shares and each point above the score of 20 is worth one tenth of a share with a maximum score of 50 equaling 3 shares. There is no discretion on the amount of shares earned. For example, a score of 32 earns 1.2 shares. The value of a single share, however, may vary from one pay pool to another since it is based on factors relative to individual pay pools (such as the number of shares awarded in the pay pool, *etc.*). Figure 3 (III.C.8.) illustrates the formula for computing share value. The value of a share is computed after the scores for each individual in the pay pool have been finalized. The payout (base pay increase/bonus) is calculated by first multiplying the shares earned by the share value and multiplying that product by base pay. An adjustment is then made to account for locality pay or staffing supplement.

Payouts are typically a combination of base pay increase and bonus. The split is generally determined by the funding in the pay pool (*i.e.*, if the pay pool funding is two-thirds base pay and one-third bonus funding, then the payout split would be two-thirds base pay increase and one-third bonus). For employees at the maximum base pay of their band or affected by a performance-based rule, some or all of the payout converts to bonus as determined by the end of the band or the specific performance rule. The full amount of the base pay increase and bonus may also be affected if an employee leaves the demonstration project prior to the effective date of the payout. There is

some discretion on the part of the pay pool manager to shift all or some of an employee's bonus portion to base pay increase depending on available unexpended base pay funds and other criteria to be established. Any dollar increase to an employee's base pay increase will be offset by a corresponding decrease in the employee's bonus. Thus, the employee's total performance payout is unchanged. Internal operating procedures will provide further guidance.

#### B. Pay

Nine comments were received related to pay.

##### (1) General

*Comments:* Five comments were received regarding pay in general as follows: whether the GS salary tables will be used as a guide and at what point an employee's salary is capped; whether employees will receive the annual general pay increase; an interest in history of employees reaching the top of their pay band since GS employees can reach the top of their grade over time; a remark that morale could be an issue for careerists who have paid their dues since new employees under the demonstration will have greater monetary incentives available to them; and a suggestion to relieve pay compression by providing additional waivers to permit full locality payment.

*Response:* The minimum and maximum rate of base pay for each band continues to be linked to the GS rates of pay. The rates are updated each year following the general pay increase which typically takes place in January. As long as the general pay increase is authorized, all employees in the demonstration project who are performing at an acceptable level will receive it. Acceptable performance under the demonstration project is defined as a total score of 10 or above and every performance element scored at 10 or above (on a scale of 0–50). If an employee is on a Performance Improvement Plan (PIP) due to unacceptable performance when the general pay increase takes effect, he/she will not receive it until such time as the performance improves to an acceptable level and remains so for at least 90 days.

Maximum potential base pay progression depends on the end point of the employee's pay band. For example, if the base pay rate range is GS–12/step 1 to GS–13/step 10, as is the case for DE–III, the employee can progress in base pay beyond the GS–12/step 10 base pay rate up to the maximum of the GS–13/step 10 base pay rate equivalent based on individual performance. Refer

to III.A.2. which illustrates the pay band structure and the crosswalk to GS grades.

Under the demonstration project, base pay progression within a pay band is directly linked to individual performance. As a result, we can not specify a certain number of years it would take to progress from the minimum to the maximum of the band. However, progress through the band will be one of the areas assessed. As previously stated, employees are eligible (based on their performance scores) to receive annual base pay increases (unless they have reached the top of their band or are impacted by a performance-based rule). Annual base pay increases replace the traditional within-grade increases and quality step increases. In addition, an employee under the GS system is limited in base pay progression to step 10 of their grade. Under the demonstration project, however, employees are placed in pay bands which cover a wider range of base pay than a single grade (except for DK–III) and promotions are required only for movement to a higher band.

Under the GS pay system, employees must perform at an acceptable level and meet length of service requirements in order to be entitled to a within-grade increase. The waiting period for a step increase changes from one year to two years and then to three years over time, totaling eighteen years for normal progression in grade from step 1 to step 10. While it is true that most GS employees will reach step 10 of their grade given enough time, it is not a guarantee because of the performance factor. The demonstration pay-for-performance system rewards good performance and as such, it is entirely possible that employees in the demonstration project could receive base pay increases that are equivalent to or higher than a step increase each year and could, therefore, progress in their band faster than they would under the GS system.

Motivating and incentivizing the workforce is one of the objectives of the laboratory demonstration project. In fact, in an evaluation of laboratory demonstration projects, OPM conducted a pulse survey which concluded that motivation levels remained high and that pay satisfaction increased in all labs. As previously described, employees have the opportunity to advance without competition within a pay band, thus eliminating previous promotion requirements and grade limitations. While it is true that under the demonstration project pay may be set anywhere in the band for newly hired employees, decisions are based on

the qualifications of the individual, the unique requirements of the position and the labor market considerations relative to the occupation. Other demonstration projects who are offering higher starting base pay for interns, as an example, have seen a significant increase in the recruitment of graduates with higher Grade Point Averages (GPAs) and are able to recruit at more selective colleges and universities. Although the starting base pay is higher than the GS counterpart, this is offset by slower pay progression that is dependent upon individual performance and tends to be slower than the rapid career ladder promotions that occur in the GS system. Consequently, at the conclusion of the 18–30 month internship, employees' base pay is comparable.

As to the last comment, there is concern that individuals whose base pay is at the higher end of the GS–15 base pay range do not receive their full locality pay. This situation also occurs within the demonstration project for the Engineering and Science (E&S) and the Business and Technical (BT) occupational families since Pay Band IV of both is linked to a range of GS base pay with a cap equivalent to the GS–15, step 10 base pay rate. However, increasing the maximum base pay for GS–15 equivalent pay bands will create a compensation imbalance with individuals in Scientific and Professional and Senior Executive Service positions. This locality cap issue is being examined at higher levels; therefore, no change is proposed.

### (2) Supervisory Pay

*Comments:* One commenter proposed that supervisory/team leader pay adjustments and pay differentials be changed to provide up to ten percent for team leaders. Another commenter asked whether supervisory pay is based on the number of employees supervised.

*Response:* The suggestion to increase the maximum for team leader pay adjustments and differentials from five percent to ten percent of base pay was considered and senior management agreed that this change would increase our flexibility to incentivize team leaders when warranted. Therefore, language has been added to revise the amount of pay adjustments and pay differentials for team leaders from “up to five percent” to “up to ten percent” in III.F.7. “Supervisory and Team Leader Pay Adjustments” and III.F.8. “Supervisory/Team Leader Pay Differentials.”

As to the second comment, for a position to be classified as supervisory, the individual must spend at least 25 percent of their time performing

supervisory duties, e.g. assigning/reviewing work, evaluating performance, approving leave, etc. Pay is not based on a specific number of employees supervised but the number of employees supervised may be an influencing factor in determinations related to supervisory base pay adjustments and pay differentials. Adjustments and differentials will be used selectively, not routinely, to compensate supervisors and/or team leaders who meet detailed criteria contained in the demonstration project internal operating procedures.

### (3) Internal Placement

*Comments:* One commenter suggested that a pay increase of up to a defined amount should be permitted when a person moves to a position of greater responsibility (reassignment) within the same pay band. Another commenter inquired how performance payouts are handled for employees on temporary assignments/promotions and whether pay increases are withdrawn when the temporary assignment/promotion ends.

*Response:* Since broad pay bands include positions of varying complexity and responsibility, a base pay increase would provide incentive to encourage employees to accept positions of greater responsibility in the same pay band. Therefore, language has been added at III.F.5. to address this issue and to define “reassignment” in III.E.2. A reassignment may be effected without a change in base pay. However, a base pay increase may be granted where a reassignment significantly increases the complexity, responsibility, authority or for other compelling reasons. Such an increase is subject to specific guidelines to be established by the Personnel Management Board.

With regard to a temporary assignment/promotion, an employee can be rated if they are under approved objectives for the position for a minimum of 120 days. The payout is calculated using the computations in III.C.8. When a temporary promotion is terminated, pay will be determined based on the position of record, with appropriate adjustments to reflect pay events during the temporary promotion, subject to policies established by the Personnel Management Board. Those adjustments may not increase the base pay for the position of record beyond the applicable pay band maximum base pay. Internal operating procedures will provide further guidance.

### C. Extraordinary Achievement Recognition

Two comments were received about the Extraordinary Achievement Recognition.

*Comments:* One commenter suggested that the Extraordinary Achievement Recognition language be moved to a separate section since it is considered after and separate from the pay pool payout process. The same commenter also proposed that the Extraordinary Achievement Recognition language be revised to allow for bonus as an alternative to a base pay increase since capped employees would be precluded from receiving this recognition.

*Response:* While an Extraordinary Achievement Recognition is considered after the pay pool payout process, it is not entirely separate from the process itself. Following the performance evaluation process, the pay pool manager is the agent who requests permission from the Personnel Management Board to grant a base pay increase higher than the one generated by the compensation formula for that employee. However, senior management is in agreement that a separate paragraph would clarify the intent and process for the Extraordinary Achievement Recognition and the provision has been moved to a separate paragraph in III.C.9. “Base Pay Increases and Bonuses.”

As to the second comment, language has been added to the new section at III.C.9. as referenced above allowing for the option to grant either a base pay increase and/or a bonus as an Extraordinary Achievement Recognition. This permits employees whose base pay is at the maximum of their pay band to receive this recognition.

### D. Pay Bands

Two comments were received concerning Pay Bands.

*Comments:* One commenter advised that reconsideration be given to initial placement of all GS–14 engineers and scientists to the E&S occupational family (DB) Pay Band IV and requested clarification of how any subsequent conversions for GS–14 E&S positions will be handled. Another comment received suggested that the number of Pay Band V positions be expanded to permit a certain number or percent at each STRL since the current limited number has already been allocated to other organizations which would preclude ECBC from having this flexibility.

*Response:* We have carefully considered these comments. With

regard to placement of GS-14 E&S employees, language has been changed in III.A.1. and added in III.A.2. to reflect that upon conversion into the demonstration project, E&S employees currently at grade GS-14 will be assigned to either Pay Band III or Pay Band IV based on a review of the duties and responsibilities of the position as compared to the classification criteria.

In response to the second comment, the use of Pay Band V has proven to be beneficial in recruiting and retaining highly-qualified senior scientific technical managers in those STRL personnel demonstration projects that have such positions. The limited number of such positions makes it difficult to meet the requirements of all the STRLs who wish to use this flexibility. The DoD is currently reviewing all Pay Band V positions. No change is proposed in the number of Pay Band V positions pending the completion of the DoD review.

#### E. Probationary Period

Two comments were received about the extended probationary period.

*Comments:* One commenter advised that a recent court decision limited the intent of the extended probationary period. The other commenter questioned why the probationary period is extended to three years and is only applicable to new engineers and scientists.

*Response:* The purpose of extending the probationary period is to allow supervisors a proper period of time to fully evaluate an employee's performance and conduct. It applies to newly hired engineers and scientists since this group is often given advanced training during their first year on the job, which removes them from the workplace and direct observations of their performance. This can minimize the time available for the supervisor to determine whether the employee should be retained beyond the probationary period.

The extended probationary period of up to three years allows supervisors sufficient time to properly, objectively and completely evaluate an employee's performance and conduct. Probationary employees whose conduct and/or performance is unsatisfactory may be terminated in accordance with the procedures in part 315 of title 5 of the Code of Federal Regulations (CFR). However, a recent court decision has extended adverse action procedural and substantive protections to individuals defined as employees without regard to whether the individuals are serving a probationary period. To permit termination during the probationary

period without using adverse action procedures, waivers have been added under IX. "Required Waivers to Law and Regulation" to allow for up to a three-year probationary period and to remove from the definition of employee, except for those with veterans' preference, those serving a probationary period under an initial appointment.

If a probationary employee's performance is determined to be satisfactory at a point prior to the end of the three-year period, a supervisor has the option of ending the probationary period at an earlier date, but not before the employee has completed one year of continuous service.

#### F. Conversion

Two comments were received related to conversion into the demonstration project.

*Comments:* One commenter inquired whether management can place an employee into a lower band upon conversion than where they are under the GS system. Another commenter recommended that conversion of interns into the demonstration project occur when the employees reach their full performance level for their GS position.

*Response:* Initial entry into the demonstration project is accomplished through a full employee-protection approach that ensures initial placement of each employee into a pay band with no loss of pay upon conversion. Employees are placed in an occupational family (*i.e.*, DB, DE, DK) based upon their occupational series and in a pay band that includes their current grade. The GS-14 grade occurs in two bands of the E&S occupational family, which are Pay Band III and Pay Band IV. The placement of GS-14 employees in the DB family will be decided upon a review of the position's duties and responsibilities as compared to the demonstration project classification criteria and may occur in either DB Pay Band III or DB Pay Band IV. Placement of a GS-14 into DB-III, however, is not placement in a lower graded position.

As to the second comment, interns typically receive several career promotions prior to reaching their full performance level. Average base pay performance payouts may not provide increases as substantial as career promotions under the GS. Delaying conversion into the demonstration project pay bands until interns reach their full performance level will assure that the interns' base pay is commensurate with the full performance level base pay rate. Therefore, the language at II.E. has been

revised to reflect that interns will not convert into demonstration project pay bands until they reach their full performance level.

#### G. Classification

One comment was received concerning classification.

*Comment:* One commenter questioned that with the GS system having over 400 series and the laboratory demonstration project with only 22, how classification of positions will be conducted and who (*i.e.*, employees) will be involved in that process.

*Response:* OPM series and position titles will continue to be used in the demonstration project. Based on the nature of the work, the series will be assigned to one of three occupational families. A listing of the series assigned to each occupational family for ECBC is contained in Appendix B. Demonstration project classification criteria will be developed for each occupational family. These classification criteria will replace the OPM classification standards and guides for purposes of grading. The Technical Director will have classification authority and this authority may be re-delegated. As is the case now, Civilian Personnel Advisory Center (CPAC) specialists will assist the classification authority to assure that positions are properly classified in accordance with the demonstration project criteria.

On conversion into the demonstration project, employees will be assigned to an occupational family and pay band based on their current occupational series and grade. Since there is an overlapping band for engineers and scientists at the GS-14 level, the assignment of the pay band will be on a case-by-case basis. The classification conversion will be performed by the servicing Civilian Personnel Office, and each employee will receive a Notification of Personnel Action, Standard Form 50, documenting the change from GS to the demonstration project. Employees will continue to be able to initiate a classification appeal as described in the operating procedures.

#### H. Promotion

One comment was received related to promotion eligibility.

*Comment:* One commenter suggested that the minimum score of "30" to be eligible for a competitive promotion is too high.

*Response:* We considered the suggestion to lower the minimum performance score of "30" required for promotion eligibility. Scores of 10 and higher are considered "acceptable performance" and scores of 21 and

higher earn a performance payout. Setting a minimum score of 30 for promotion sets the requirement higher than the score for a performance payout and may discourage the use of scores in the 21 to 29 range. Accordingly, the minimum performance score for promotion has been changed from "30" to "21" in III.E.1. "Promotions."

#### I. Reduction in Force (RIF)

One comment was received regarding RIF.

*Comment:* One commenter asked what criteria is used during a RIF.

*Response:* Existing RIF procedures will be followed with slight modifications. Separate competitive areas will be established for demonstration project employees at each geographic location. Within each competitive area, competitive levels will be established based on the occupational family (DB, DE, DK), pay band, occupational series, etc. In order to determine who is affected in a RIF, employees are listed in RIF retention order based on tenure group, veterans' preference and adjusted length of Federal service, in that sequence. An employee's length of service is adjusted by receiving additional years of service based on the last three total performance scores during the preceding four years (e.g., 48-50 = 10 years, 45-47 = 9 years, and so on; refer to II.H.3.). A score below 20 adds no credit for RIF. Under the demonstration project, the adjusted service computation date is calculated by adding the additional years, not by averaging.

#### J. Historical Analysis

Two comments were received concerning demonstration project data results.

*Comment:* One commenter questioned acceptance of the demonstration project in comparison to the GS system beyond anecdotal evidence and inquired whether surveys were conducted at other demonstration project sites. Another commenter asserted that CERDEC has not presented data showing a more effective organization under the demo project.

*Response:* The Office of Personnel Management (OPM) started conducting surveys of STRL personnel demonstration projects as far back as 1996 and have several reports, all of which include CERDEC data subsequent to its implementation, on their Web site at <http://www.opm.gov/aps/about/reports/index.aspx>. According to the 2006 report, "historic data for past demonstration projects" \* \* \* "show support grows slowly over time and that it takes at least five years to gain the

support of two-thirds of the participating employees. Typically, support stabilizes at the two-thirds level, and that level is considered a benchmark with respect to the change efforts these demonstration projects represent."

#### K. Miscellaneous Comments

There were ten comments in this area as follows:

##### (1) Positive Comment

One commenter voiced support of the demonstration and remarked that the flexibilities afforded will help the Center achieve greater effectiveness.

##### (2) Administrative Changes/Technical Updates

Two comments were received related to administrative changes and technical updates to the **Federal Register** document.

*Comments:* One commenter advised that updates throughout the document were needed to reference ECBC rather than CECOM RDE and to reflect legal or regulatory changes. The same commenter also suggested that the occupational series listing in Appendix B be revised to include those series employed at ECBC.

*Response:* A number of changes were made to the final **Federal Register** to include ECBC as the name of the organization; its organizational and workforce information; approval authorities; and technical modifications to conform to changes in the law and governing regulations. In addition, some areas have been re-formatted for clarity and to improve readability. Throughout the document changes have been made to clarify and provide consistent use of pay terminology. Minor revisions have been made to Appendix C: Performance Elements to be consistent with the descriptions currently in use by CERDEC.

##### (3) Resources

One comment was received regarding staffing requirements for the project.

*Comment:* One commenter asked what additional staffing requirements (personnel, software) are required to implement the project.

*Response:* There is currently one civilian who is assigned overall demonstration project management responsibility for ECBC. This employee is assisted by a part-time contractor. Staffing requirements may be adjusted over the course of the project as necessary. Each directorate/office will continue to process personnel actions through their respective human resources analyst. It is expected that

various working groups beyond the Personnel Management Board will be established to contribute to various components and phases of the project.

As to software, ECBC is planning to adopt an existing automated system, developed at Fort Monmouth, NJ. It's a Web-based tool that supports development of position descriptions and all actions in support of the pay-for-performance rating process. The application enables employees to input objectives and record accomplishments, raters to score the performance, and higher-level supervisors to review employee scores and analyze scoring trends to achieve greater consistency across organizational lines.

##### (4) Reference to the National Security Personnel System (NSPS)

Five comments were received that made reference to NSPS.

*Comment:* Two comments cited quotes from publications relating to fairness under the NSPS pay-for-performance system. Two comments cited quotes from articles and one comment referenced the 2008 National Defense Authorization Act (NDAA) concerning inclusion of bargaining unit members under NSPS. Management will continue to comply with the labor relation provisions of 5 U.S.C. 4703(f) and 7117 concerning inclusion of bargaining unit employees.

With regard to references concerning inclusion of bargaining unit members under NSPS, collective bargaining rights are granted under Federal law and the demonstration project does not impede those rights. ECBC is committed to meeting its bargaining obligation under the law.

### 3. Access to Flexibilities of Other STRLs

Flexibilities published in this **Federal Register** shall be available for use by all STRLs listed in section 9902(c)(2) of title 5, United States Code, as redesignated in section 1105 of Public Law 111-84, if they wish to adopt them in accordance with DoD Instruction 1400.37; pages 73248 to 73252 of volume 73, **Federal Register**; and the fulfilling of any collective bargaining obligations.

Dated: December 17, 2009.

**Patricia Toppings,**  
OSD Federal Register Liaison Officer,  
Department of Defense.

#### 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 and Union Representation
- F. Project Design
- G. Personnel Management Board
- III. Personnel System Changes
  - A. Pay Banding
  - B. Classification
  - C. Pay for Performance
  - D. Hiring Authority
  - E. Internal Placement
  - F. Pay Setting
  - G. Employee Development
  - H. Reduction-in-Force Procedures
- IV. Implementation Training
- V. Conversion
  - A. Conversion to the Demonstration Project
  - B. Conversion out of the Demonstration Project
  - C. Personnel Administration
  - D. Automation
  - E. Experimentation and Revision
- VI. Project Duration
- VII. Evaluation Plan
  - A. Overview
  - B. Evaluation Model
  - C. Evaluation
  - D. Method of Data Collection
- VIII. Demonstration Project Costs
  - A. Cost Discipline
  - B. Developmental Costs
- IX. Required Waivers to Law and Regulation
  - A. Waivers to title 5, U.S.C.
  - B. Waivers to title 5, CFR
- Appendix A: ECBC Employees by Duty Locations
- Appendix B: Occupational Series by Occupational Family
- Appendix C: Performance Elements
- Appendix D: Intervention Model

## I. Executive Summary

This project adopts with some modifications the STRL personnel management demonstration project, designed by the then named U.S. Army Communications-Electronics Command (CECOM), Research, Development and Engineering (RDE) organizations, with participation and review by the Department of the Army (DA) and DoD. After implementation of the CECOM RDE demonstration project, CECOM reorganized. Its laboratory, the Communications-Electronics Research Development and Engineering Center (CERDEC), was realigned under RDECOM. At the same time, the ECBC was also realigned under RDECOM. The ECBC includes the ECBC organization at the Edgewood Area of Aberdeen Proving Ground, employees matrixed to the Joint Program Executive Office for Chemical/Biological Defense (JPEO-CBD) and ECBC employees with duty stations at other sites.

The ECBC provides integrated science, technology and engineering solutions to address chemical and biological vulnerabilities and threats. ECBC's core competency is working with chemical and biological agents at all stages of the materiel life cycle.

ECBC maintains the following fundamental capabilities:

- (1) Chemistry and Bioscience of Chemical and Biological Warfare.
- (2) Inhalation Toxicology.
- (3) Aerosol Physics.
- (4) Filtration Sciences.
- (5) Agent Spectroscopy/Algorithm Development.
- (6) Chemical and Biological Testing and Evaluation.
- (7) Chemical and Biological Materiel Acquisition.
- (8) Agent Handling and Surety.
- (9) Chemical Munitions Field Operations.

In order to sustain these unique capabilities, the ECBC must be able to hire, retain and continually motivate enthusiastic, innovative, and highly-educated scientists and engineers, supported by skilled business management and administrative professionals as well as a skilled administrative and technical support staff.

The goal of the project is to enhance the quality and professionalism of the ECBC workforce through improvements in the efficiency and effectiveness of the human resource system. The project interventions will strive to achieve the best workforce for the ECBC mission, adjust the workforce for change, and improve workforce satisfaction. This demonstration project extends the CERDEC demonstration project to ECBC. The CERDEC project built on the concepts, and uses much of the same language, as the demonstration projects developed by the Army Research Laboratory (ARL); the Aviation and Missile Research, Development, and Engineering Center (AMRDEC); the Navy's "China Lake;" and the National Institute of Standards and Technology (NIST). The results of the project will be evaluated within five years of implementation.

## II. Introduction

### A. Purpose

The purpose of the project is to demonstrate that the effectiveness of DoD STRLs can be enhanced by expanding opportunities available to employees and by allowing greater managerial control over personnel functions through a more responsive and flexible personnel system. Federal laboratories need more efficient, cost effective, and timely processes and methods to acquire and retain a highly creative, productive, educated, and trained workforce. This project, in its entirety, attempts to improve employees' opportunities and provide managers, at the lowest practical level,

the authority, control, and flexibility needed to achieve the highest quality organization and hold them accountable for the proper exercise of this authority within the framework of an improved personnel management system.

Many aspects of a demonstration project are experimental. Modifications may be made from time to time as experience is gained, results are analyzed, and conclusions are reached on how the system is working. The provisions of this project plan will not be modified, or extended to individuals or groups of employees not included in the project plan without the approval of the ODUSD(CPP). The provisions of DoDI 1400.37, are to be followed for any modifications, adoptions, or changes to this demonstration project plan.

### B. Problems With the Present System

The current Civil Service GS system has existed in essentially the same form since the 1920's. Work is classified into one of fifteen overlapping pay ranges that correspond with the fifteen grades. Base pay is set at one of those fifteen grades and the ten interim steps within each grade. The Classification Act of 1949 rigidly defines types of work by occupational series and grade, with very precise qualifications for each job. This system does not quickly or easily respond to new ways of designing work and changes in the work itself.

The performance management model that has existed since the passage of the Civil Service Reform Act has come under extreme criticism. Employees frequently report there is inadequate communication of performance expectations and feedback on performance. There are perceived inaccuracies in performance ratings with general agreement that the ratings are inflated and often unevenly distributed by grade, occupation and geographic location.

The need to change the current hiring system is essential as ECBC must be able to recruit and retain scientific, engineering, acquisition support and other professionals and skilled technicians. ECBC must be able to compete with the private sector for the best talent and be able to make job offers in a timely manner with the attendant bonuses and incentives to attract high-quality employees.

Finally, current limitations on training, retraining and otherwise developing employees make it difficult to correct skill imbalances and to prepare current employees for new lines of work to meet changing missions and emerging technologies.



### C. Changes Required/Expected Benefits

The primary benefit expected from this demonstration project is greater organizational effectiveness through increased employee satisfaction. The long-standing Department of the Navy "China Lake" and NIST demonstration projects have produced impressive statistics on increased job satisfaction and quality of employees versus that for the Federal workforce in general. This project will demonstrate that a human resource system tailored to the mission and needs of the ECBC workforce will facilitate:

(1) Increased quality in the workforce and resultant products,

(2) Increased timeliness of key personnel processes,

(3) Increased retention of "excellent performers,"

(4) Increased success in recruitment of personnel with critical skills,

(5) Increased management authority and accountability,

(6) Increased satisfaction of customers, and

(7) Increased workforce satisfaction with the personnel management system. An evaluation model was developed for the Director, Defense, Research and Engineering (DDR&E) in conjunction with STRL service representatives and the OPM. The model will measure the effectiveness of this demonstration project, as modified in this plan, and will be used to measure the results of specific personnel system changes.

### D. Participating Organizations

The RDECOM ECBC is comprised of the ECBC at the Edgewood Area of Aberdeen Proving Ground, Maryland, ECBC employees matrixed to JPEO-CBD and ECBC employees geographically dispersed at the locations shown in Appendix A. It should be noted that some sites currently employ fewer than ten people and that the sites may change should ECBC reorganize or realign. Successor organizations will continue coverage in the demonstration project.

### E. Participating Employees and Union Representation

This demonstration project will cover approximately 1,100 ECBC civilian employees under title 5, U.S.C. in the occupations listed in Appendix B. The project plan does not cover members of the Senior Executive Service (SES), Scientific and Professional (ST) employees, Federal Wage System (FWS) employees, employees presently covered by the Defense Civilian Intelligence Personnel System (DCIPS), Department of Army (DA) and Army Command centrally funded interns and

students employed under the Student Career Experience Program. Employees on temporary appointments will not be covered in the demonstration project.

Department of Army, Army Command centrally funded, and local interns (hired prior to implementation of the project) will not be converted to the demonstration project until they reach their full performance level. They will also continue to follow the TAPES performance appraisal system. Local interns hired after implementation of the project will be covered by all terms of the demonstration project.

The National Federation of Federal Employees (NFFE), Federal District 1, Local 178 and the American Federation of Government Employees (AFGE) Local 15 represent a majority of ECBC employees. Of those employees assigned to ECBC, approximately 87% are represented by a labor union.

To foster union acceptance of ECBC's proposed personnel demonstration project, initial discussions with the local NFFE union began in May 2006. Later that same month, at ECBC's invitation, the NFFE Local 178 participated in a presentation briefed by CERDEC which covered the major aspects of their personnel demonstration project plan. Subsequent to this meeting, senior leadership for both ECBC and NFFE Local 178 had changed. ECBC's new Technical Director continued to support the former Director's initiative to adopt a personnel demonstration project and committed to the effort. In July 2008, senior management arranged for another meeting with NFFE which included the new local president and regional representative to re-introduce and discuss key features of the project plan.

In October 2008, ECBC began similar discussions with the AFGE Local 15. ECBC has maintained on-going communication with the Unions regarding its intent to pursue approval for a laboratory personnel demonstration project. The unions have received updates as specific phases of the project have evolved and have been invited to attend town hall meetings and smaller information sessions provided to the workforce. ECBC will continue to fulfill its obligation to consult and/or negotiate with all labor organizations in accordance with 5 U.S.C. Sections 4703(f) and 7117.

### F. Project Design

The ECBC has been a DOD STRL since June 1995. This status authorized ECBC to participate in all of the STRL initiatives, to include the authority to carry out personnel demonstration projects. In December 2005, RDECOM

Headquarters asked ECBC of their intent to pursue a personnel demonstration project. In-depth discussions with both CERDEC and NSRDEC resulted in an ECBC Laboratory Demonstration decision brief to its senior leadership in April 2006. At the conclusion of that briefing, ECBC senior leadership voted to move toward adopting CERDEC's existing laboratory personnel demonstration project. Subsequently, the ECBC submitted a request to adopt the CERDEC demonstration project. The CERDEC demonstration project was the most recently approved demonstration project, used an inclusive approach for its design, and benefitted from the experiences of prior STRL demonstration projects. After the enactment of the National Defense Authorization Act for Fiscal Year 2008 providing for full implementation of the personnel demonstration project, the DoD announced ECBC's intent to adopt the CERDEC demonstration project in 73 FR 73248, December 2, 2008.

### G. Personnel Management Board

ECBC has created a Personnel Management Board to oversee and monitor the fair, equitable, and consistent implementation of the provisions of the demonstration project to include establishment of internal controls and accountability. Members of the board are senior leaders appointed by the ECBC Technical Director. As needed, ad hoc members, (such as labor counsel, human resource representatives, etc.) will serve as advisory members to the board.

The board will execute the following:

(1) Determine the composition of the pay-for-performance pay pools in accordance with the guidelines of this proposal and internal procedures;

(2) Review operation of pay pools and provide guidance to pay pool managers;

(3) Oversee disputes in pay pool issues;

(4) Formulate and execute the civilian pay budget;

(5) Manage the awards pools;

(6) Determine hiring and promotion base pay as well as exceptions to pay-for-performance base pay increases;

(7) Conduct classification review and oversight, monitoring and adjusting classification practices and deciding board classification issues;

(8) Approve major changes in position structure;

(9) Address issues associated with multiple pay systems during the demonstration project;

(10) Establish Standard Performance Elements and Benchmarks;



(11) Assess the need for changes to demonstration project procedures and policies;

(12) Review requests for Supervisory/Team Leader Base Pay Adjustments and provide recommendations to the appropriate Center Director;

(13) Ensure in-house budget discipline;

(14) Manage the number of employees by occupational family and pay band;

(15) Develop policies and procedures for administering Developmental Opportunity Programs;

(16) Ensure that all employees are treated in a fair and equitable manner in accordance with all policies, regulations and guidelines covering this demonstration project; and

(17) Monitor the evaluation of the project.

### III. Personnel System Changes

#### A. Pay Banding

The design of the ECBC pay banding system takes advantage of the many reviews performed by DA and DoD. The design has the benefit of being preceded by exhaustive studies of pay banding systems currently practiced in the Federal sector, to include those practiced by the Navy's "China Lake" experiment and NIST. The pay banding system will replace the current GS structure. Currently, the fifteen grades of the GS are used to classify positions and, therefore, to set pay. The GS covers all white-collar work-administrative, technical, clerical and professional. Changes in this rigid structure are required to allow flexibility in hiring, developing, retaining, and motivating the workforce.

#### 1. Occupational Families

Occupations with similar characteristics will be grouped together into one of three occupational families with pay band levels designed to facilitate pay progression. Each occupational family will be composed of pay bands corresponding to recognized advancement and career progression expected within the occupations. These pay bands will replace individual grades and will not be the same for each occupational family. Each occupational family will be divided into three to five pay bands with each pay band covering the same pay range now covered by one or more GS grades. Employees track into an occupational family based on their

current series as provided in Appendix B. With the exception of the Engineering and Science Pay Band III and IV \*, employees are initially assigned to the highest band in which their grade fits. For example a Management Analyst, GS-343-12, in the Business and Technical occupational family is assigned to Pay Band III as illustrated in Figure 1. The upper and lower pay rate for base pay of each band is defined by the GS rate for the grade and step as indicated in Figure 1 except for Pay Band V of the E&S occupational family (refer to III.A.3.). Comparison to the GS grades was used in setting the upper and lower base pay dollar limits of the pay band levels. However, once employees are moved into the demonstration project, GS grades will no longer apply. The current occupations have been examined, and their characteristics and distribution have served as guidelines in the development of the following three occupational families:

Engineering and Science (E&S) (Pay Plan DB): This occupational family includes technical professional positions, such as engineers, physicists, chemists, mathematicians, operations research analysts and computer scientists. Specific course work or educational degrees are required for these occupations. Five bands have been established for the E&S occupational family:

(1) Band I is a student trainee track covering GS-1, step 1 through GS-4, step 10.

(2) Band II is a developmental track covering GS-5, step 1 through GS-11, step 10.

(3) Band III \* is a full-performance technical track covering GS-12, step 1 through GS-14, step 10.

(4) Band IV \* includes both senior technical positions along with supervisors/managers covering GS-14, step 1 through GS-15, step 10.

(5) Band V is a senior scientific-technical manager. The pay range is: Minimum base pay is 120 percent of the minimum base pay of GS-15; maximum base pay is Level IV of the Executive Schedule (EX-IV); and maximum adjusted base pay is Level III of the Executive Schedule (EX-III).

\* Bands III and IV overlap at the end and start points. These two bands have been designed following a feature used by the Navy's "China Lake" project. Upon conversion into the demonstration

project, employees in the E&S family currently at grade GS-14 will be assigned to either Band III or Band IV based on a review of the duties and responsibilities of the position as compared to the classification criteria.

*Business & Technical (B&T) (Pay Plan DE):* This occupational family includes such positions as computer specialists, equipment specialists, quality assurance specialists, telecommunications specialists, engineering and electronics technicians, procurement coordinators, finance, accounting, administrative computing, and management analysis. Employees in these positions may or may not require specific course work or educational degrees. Four bands have been established for the B&T occupational family:

(1) Band I is a student trainee track covering GS-1, step 1 through GS-4, step 10.

(2) Band II is a developmental track covering GS-5, step 1 through GS-11, step 10.

(3) Band III is a full performance track covering GS-12, step 1 through GS-13, step 10.

(4) Band IV is a senior technical/manager track covering GS-14, step 1 through GS-15, step 10.

General Support (GEN) (Pay Plan DK): This occupational family is composed of positions for which specific course work or educational degrees are not required. Clerical work usually involves the processing and maintenance of records. Assistant work requires knowledge of methods and procedures within a specific administrative area. This family includes such positions as secretaries, office automation clerks, and budget/program/computer assistants. Three bands have been established for the GEN occupational family:

(1) Band I includes entry-level positions covering GS-1, step 1 through GS-4, step 10.

(2) Band II includes full-performance positions covering GS-5, step 1 through GS-8, step 10.

(3) Band III includes senior technicians/assistants/secretaries covering GS-9 step 1 through step 10.

#### 2. Pay Band Design

The pay bands for the occupational families and how they relate to the current GS framework are shown in Figure 1.

FIGURE 1—PAY BAND CHART

| Occupational family        | Equivalent GS grades |             |             |              |         |
|----------------------------|----------------------|-------------|-------------|--------------|---------|
|                            | I                    | II          | III         | IV           | V       |
| E&S .....                  | GS-01—GS-04          | GS-05—GS-11 | GS-12—GS-14 | GS-14—GS-15  | >GS-15. |
| Business & Technical ..... | GS-01—GS-04          | GS-05—GS-11 | GS-12—GS-13 | GS-14—GS-15. |         |
| General Support .....      | GS-01—GS-04          | GS-05—GS-08 | GS-9.       |              |         |

Employees will be converted into the occupational family and pay band that corresponds to their GS/GM series and grade. With respect to conversion of Engineering and Science GS-14 positions, placement to a DB-III or DB-IV will be based on a review of the duties and responsibilities of the position as compared to the classification criteria. Each employee converted to the demonstration project is assured, upon conversion, an initial place in the system without loss of pay. New hires will ordinarily be placed at the lowest base pay rate in a pay band. Exceptional qualifications, specific organizational requirements, or other compelling reasons may lead to a higher entrance base pay within a band. As the rates of the GS are increased due to the annual general pay increases, the upper and lower base pay rates of the pay bands will also increase. Since pay progression through the bands depends directly on performance, there will be no scheduled Within-Grade Increases (WGIs) or Quality Step Increases (QSIs) for employees once the pay banding system is in place. Special rate schedules will no longer be applicable to demonstration project employees. Special provisions have been included to ensure no loss of pay upon conversion (*See* III.E.9. Staffing Supplements).

### 3. Pay Band V

The pay banding plan expands the pay banding concept used at “China Lake” and NIST by creating Pay Band V for the E&S occupational family. This pay band is designed for Senior Scientific Technical Managers (SSTM). The current definitions of Senior Executive Service (SES) and Scientific and Professional (ST) positions do not fully meet the needs of the ECBC organization.

The SES designation is appropriate for executive level managerial positions whose classification exceeds GS-15. The primary competencies of SES positions relate to supervisory and managerial responsibilities. Positions classified as ST are designed for bench research scientists and engineers. These positions require a very high level of

technical expertise and have little or no supervisory responsibilities.

The ECBC has positions that may warrant classification above GS-15 because of their technical expertise requirements. These positions have characteristics of both SES and ST classifications. Most of these positions are responsible for supervising other GS-15 positions, including lower level supervisors, non-supervisory engineers and scientists, and in some cases ST positions. The supervisory and managerial requirements exceed those appropriate for ST positions.

Management considers the primary requirement for these positions to be knowledge of and expertise in the specific scientific and technology areas related to the mission of their organization, rather than the executive leadership qualifications that are characteristic of the SES. Historically, incumbents of these positions have been recognized within the community as scientific and engineering leaders who possess strong managerial and supervisory abilities. Therefore, although some of these employees have scientific credentials that might compare favorably with ST criteria, classification of these positions as STs is not an option because the managerial and supervisory responsibilities cannot be ignored.

Pay Band V will apply to a new category of positions designated as Senior Scientific Technical Managers (SSTM). Positions so designated will include those requiring scientific/engineering technical expertise and full managerial and supervisory authority. Their scientific/engineering technical expertise and responsibilities warrant classification above the GS-15 level.

Current GS-15 positions will convert into the demonstration project at Pay Band IV. After conversion these positions will be reviewed against established criteria to determine if the positions should be reclassified to Pay Band V. Other positions possibly meeting criteria for designation as SSTM will be reviewed on a case-by-case basis. The pay range for SSTM positions is: minimum base pay is 120 percent of the minimum base pay of GS-15; maximum rate of base pay is

Level IV of the Executive Schedule (EX-IV); and maximum adjusted base pay is Level III of the Executive Schedule (EX-III). Adjusted base pay is base rate plus locality or staffing supplement as appropriate.

Vacant SSTM positions will be filled competitively to ensure that selectees are preeminent technical leaders in specialty fields who also possess substantial managerial and supervisory abilities. Panels will be created to assist in filling SSTM positions. Panel members typically will be SES members, ST employees and later those designated as SSTMs. In addition, General Officers and recognized technical experts from outside ECBC may also serve as appropriate. The panel will apply criteria developed largely from the OPM Research Grade Evaluation Guide for positions exceeding the GS-15 level and other OPM guidance related to positions exceeding the GS-15 level. The purpose of the panel is to ensure impartiality, breadth of technical expertise, and a rigorous and demanding review.

SSTM positions will be subject to limitations imposed by DoD. SSTM positions will be established only in a STRL that employs scientists, engineers, or both. Incumbents of these positions will work primarily in their professional technical capacity on research and development and secondarily, will perform managerial or supervisory duties.

The final component of Pay Band V is the management of all Pay Band V assets. Specifically, this authority will be exercised at the DA level, and includes the following: authority to classify, create, or abolish positions within the limitations imposed by DoD; recruit and reassign employees in this pay band; set pay and appraise performance under this project’s pay-for-performance system.

### B. Classification

#### 1. Occupational Series

The present GS classification system has over 400 occupational series, which are divided into 23 occupational groupings. ECBC currently has positions in approximately 65 occupational series that fall into 16 occupational groupings.

All positions listed in Appendix B will be in the classification structure. Provisions will be made for including other occupations in response to changing missions.

2. Classification Standards and Position Descriptions

ECBC will use CERDEC’s fully automated classification system modeled after the Navy’s “China Lake” and ARL’s automated systems. ARL developed a Web-based automated classification system that can create standardized, classified position descriptions under the new pay banding system in a matter of minutes. The present system of OPM classification standards will be used for the identification of proper series and occupational titles of positions within the demonstration project. Current OPM position classification standards will not be used to grade positions in this project. However, the grading criteria in those standards will be used as a framework to develop new and simplified standards for the purpose of pay band determinations. The objective is to record the essential criteria for each pay band within each occupational family by stating the characteristics of the work, the responsibilities of the position, and the competencies required. New position descriptions will replace the current DA job descriptions. The classification standard for each pay band will serve as an important component in the new position description, which will also include position-specific information, and provide data element information pertinent to the job. The computer-assisted process will produce information necessary for position descriptions. The new descriptions will be easier to prepare, minimize the amount of writing time and make the position description a more useful and accurate tool for other personnel management functions.

Specialty work codes (narrative descriptions) will be used to further differentiate types of work and the competencies required for particular positions within an occupational family and pay band. Each code represents a specialization or type of work within the occupation.

3. Fair Labor Standards Act

Fair Labor Standards Act (FLSA) exemption and non-exemption determinations will be consistent with criteria found in 5 CFR part 551. All employees are covered by the FLSA unless they meet the criteria for exemption. The duties and responsibilities outlined in the

classification standards for each pay band will be compared to the FLSA criteria. As a general rule, the FLSA status can be matched to occupational family and pay band as indicated in Figure 2. For example, positions classified in Pay Band I of the E&S occupational family are typically nonexempt, meaning they are covered by the overtime entitlements prescribed by the FLSA. An exception to this guideline includes supervisors/managers whose primary duty meet the definitions outlined in the OPM GS Supervisory Guide. Therefore, supervisors/managers in any of the pay bands who meet the foregoing criteria are exempt from the FLSA. Supervisors with classification authority will make the determinations on a case-by-case basis by comparing assigned duties and responsibilities to the classification standards for each pay band and the 5 CFR 551 FLSA criteria. Additionally, the advice and assistance of the servicing CPAC will be obtained in making determinations. The benchmark position descriptions will not be the sole basis for the determination. Basis for exemption will be documented and attached to each position description. Exemption criteria will be narrowly construed and applied only to those employees who clearly meet the spirit of the exemption. Changes will be documented and provided to the CPAC.

FIGURE 2—FLSA STATUS  
[Pay bands]

| Occupational family | I | II  | III | IV | V |
|---------------------|---|-----|-----|----|---|
| E&S .....           | N | N/E | E   | E  | E |
| B&T .....           | N | N/E | E   | E  |   |
| GEN .....           | N | N   | E   |    |   |

N—Non-Exempt from FLSA; E—Exempt from FLSA.

N/E—Exemption status determined on a case-by-case basis.

**Note:** Although typical exemption status under the various pay bands is shown in the above table, actual FLSA exemption determinations are made on a case-by-case basis.

4. Classification Authority

The ECBC Technical Director will have delegated classification authority and may, in turn, re-delegate this authority to appropriate levels. Position descriptions will be developed to assist managers in exercising delegated position classification authority. Managers will identify the occupational family, job series, functional code, specialty work code, pay band level, and the appropriate acquisition codes. Personnel specialists will provide

ongoing consultation and guidance to managers and supervisors throughout the classification process. These decisions will be documented on the position description.

5. Classification Appeals

Classification appeals under this demonstration project will be processed using the following procedures: An employee may appeal the determination of occupational family, occupational series, position title, and pay band of his/her position at any time. An employee must formally raise the area of concern to supervisors in the immediate chain of command, either verbally or in writing. If the employee is not satisfied with the supervisory response, he/she may then appeal to the DoD appellate level. Appeal decisions rendered by DoD will be final and binding on all administrative, certifying, payroll, disbursing, and accounting officials of the government. Classification appeals are not accepted on positions which exceed the equivalent of a GS-15 level. Time periods for cases processed under 5 CFR part 511 apply.

An employee may not appeal the accuracy of the position description, the demonstration project classification criteria, or the pay-setting criteria; the assignment of occupational series to the occupational family; the propriety of a pay schedule; or matters grievable under an administrative or negotiated grievance procedure, or an alternative dispute resolution procedure.

The evaluations of classification appeals under this demonstration project are based upon the demonstration project classification criteria. Case files will be forwarded for adjudication through the CPAC providing personnel service and will include copies of appropriate demonstration project criteria.

C. Pay for Performance

1. Overview

The purpose of the pay-for-performance system is to provide an effective, efficient, and flexible method for assessing, compensating, and managing the ECBC workforce. It is essential for the development of a highly productive workforce and to provide management at the lowest practical level, the authority, control, and flexibility needed to achieve a quality organization and meet mission requirements. The pay-for-performance system allows for more employee involvement in the assessment process, strives to increase communication between supervisor and employee, promotes a clear accountability of

performance, facilitates employee career progression, and provides an understandable and rational basis for pay changes by linking pay and performance.

The pay-for-performance system uses annual performance payouts that are based on the employee's total performance score rather than within-grade increases, quality step increases, promotions from one grade to another where both grades are now in the same pay band (*i.e.*, there are no within-band promotions) and performance awards. The normal rating period will be one year. The minimum rating period will be 120 days. Pay-for-performance payouts can be in the form of increases to base pay and/or in the form of bonuses that are not added to base pay but rather are given as a lump sum bonus. Other awards such as special acts, time-off awards, *etc.*, will be retained separately from the pay-for-performance payouts.

The system will have the flexibility to be modified, if necessary, as more experience is gained under the project.

## 2. Performance Objectives

Performance objectives define a target level of activity, expressed as a tangible, measurable objective, against which actual achievement can be compared. These objectives will specifically identify what is expected of the employee during the rating period and will typically consist of three to ten results-oriented statements. The employee and his/her supervisor will jointly develop the employee's performance objectives at the beginning of the rating period. These are to be reflective of the employee's duties/responsibilities and pay band along with the mission/organizational goals and priorities. Objectives will be reviewed annually and revised upon changes in pay reflecting increased responsibilities commensurate with pay increases. Use of generic one-size-fits-all objectives will be avoided, as performance objectives are meant to define an individual's specific responsibilities and expected accomplishments. In contrast, performance elements as described in the next paragraph will identify generic performance characteristics, against which the accomplishment of objectives will be measured. As a part of this demonstration project, training focused on overall organizational objectives and the development of performance objectives will be held for both supervisors and employees. Performance objectives may be jointly modified, changed or deleted as appropriate during the rating cycle. As

a general rule, performance objectives should only be changed when circumstances outside the employee's control prevent or hamper the accomplishment of the original objectives. It is also appropriate to change objectives when mission or workload shifts occur.

## 3. Performance Elements

Performance elements define generic performance characteristics that will be used to evaluate the employee's success in accomplishing his/her performance objectives. The use of generic characteristics for scoring purposes helps to ensure comparable scores are assigned while accommodating diverse individual objectives. This pay-for-performance system will utilize those performance elements provided in Appendix C. All elements are critical. A critical performance element is defined as an attribute of job performance that is of sufficient importance that performance below the minimally acceptable level requires remedial action and may be the basis for removing an employee from his/her position. Non-critical elements will not be used. Each of the performance elements will be assigned a weight, which reflects its importance in accomplishing an individual's performance objectives. A minimum weight is set for each performance element. The sum of the weights for all of the elements must equal 100.

A single set of performance elements will be used for evaluating the annual performance of all ECBC personnel covered by this plan. This set of performance elements may evolve over time, based on experience gained during each rating cycle. This evolution is essential to capture the critical characteristics the organization encourages in its workforce toward meeting individual and organizational objectives. This is particularly true in an environment where technology and work processes are changing at an increasingly rapid pace. The ECBC Personnel Management Board will annually review the set of performance elements and set them for the entire organization before the beginning of the rating period. The following is an initial set of performance elements along with their minimum weight:

(1) Technical Competence (Minimum Weight: 15%).

(2) Interpersonal Skills (Minimum Weight: 10%).

(3) Management of Time and Resources (Minimum Weight: 15%).

(4) Customer Satisfaction (Minimum Weight: 10%).

(5) Team/Project Leadership (Minimum Weight: 15%).

(6) Supervision/Equal Employment Opportunity (EEO) (Minimum Weight: 25%).

All employees will be rated against the first four performance elements. Team/Project Leadership is mandatory for team leaders (within this document "team leader" refers to non-supervisory team leaders as determined by the OPM GS Leader Grade Evaluation Guide). Supervision/EEO is mandatory for all managers/supervisors. At the beginning of the rating period, pay pool managers will review the objectives and weights assigned to employees within the pay pool, to verify consistency and appropriateness.

## 4. Performance Feedback and Formal Ratings

The most effective means of communication is person-to-person discussion between supervisors and employees of requirements, performance goals and desired results. Employees and supervisors alike are expected to actively participate in these discussions for optimum clarity regarding expectations and identify potential obstacles to meeting goals. In addition, employees should explain (to the extent possible) what they need from their supervisor to support goal accomplishment. The timing of these discussions will vary based on the nature of work performed, but will occur at least at the mid-point and end of the rating period. The supervisor and employee will discuss job performance and accomplishments in relation to the performance objectives and elements. At least one review, normally the mid-point review, will be documented as a formal progress review. More frequent, task specific, discussions may be appropriate in some organizations. In cases where work is accomplished by a team, team discussions regarding goals and expectations will be appropriate.

The employee will provide a list of his/her accomplishments to the supervisor at both the mid-point and end of the rating period. An employee may elect to provide self-ratings on the performance elements and/or solicit input from team members, customers, peers, supervisors in other units, subordinates, and other sources which will permit the supervisor to fully evaluate accomplishments during the rating period.

At the end of the rating period, following a review of the employee's accomplishments, the supervisor will rate each of the performance elements by assigning a score between 0 and 50. Benchmark performance standards have

been developed that describe the level of performance associated with a score. Using these benchmarks, the supervisor decides where (at any point on a scale of 0 to 50) the performance of the employee fits and assigns an appropriate score. It should be noted that these scores are not discussed with the employee or considered final until all scores are reconciled and approved by the pay pool manager. The element scores will then be multiplied by the element-weighting factor to determine the weighted score expressed to two decimal points. The weighted scores for each element will then be totaled to determine the employee's overall appraisal score and rounded to a whole number as follows: if the digit to the right of the decimal is between five and nine, it should be rounded to the next higher whole number; if the digit to the right of the decimal is between one and four, it should be dropped.

A total score of 10 or above will result in a rating of acceptable. A total score of 9 or below will result in a rating of unacceptable, and requires the employee be placed on a Performance Improvement Plan (PIP) immediately or following a temporary assignment. A score of 9 or below in a single element will also result in a rating of unacceptable, and requires the employee be placed on a PIP. A new rating of record will be issued if the employee's performance improves to an acceptable level at the conclusion of the PIP.

#### 5. Unacceptable Performance

Informal employee performance reviews will be a continuous process so that corrective action, to include placing an employee on a PIP, may be taken at any time during the rating cycle. Whenever a supervisor recognizes an employee's performance on one or more performance elements is unacceptable, the supervisor should immediately inform the employee. Efforts will be made to identify the possible reasons for the unacceptable performance. An employee who is on a PIP is not eligible to receive the general pay increase (refer to III.C.13.).

As an informal first step, the supervisor and employee may explore a temporary assignment to another unit in the organization. This recognizes that conflicts sometimes occur between a supervisor and an employee, or that an employee may be assigned to a position for which he/she is not suited. The supervisor is under no obligation to explore this option prior to taking more formal action. If the temporary assignment is not possible or has not worked out, and the employee

continues to perform at an unacceptable level or has received an unacceptable rating, written notification outlining the unacceptable performance will be provided to the employee. At this point an opportunity to improve will be structured in a PIP. The supervisor will identify the items/actions that need to be corrected or improved, outline required time frames (no less than 30 days) for such improvement, and provide the employee with any available assistance as appropriate. Progress will be monitored during the PIP, and all counseling sessions will be documented.

If the employee's performance is acceptable at the conclusion of the PIP, no further action is necessary. If a PIP ends prior to the end of the annual performance cycle and the employee's performance improves to an acceptable level, the employee is appraised again at the end of the annual performance cycle.

If the employee fails to improve during the PIP, the employee will be given notice of proposed appropriate action. This action can include removal from the Federal service, placement in a lower pay band with a corresponding reduction in pay (demotion), reduction in pay within the same pay band, or change in position or occupational family. For the most part, employees with an unacceptable rating will not be permitted to remain at their current pay and may be reduced in pay band. Reductions in base pay within the same pay band or changes to a lower pay band will be accomplished with a minimum of a five-percent decrease in an employee's base pay.

**Note:** Nothing in this subsection will preclude action under 5 U.S.C. chapter 75, when appropriate.

All relevant documentation concerning a reduction in pay or removal based on unacceptable performance will be preserved and made available for review by the affected employee or a designated representative. As a minimum, the record will consist of a copy of the notice of proposed personnel action, the employee's written reply, if provided, or a summary when the employee makes an oral reply. Additionally, the record will contain the written notice of decision and the reasons therefore along with any supporting material (including documentation regarding the opportunity afforded the employee to demonstrate improved performance).

If the employee's performance deteriorates to an unacceptable level, in any element, within two years from the beginning of a PIP, follow-on actions

may be initiated with no additional opportunity to improve. If an employee's performance is at an acceptable level for two years from the beginning of the PIP, and performance once again declines to an unacceptable level, the employee will be given an additional opportunity to improve, before management proposes follow-on actions.

#### 6. Reconciliation Process

Following the initial scoring of each employee by the rater, the rating officials in an organizational unit, along with their next level of supervision, will meet to ensure consistency and equity of the ratings. In this step, each employee's performance objectives, accomplishments, preliminary scores and pay are compared. Through discussion and consensus building, consistent and equitable ratings are reached. Managers will not prescribe a distribution of total scores. The pay pool manager will then chair a final review with the rating officials who report directly to him or her to validate these ratings and resolve any scoring issues. If consensus cannot be reached in this process, the pay pool manager makes all final decisions. After this reconciliation process is complete, scores are finalized. Payouts proceed according to each employee's final score and adjusted base pay. Upon approval of this plan, implementing procedures and regulations will provide details on this process to employees and supervisors.

#### 7. Pay Pools

ECBC employees will be placed into pay pools. Pay pools are combinations of organizational elements (*e.g.*, Directorates, Divisions, Branches, Teams, *etc.*) that are defined for the purpose of determining performance payouts under the pay-for-performance system. The guidelines in the next paragraph are provided for determining pay pools. These guidelines will normally be followed. However, the ECBC Technical Director may deviate from the guidelines if there is a compelling need to do so and document their rationale in writing.

The ECBC Technical Director will establish pay pools. Typically, pay pools will have between 35 and 300 employees. A pay pool should be large enough to encompass a reasonable distribution of ratings but not so large as to compromise rating consistency. Supervisory personnel will be placed in a pay pool separate from subordinate non-supervisory personnel. Team leaders classified by the GS Leader Grade Evaluation Guide will be included in a supervisory pay pool.

Those team leaders who have project responsibility but who do not actually lead other workers will be included in a non-supervisory pay pool. Neither the pay pool manager nor supervisors within a pay pool will recommend or set their own individual pay. Decisions regarding the amount of the performance payout are based on the established formal payout calculations.

Funds within a pay pool available for performance payouts are calculated from anticipated pay increases under the existing system and divided into two components, base pay and bonus. The funds within a pay pool used for base pay increases, are those that would have been available from within-grade increases, quality step increases and promotions (excluding the costs of promotions still provided under the banding system). This amount will be defined based on historical data and will be set at no less than two percent of total adjusted base pay annually. The funds available to be used for bonus payouts are funded separately within the constraints of the organization's overall award budget. This amount will be defined based on historical data and at no less than one percent of total adjusted base pay annually. The sum of these two factors is referred to as the pay pool percentage factor. The ECBC

Personnel Management Board will annually review the pay pool funding and recommend adjustments to the ECBC Technical Director to ensure cost discipline over the life of the demonstration project. Cost discipline is assured within each pay pool by limiting the total base pay increase to the funds available, based on what would have been available in the GS system from within-grade increases, quality step increases and within-band promotions. The ECBC Technical Director may reallocate the amount of funds assigned to each pay pool as necessary to ensure equity and to meet unusual circumstances.

8. Performance Payout Determination

The performance payout an employee will receive is based on the total performance score from the pay-for-performance assessment process. An employee will receive a performance payout as a percentage of adjusted base pay. This percentage is based on the number of shares that equates to their final appraisal score. Shares will be awarded on a continuum as follows:

| Score = Shares |
|----------------|
| 50 = 3         |
| 40 = 2         |
| 30 = 1         |

| Score = Shares                                     |
|--|
| 21 = .1  |
| 10 - 20 = 0  |
| < = 9 = 0 (Performance Improvement Plan required). |

Fractional shares will be awarded for scores that fall in between these scores. For example: A score of 38 will equate to 1.8 shares, and a score of 44 will equate to 2.4 shares.

The value of a share cannot be exactly determined until the rating and reconciliation process is completed and all scores are finalized. The share value is expressed as a percentage. The formula that computes the value of each share uses base pay rates and is based on (1) the sum of the base pay of all employees in the pay pool times the pay pool percentage factor, (2) the employee's base pay, (3) the number of shares awarded to each employee in the pay pool, and (4) the total number of shares awarded in the pay pool. This formula assures that each employee within the pool receives a share amount equal to all others in the same pool who are at the same rate of base pay and receiving the same score. The formula is shown in Figure 3.

Figure 3. Formula

$$\text{Share value} = \frac{\text{Sum of base pay of employees in pool} * \text{pay pool percentage factor}}{\text{Sum of (base pay} * \text{shares earned) for each employee}}$$

An individual payout is calculated by first multiplying the shares earned by the share value and multiplying that product by base pay. An adjustment is then made to account for locality pay or staffing supplement.

A pay pool manager is accountable for staying within pay pool limits. The pay pool manager makes final decisions on base pay increases and/or bonuses to individuals based on rater recommendation, the final score, the pay pool funds available, and the employee's pay.

9. Base Pay Increases and Bonuses

The amount of money available for performance payouts is divided into two components, base pay increases and bonuses. The base pay and bonus funds are based on the pay pool funding formula established annually. Once the individual performance amounts have been determined, the next step is to determine what portion of each payout will be in the form of a base pay increase as opposed to a bonus payment. The payouts made to

employees from the pay pool may be a mix of base pay and bonus, such that all of the allocated funds are disbursed as intended. To continue to provide performance incentives while also ensuring cost discipline, base pay increases may be limited or capped. Certain employees will not be able to receive the projected base pay increase due to base pay caps. Base pay is capped when an employee reaches the maximum rate of base pay in an assigned pay band, when the mid-point rule applies (see below) or when the Significant Accomplishment/Contribution rule applies (see below). Also, for employees receiving retained rates above the applicable pay band maximum, the entire performance payout will be in the form of a bonus payment.

When capped, the total payout an employee receives will be in the form of a bonus versus the combination of base pay and bonus. Bonuses are cash payments and are not part of the base pay for any purpose (e.g., lump sum payments of annual leave on separation,

life insurance, and retirement). The maximum base pay rate under this demonstration project will be the unadjusted base pay rate of GS-15/step 10, except for employees in Pay Band V of the E&S occupational family. In this case, the pay range is as noted in III.A.3.

If the organization determines it is appropriate, it may re-allocate a portion (up to the maximum possible amount) of the unexpended base pay funds for capped employees to uncapped employees. This re-allocation will be determined by the pay pool manager. Any dollar increase in an employee's projected base pay increase will be offset, dollar for dollar, by an accompanying reduction in the employee's projected bonus payment. Thus, the employee's total performance payout is unchanged.

In addition, a pay pool manager may request approval from the Personnel Management Board for use of an Extraordinary Achievement Recognition. Such recognition grants a base pay increase and/or bonus to an employee that is higher than the one

generated by the compensation formula for that employee. Examples that might warrant consideration are extraordinary achievements or accelerated compensation for a local intern. The funds available for an Extraordinary Achievement Recognition are separately funded within the constraints of the organization's budget.

#### 10. Mid-Point Rule

To provide added performance incentives as an employee progresses through a pay band, a mid-point rule will be used to determine base pay increases. The mid-point rule dictates that any employee must receive a score of 30 or higher for his/her base pay to cross the mid-point of the base pay range for his/her pay band. Also, once an employee's base pay exceeds the mid-point, the employee must receive a score of 30 or higher to receive any additional base pay increases. Any amount of an employee's performance payout, not paid in the form of a base pay increase because of the mid-point rule, will be paid as a bonus. This rule effectively raises the standard of performance expected of an employee once the mid-point of a band is crossed. This applies to all employees in every occupational family and pay band.

#### 11. Significant Accomplishment/Contribution Rule

The purpose of this rule is to maintain cost discipline while ensuring that employee payouts are in consonance with accomplishments and levels of responsibility. The rule will apply only to employees in E&S Pay Band III whose base pay falls within the top 15 percent of the band. For employees meeting these criteria, the following provisions will apply:

(1) If an employee's score falls in the top third of scores received in his/her pay pool, he/she will receive the full allowable base pay increase portion of the performance payout. The balance of the payout will be paid as a lump sum bonus.

(2) If an employee's score falls in the middle third of scores received in his/her pay pool, the base pay increase portion will not exceed one percent of base pay. The balance of the payout will be paid as a lump sum bonus.

(3) If an employee's appraisal score falls in the bottom third of scores received in his/her pay pool, the full payout will be paid as a lump sum bonus.

#### 12. Awards

To provide additional flexibility in motivating and rewarding individuals and groups, some portion of the

performance award budget will be reserved for special acts and other categories as they occur. Awards may include, but are not limited to, special acts, patents, suggestions, on-the-spot, and time-off. The funds available to be used for traditional 5 U.S.C. awards are separately funded within the constraints of the organization's budget.

While not directly linked to the pay-for-performance system, this additional flexibility is important to encourage outstanding accomplishments and innovation in accomplishing the diverse mission of ECBC. Additionally, to foster and encourage teamwork among its employees, organizations may give group awards. Under the demonstration project, a team may elect to distribute such awards among themselves.

Thus, a team leader or supervisor may allocate a sum of money to a team for outstanding performance, and the team may decide the individual distribution of the total dollars among themselves. The Commanding General, RDECOM will have the authority to grant special act awards to covered employees of up to \$10,000 IAW the criteria of AR 672-20, Incentive Awards. This authority may be delegated to the Technical Director, ECBC.

#### 13. General Pay Increase

Employees, who are on a PIP at the time pay determinations are made, do not receive performance payouts or the annual general pay increase. An employee who receives an unacceptable rating of record will not receive any portion of the general pay increase or RIF service credit until such time as his/her performance improves to the acceptable level and remains acceptable for at least 90 days. When the employee has performed acceptably for at least 90 days, the general pay increase will not be retroactive but will be granted at the beginning of the next pay period after the supervisor authorizes its payment. These actions may result in a base pay that is identified in a lower pay band. This occurs because the minimum rate of base pay in a pay band increases as the result of the general pay increase (5 U.S.C. 5303). This situation (a reduction in band level with no reduction in pay) will not be considered an adverse action, nor will band retention provisions apply.

#### 14. Reverse Feedback

Employee feedback to supervisors is considered essential for the success of the pay-for-performance system. A feedback instrument for subordinates to anonymously evaluate the effectiveness of their supervisors is being developed and shall be implemented as part of the

demonstration project. Supervisors and their managers will be provided the results of that feedback in a format that does not identify individual raters or ratings. The data will be aggregated into a summary and used to establish both personal and organizational performance development goals. The use of this type of instrument will help focus attention on desired leadership behaviors, structure the feedback in a constructive manner, and offset the power imbalance that often prevents supervisors from getting useful feedback from their employees.

#### 15. Grievances

An employee may grieve the performance rating/score received under the pay-for-performance system. Non-bargaining unit employees, and bargaining unit employees covered by a negotiated grievance procedure that does not permit grievances over performance ratings, must file under administrative grievance procedures. Bargaining unit employees whose negotiated grievance procedures cover performance rating grievances must file under those negotiated procedures.

#### 16. Adverse Actions

Except where specifically waived or modified in this plan, adverse action procedures under 5 CFR part 752 remain unchanged.

#### D. Hiring Authority

##### 1. Qualifications

The qualifications required for placement into a position in a pay band within an occupational family will be determined using the OPM Operating Manual for Qualification Standards for GS Positions. Since the pay bands are anchored to the GS grade levels, the minimum qualification requirements for a position will be the requirements corresponding to the lowest GS grade incorporated into that pay band. For example, for a position in the E&S occupational family, Pay Band II individuals must meet the basic requirements for a GS-5 as specified in the OPM Qualification Standard for Professional and Scientific Positions.

Selective factors may be established for a position in accordance with the OPM Qualification Standards Operating Manual, when determined to be critical to successful job performance. These factors will become part of the minimum requirements for the position, and applicants must meet them in order to be eligible. If used, selective factors will be stated as part of the qualification requirements in vacancy announcements and recruiting bulletins.



## 2. Delegated Examining

Competitive service positions will be filled through Merit Staffing and through direct-hire authority or under Delegated Examining. Recent legislative changes provide for delegation of direct-hire authority for shortage category positions under the Defense Acquisition Workforce Improvement Act (DAWIA) at certain levels as well as direct hire authority for qualified candidates with an advanced degree to scientific and engineering positions within 5 U.S.C. 9902(c)(2) STRL laboratories as redesignated under section 1105 of Public Law 111-84. Where delegated to the laboratory level, direct-hire authority will be exercised in accordance with the requirements of the delegation of authority. The "Rule of Three" will be eliminated. When there are no more than 15 qualified applicants and no preference eligibles, all eligible applicants are immediately referred to the selecting official without rating and ranking. Rating and ranking will be required only when the number of qualified candidates exceeds 15 or there is a mix of preference and non-preference applicants. Statutes and regulations covering veterans' preference will be observed in the selection process and when rating and ranking are required. If the candidates are rated and ranked, a random number selection method will be used to determine which applicants will be referred when scores are tied after the rating process. Veterans will be referred ahead of non-veterans with the same score.

## 3. Legal Authority

For actions taken under the auspices of the demonstration project, the legal authority, Public Law 103-337, as amended, will be used. For all other actions, the nature of action codes and legal authority codes prescribed by OPM, DoD, or DA will continue to be used.

## 4. Revisions to Term Appointments

ECBC conducts a variety of projects that range from three to six years. The current four-year limitation on term appointments often forces the termination of term employees prior to completion of projects they were hired to support. This disrupts the research and development process and affects the organization's ability to accomplish the mission and serve its customers.

ECBC will continue to have career and career-conditional appointments and temporary appointments not to exceed one year. These appointments will use existing authorities and

entitlements. Under the demonstration project, ECBC will have the added authority to hire individuals under a modified term appointment. These appointments will be used to fill positions for a period of more than one year, but not more than a total of five years when the need for an employee's services is not permanent. The modified term appointments differ from term employment as described in 5 CFR 316 in that they may be made for a period not to exceed five, rather than four years. The Technical Director is authorized to extend a term appointment one additional year.

Employees hired under the modified term appointment authority are in a non-permanent status, but may be eligible for conversion to career-conditional appointments. To be converted, the employee must (1) have been selected for the term position under competitive procedures, with the announcement specifically stating that the individual(s) selected for the term position may be eligible for conversion to a career-conditional appointment at a later date; (2) have served two years of continuous service in the term position; (3) be selected under merit promotion procedures for the permanent position; and (4) be performing at the acceptable level of performance with a current score of 30 or greater.

Employees serving under regular term appointments at the time of conversion to the demonstration project will be converted to the new modified term appointments provided they were hired for their current positions under competitive procedures. These employees will be eligible for conversion to career-conditional appointments if they (1) have served two years of continuous service in the term position; (2) are selected under merit promotion procedures for the permanent position; and (3) are performing at the acceptable level of performance with a current score of 30 or greater (or equivalent if not yet rated under the demonstration project). Time served in term positions prior to conversion to the modified term appointment is creditable, provided the service was continuous. Employees serving under regular or modified term appointments under this plan will be covered by the plan's pay-for-performance system.

## 5. Extended Probationary Period

The current one-year probationary period will be extended to three years for all newly hired permanent career-conditional employees in the E&S occupational family. The purpose of extending the probationary period is to

allow supervisors an adequate period of time to fully evaluate an employee's ability to complete a cycle of work and to fully assess an employee's contribution and conduct. The three-year probationary period will apply only to new hires subject to a probationary period.

If a probationary employee's performance is determined to be satisfactory at a point prior to the end of the three-year probationary period, a supervisor has the option of ending the probationary period at an earlier date, but not before the employee has completed one year of continuous service. If the probationary period is terminated before the end of the three-year period, the immediate supervisor will provide written reasons for his/her decision to the next level of supervision for concurrence prior to implementing the action.

Aside from extending the time period for all newly hired permanent career-conditional employees in the E&S occupational family, all other features of the current probationary period are retained including the potential to remove an employee without providing the full substantive and procedural rights afforded a non-probationary employee. Any employee appointed prior to the implementation date will not be affected.

## 6. Termination of Probationary Employees

Probationary employees may be terminated when they fail to demonstrate proper conduct, technical competency, and/or acceptable performance for continued employment, and for conditions arising before employment. When a supervisor decides to terminate an employee during the probationary period because his/her work performance or conduct is unacceptable, the supervisor shall terminate the employee's services by written notification stating the reasons for termination and the effective date of the action. The information in the notice shall, at a minimum, consist of the supervisor's conclusions as to the inadequacies of the employee's performance or conduct, or those conditions arising before employment that support the termination.

## 7. Supervisory Probationary Periods

Supervisory probationary periods will be made consistent with 5 CFR part 315. Employees who have successfully completed the initial probationary period will be required to complete an additional one-year probationary period for initial appointment to a supervisory position. If, during this probationary

period, the decision is made to return the employee to a non-supervisory position for reasons related to supervisory performance, the employee will be returned to a comparable position of no lower pay than the position from which promoted or reassigned.

#### 8. Volunteer Emeritus Corps

Under the demonstration project, the ECBC Director will have the authority to offer retired or separated employees voluntary positions. The ECBC Director may re-delegate this authority. Voluntary Emeritus Corps assignments are not considered employment by the Federal government (except for purposes of injury compensation). Thus, such assignments do not affect an employee's entitlement to buyouts or severance payments based on an earlier separation from Federal service. The volunteer's Federal retirement pay (whether military or civilian) is not affected while serving in a voluntary capacity. Retired or separated Federal employees may accept an emeritus position without a break or mandatory waiting period.

The Voluntary Emeritus Corps will ensure continued quality services while reducing the overall salary line by allowing higher paid employees to accept retirement incentives with the opportunity to retain a presence in the ECBC community. The program will be beneficial during manpower reductions, as employees accept retirement and return to provide a continuing source of corporate knowledge and valuable on-the-job training or mentoring to less experienced employees.

To be accepted into the Voluntary Emeritus Corps, a volunteer must be recommended by an ECBC manager to the Director or delegated authority. Not everyone who applies is entitled to an emeritus position. The responsible official will document acceptance or rejection of the applicant. For acceptance, documentation must be retained throughout the assignment. For rejection, documentation will be maintained for two years.

Voluntary Emeritus Corps volunteers will not be permitted to monitor contracts on behalf of the Government or to participate on any contracts or solicitations where a conflict of interest exists. The volunteers may be required to submit a financial disclosure form annually. The same rules that currently apply to source selection members will apply to volunteers.

An agreement will be established among the volunteer, the responsible official and the CPAC. The agreement

must be finalized before the assumption of duties and shall include:

(1) A statement that the voluntary assignment does not constitute an appointment in the Civil Service, is without compensation, and the volunteer waives any claims against the Government based on the voluntary assignment;

(2) A statement that the volunteer will be considered a Federal employee only for the purpose of injury compensation;

(3) The volunteer's work schedule;

(4) Length of agreement (defined by length of project or time defined by weeks, months, or years);

(5) Support provided by the organization (travel, administrative support, office space, and supplies);

(6) A statement of duties;

(7) A statement providing that no additional time will be added to a volunteer's service credit for such purposes as retirement, severance pay, and leave as a result of being a volunteer;

(8) A provision allowing either party to void the agreement with two working days written notice;

(9) The level of security access required by the volunteer (any security clearance required by the position will be managed by the employing organization);

(10) A provision that any publication(s) resulting from his/her work will be submitted to the ECBC Technical Director for review and approval;

(11) A statement that he/she accepts accountability for loss or damage to Government property occasioned by his/her negligence or willful action;

(12) A statement that his/her activities on the premises will conform to the regulations and requirements of the organization;

(13) A statement that he/she will not release any sensitive or proprietary information without the written approval of the employing organization and further agrees to execute additional non-disclosure agreements as appropriate, if required, by the nature of the anticipated services; and,

(14) A statement that he/she agrees to disclose any inventions made in the course of work performed at ECBC. The ECBC Technical Director has the option to obtain title to any such invention on behalf of the U.S. Government. Should the ECBC Technical Director elect not to take title, the ECBC shall at a minimum retain a non-exclusive, irrevocable, paid up, royalty-free license to practice or have practiced the invention worldwide on behalf of the U.S. Government.

Exceptions to the provisions in this procedure may be granted by the ECBC

Technical Director on a case-by-case basis.

#### E. Internal Placement

##### 1. Promotion

A promotion is the movement of an employee to a higher pay band in the same occupational family or to another pay band in a different occupational family, wherein the band in the new family has a higher maximum base pay than the band from which the employee is moving. The move from one band to another must result in an increase in the employee's base pay to be considered a promotion. Positions with known promotion potential to a specific band within an occupational family will be identified when they are filled. Not all positions in an occupational family will have promotion potential to the same band. Movement from one occupational family to another will depend upon individual competencies, qualifications and the needs of the organization. Supervisors may consider promoting employees at any time, since promotions are not tied to the pay-for-performance system. Progression within a pay band is based upon performance base pay increases; as such, these actions are not considered promotions and are not subject to the provisions of this section. Except as specified below, promotions will be processed under competitive procedures in accordance with Merit System Principles and requirements of the local merit promotion plan.

To be promoted competitively or non-competitively from one band to the next, an employee must meet the minimum qualifications for the job and have a current performance rating of "acceptable" with a score of 21 or better, or equivalent under a different performance appraisal system. If an employee does not have a current performance rating, the employee will be treated the same as an employee with an "acceptable" rating as long as there is no documented evidence of unacceptable performance.

##### 2. Reassignment

A reassignment is the movement of an employee from one position to a different position within the same occupational family and pay band or to another occupational family and pay band wherein the band in the new family has the same maximum base pay. The employee must meet the qualifications requirements for the occupational family and pay band.

### 3. Demotion or Placement in a Lower Pay Band

A demotion is a placement of an employee into a lower pay band within the same occupational family or placement into a pay band in a different occupational family with a lower maximum base pay. Demotions may be for cause (performance or conduct) or for reasons other than cause (*e.g.*, erosion of duties, reclassification of duties to a lower pay band, application under competitive announcements or at the employee's request, or placement actions resulting from RIF procedures).

### 4. Simplified Assignment Process

Today's environment of downsizing and workforce fluctuations mandates that the organization have maximum flexibility to assign duties and responsibilities to individuals. Pay banding can be used to address this need, as it enables the organization to have maximum flexibility to assign an employee with no change in base pay, within broad descriptions, consistent with the needs of the organization and the individual's qualifications and level. Subsequent assignments to projects, tasks, or functions anywhere within the organization requiring the same level, area of expertise, and qualifications would not constitute an assignment outside the scope or coverage of the current position description. For instance, a technical expert could be assigned to any project, task, or function requiring similar technical expertise. Likewise, a manager could be assigned to manage any similar function or organization consistent with that individual's qualifications. This flexibility allows broader latitude in assignments and further streamlines the administrative process and system.

### 5. Details

Under this plan employees may be detailed to a position in the same band (requiring a different level of expertise and qualifications) or lower pay band (or its equivalent in a different occupational family) for up to one year. Details may be implemented through an official personnel action to cover the one-year period. Details to a position in a higher pay band up to 180 days will be made non-competitively. Beyond 180 days requires competitive procedures.

### 6. Exceptions to Competitive Procedures

The following actions are excepted from competitive procedures:

(1) Re-promotion to a position which is in the same pay band or GS equivalent and occupational family as the employee previously held on a

permanent basis within the competitive service.

(2) Promotion, reassignment, demotion, transfer or reinstatement to a position having promotion potential no greater than the potential of a position an employee currently holds or previously held on a permanent basis in the competitive service.

(3) A position change permitted by reduction-in-force procedures.

(4) Promotion without current competition when the employee was appointed through competitive procedures to a position with a documented career ladder.

(5) A temporary promotion, or detail to a position in a higher pay band, of 180 days or less.

(6) A promotion due to the reclassification of positions based on accretion (addition) of duties.

(7) A promotion resulting from the correction of an initial classification error or the issuance of a new classification standard.

(8) Consideration of a candidate who did not receive proper consideration in a competitive promotion action.

(9) Impact of person in the job and Factor IV process (application of the Research Grade-Evaluation Guide, Equipment Development Grade Evaluation Guide, Part III, or similar guides) promotions.

### F. Pay Setting

#### 1. General

Pay administration policies will be established by the Personnel Management Board. These policies will be exempt from Army Regulations or RDECOM local pay fixing policies but will conform to basic governmental pay fixing policy. Employees whose performance is acceptable will receive the full annual general pay increase and the full locality pay. ECBC may make full use of recruitment, retention and relocation payments as currently provided for by OPM.

Pay band and pay retention will follow current law and regulations at 5 U.S.C. 5362, 5363, and 5 CFR 536, except as waived or modified in section IX, the waiver section of this plan. The ECBC Technical Director may also grant pay retention to employees who meet general eligibility requirements, but do not have specific entitlement by law, provided they are not specifically excluded.

#### 2. Pay and Compensation Ceilings

An employee's total monetary compensation paid in a calendar year may not exceed the base pay of Level I of the Executive Schedule consistent

with 5 U.S.C. 5307 and 5 CFR part 530 subpart B. In addition, each pay band will have its own pay ceiling, just as grades do in the current system. Base pay rates for the various pay bands will be directly keyed to the GS rates, except as noted in III.A.3. for the Pay Band V of the Engineer and Scientist occupational family. Other than where retained rate applies, base pay will be limited to the maximum base pay payable for each pay band.

### 3. Pay Setting for Appointment

Upon initial appointment, the individual's pay may be set at the lowest base pay in the pay band or anywhere within the band level consistent with the special qualifications of the individual and the unique requirements of the position. These special qualifications may be in the form of education, training, experience, or any combination thereof that is pertinent to the position in which the employee is being placed. Guidance on pay setting for new hires will be established by the Personnel Management Board.

Highest Previous Rate (HPR) will be considered in placement actions authorized under rules similar to the HPR rules in 5 CFR 531.221. Use of HPR will be at the supervisor's discretion, but if used, HPR is subject to policies established by the Personnel Management Board.

### 4. Pay Setting for Promotion

The minimum base pay increase upon promotion to a higher pay band will be six percent or the minimum base pay rate of the new pay band, whichever is greater. The maximum amount of a pay increase for a promotion will not exceed \$10,000, or other such amount as established by the Personnel Management Board. The maximum base pay increase for promotion may be exceeded when necessary to allow for the minimum base pay increase. For employees assigned to occupational categories and geographic areas covered by special rates, the minimum base pay rate in the pay band to which promoted is the minimum base pay for the corresponding special rate or locality rate, whichever is greater. For employees covered by a staffing supplement, the demonstration staffing adjusted pay is considered base pay for promotion calculations. When a temporary promotion is terminated, the employee's pay entitlements will be re-determined based on the employee's position of record, with appropriate adjustments to reflect pay events during the temporary promotion, subject to the specific policies and rules established

by the Personnel Management Board. In no case may those adjustments increase the base pay for the position of record beyond the applicable pay range maximum base pay rate.

#### 5. Pay Setting for Reassignment

A reassignment may be effected without a change in base pay. However, a base pay increase may be granted where a reassignment significantly increases the complexity, responsibility, authority or for other compelling reasons. Such an increase is subject to the specific guidelines established by the Personnel Management Board.

#### 6. Pay Setting for Demotion or Placement in a Lower Pay Band

Employees demoted for cause (performance or conduct) are not entitled to pay retention and will receive a minimum of a five percent decrease in base pay. Employees demoted for reasons other than cause (e.g., erosion of duties, reclassification of duties to a lower pay band, application under competitive announcements or at the employee's request, or placement actions resulting from RIF procedures) may be entitled to pay retention in accordance with the provisions of 5 U.S.C. 5363 and 5 CFR part 536, except as waived or modified in section IX of this plan.

Employees who receive an unacceptable rating or who are on a PIP at the time pay determinations are made, do not receive performance payouts or the general pay increase. This action may result in a base pay that is identified in a lower pay band. This occurs because the minimum rate of base pay in a pay band increases as the result of the general pay increase (5 U.S.C. 5303). This situation (a reduction in band level with no reduction in pay) will not be considered an adverse performance based action, nor will band retention provisions apply.

#### 7. Supervisory and Team Leader Pay Adjustments

Supervisory and team leader pay adjustments may be approved by the ECBC Technical Director based on the recommendation of the Personnel Management Board to compensate employees with supervisory or team leader responsibilities. Only employees in supervisory or team leader positions as defined by the OPM GS Supervisory Guide or GS Leader Grade Evaluation Guide may be considered for the pay adjustment. These pay adjustments are funded separately from performance pay pools. These pay adjustments are increases to base pay, ranging up to ten percent of that pay rate for supervisors

and for team leaders. Pay adjustments are subject to the constraint that the adjustment may not cause the employee's base pay to exceed the pay band maximum base pay. Criteria to be considered in determining the pay increase percentage include:

- (1) Needs of the organization to attract, retain, and motivate high-quality supervisors/team leaders;
- (2) Budgetary constraints;
- (3) Years and quality of related experience;
- (4) Relevant training;
- (5) Performance appraisals and experience as a supervisor/team leader;
- (6) Organizational level of position; and
- (7) Impact on the organization.

The pay adjustment will not apply to employees in Pay Band V of the E&S occupational family.

After the date of conversion into the demonstration project, a pay adjustment may be considered under the following conditions:

- (1) New hires into supervisory/team leader positions will have their initial rate of base pay set at the supervisor's discretion within the pay range of the applicable pay band. This rate of pay may include a pay adjustment determined by using the ranges and criteria outlined above.
- (2) A career employee selected for a supervisory/team leader position that is within the employee's current pay band may also be considered for a base pay adjustment. If a supervisor/team leader is already authorized a base pay adjustment and is subsequently selected for another supervisory/team leader position within the same pay band, then the base pay adjustment will be re-determined.

Upon initial conversion into the demonstration project into the same or substantially similar position, supervisors/team leaders will be converted at their existing base rate of pay and will not be eligible for a base pay adjustment.

The supervisor/team leader pay adjustment will be reviewed annually, with possible increases or decreases based on the appraisal scores for the performance element, Team/Project Leadership or Supervision/EEO. The initial dollar amount of a base pay adjustment will be removed when the employee voluntarily leaves the position. The cancellation of the base pay adjustment under these circumstances is not an adverse action and is not subject to appeal. If an employee is removed from a supervisory/team leader position for personal cause (performance or

conduct), the base pay adjustment will be removed under adverse action procedures. However, if an employee is removed from a non-probationary supervisory/team leader position for conditions other than voluntary or for personal cause, then grade and pay retention will follow current law and regulations at 5 U.S.C. 5362, 5363, and 5 CFR part 536, except as waived or modified in section IX.

#### 8. Supervisory/Team Leader Pay Differentials

Supervisory and team leader pay differentials may be used by the ECBC Technical Director to provide an incentive and reward supervisors and team leaders as defined by the OPM GS Supervisory Guide and GS Leader Grade Evaluation Guide. Pay differentials are not funded from performance pay pools. A pay differential is a cash incentive that may range up to ten percent of base pay for supervisors and for team leaders. It is paid on a pay period basis with a specified not-to-exceed (NTE) of one year or less and is not included as part of the base pay. Criteria to be considered in determining the amount of the pay differential are the same as those identified for Supervisory/Team Leader Pay Adjustments. The pay differential will not apply to employees in Pay Band V of the E&S occupational family.

The pay differential may be considered, either during conversion into or after initiation of the demonstration project, if the supervisor/team leader has subordinate employees in the same pay band. The differential must be terminated if the employee is removed from a supervisory/team leader position, regardless of cause.

After initiation of the demonstration project, all personnel actions involving a supervisory/team leader differential will require a statement signed by the employee acknowledging that the differential may be terminated or reduced at the discretion of the ECBC Technical Director. The termination or reduction of the differential is not an adverse action and is not subject to appeal.

#### 9. Staffing Supplements

Employees assigned to occupational categories and geographic areas covered by special rates will be entitled to a staffing supplement if the maximum adjusted base pay for the banded GS grades (*i.e.*, the maximum GS locality rate) to which assigned is a special rate that exceeds the maximum GS locality rate for the banded grades. The staffing supplement is added to the base pay, much like locality rates are added to base pay. For employees being

converted into the demonstration project, total pay immediately after conversion will be the same as immediately before (excluding the impact of any WGI buy-in), but a portion of the total pay 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 total pay.

The staffing supplement is calculated as follows. Upon conversion, the

demonstration base rate will be established by dividing the employee's former GS adjusted base pay 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 unadjusted rate corresponding to that special rate (step 10 of the GS rate for the same grade as the special rate). The employee's

demonstration staffing supplement is derived by multiplying the demonstration base pay rate by the staffing factor minus one. Therefore, the employee's final demonstration special staffing rate equals the demonstration base pay rate plus the staffing supplement. This amount will equal the employee's former GS adjusted base pay rate. Simplified, the formula is this:

$$\text{Staffing factor} = \frac{\text{Maximum special rate for the banded grades}}{\text{GS unadjusted rate corresponding to that special rate}}$$

$$\text{Demonstration base pay rate} = \frac{\text{Former GS adjusted base pay rate (specialty or locality rate)}}{\text{Staffing factor}}$$

$$\text{Staffing supplement} = \text{Demonstration base pay rate} * (\text{staffing factor} - 1)$$

$$\text{Pay upon conversion} = \text{Demonstration base pay rate} + \text{staffing supplement (sum will equal existing rate)}$$

Staffing supplement = Demonstration base pay rate \* (staffing factor - 1)

Pay upon conversion = Demonstration base pay rate + staffing supplement (sum will equal existing rate)

If an employee is in a band where the maximum GS adjusted base pay rate for the banded grades is a locality rate, when the employee enters into the demonstration project, the demonstration base pay rate is derived by dividing the employee's former GS adjusted base pay rate (the higher of locality rate or special rate) by the applicable locality pay factor. The employee's demonstration locality-adjusted base pay rate will equal the employee's former GS adjusted base pay rate. Any GS or special rate schedule adjustment will require computing the staffing supplement again. 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. Upon geographic movement, an employee who receives the staffing supplement will have the supplement recomputed. Any resulting reduction in pay will not be considered an adverse action or a basis for pay retention.

Application of the staffing supplement is normally intended to maintain pay comparability for GS employees entering the demonstration project. However, the staffing supplement formulas must be compatible with non-Government employees entering the demonstration

project and also be adaptable to the special circumstances of employees already in the demonstration project. The following principles will govern the modifications necessary to the staffing supplement calculations to apply the staffing supplement to circumstances other than a GS employee entering the demonstration project. No adjustment under these provisions will provide an increase greater than that provided by the special salary rate table. An increase provided under this authority is not an equivalent increase, as defined by 5 CFR 531.403. These principles are stated with the understanding that the necessary conditions exist that require the application of a staffing supplement:

(1) If a non-Government employee is hired into the demonstration project, then the employee's adjusted base pay will be used for the term, "former GS adjusted base pay rate" to calculate the demonstration base pay rate.

(2) If a current employee is covered by a new or modified special salary rate table, then the employee's current demonstration base pay rate is used to calculate the staffing supplement percentage. The employee's new demonstration adjusted base pay rate is the sum of the current demonstration base pay rate and the calculated staffing supplement.

(3) If a current employee is in an occupational category that is covered by a special salary rate table and subsequently, the occupational category becomes covered by a different special salary rate table with a higher value, then the following steps must be

applied to calculate a new demonstration base pay rate:

*Step 1.* To obtain a relevance factor, divide the staffing factor that will become applicable to the employee by the staffing factor that would have applied to the employee.

*Step 2.* Multiply the relevance factor resulting from step 1 by the employee's current demonstration adjusted base pay rate to determine a new demonstration adjusted base pay rate.

*Step 3.* Divide the result from step 2 by the applicable staffing factor to derive a new demonstration base pay rate. This new demonstration base pay rate will be used to calculate the staffing supplement and the new demonstration adjusted base pay.

(4) If, after the establishment of a new or adjusted special salary rate table, an employee enters the demonstration (whether converted/hired from GS or hired from outside Government) prior to this intervention, then the employee's adjusted base pay is used for the term "former GS adjusted base pay rate" to calculate the demonstration base pay rate. This principle prevents double compensation due to the single event of a new or adjusted special salary rate table.

(5) If an employee is in an occupational category covered by a new or modified special salary rate table, and the pay band to which assigned is not entitled to a staffing supplement, then the employee's adjusted base pay may be reviewed and adjusted to accommodate the rate increase provided by the special salary rate table. The

review may result in a one-time base pay increase if the employee's adjusted base pay equals or is less than the highest special salary grade and step that exceeds the comparable locality grade and step. Demonstration project operating procedures will identify the officials responsible to make such reviews and determinations. The applicable staffing supplement will be calculated by determining the percentage difference between the highest step 10 special salary rate and the comparable step 10 locality rate and applying this percentage to the demonstration base pay rate.

An established base pay rate plus the staffing supplement will be considered adjusted base pay for the same purposes as a locality rate under 5 CFR 531.610, *i.e.*, for purposes of retirement, life insurance, premium pay, severance pay, and advances in pay. It will also be used to compute worker's compensation payments and lump-sum payments for accrued and accumulated annual leave.

### G. Employee Development

#### 1. Expanded Developmental Opportunity Program

The Expanded Developmental Opportunity Program will be available to all demonstration project employees. Expanded developmental opportunities complement existing developmental opportunities such as long-term training, rotational job assignments, developmental assignments to Army Materiel Command/Army/DoD, and self-directed study via correspondence courses and local colleges and universities. Each developmental opportunity must result in a product, service, report or study that will benefit the ECBC or customer organization as well as increase the employee's individual effectiveness. The developmental opportunity period will not result in loss of (or reduction) in base pay, leave to which the employee is otherwise entitled, or credit for service time. The positions of employees on expanded developmental opportunities may be back-filled (*i.e.*, with temporarily assigned, detailed or promoted employees or with term employees). However, that position or its equivalent must be made available to the employee upon return from the developmental period. The Personnel Management Board will provide written guidance for employees on application procedures and develop a process that will be used to review and evaluate applicants for development opportunities.

(a) *Sabbaticals*. The ECBC Technical Director has the authority to grant paid

or unpaid sabbaticals to all career employees. The purpose of a sabbatical will be to permit employees to engage in study or uncompensated work experience that will benefit the organization and contribute to the employee's development and effectiveness. Each sabbatical must result in a product, service, report, or study that will benefit the ECBC mission as well as increase the employee's individual effectiveness. Various learning or developmental experiences may be considered, such as advanced academic teaching; research; self-directed or guided study; and on-the-job work experience with public, private, commercial, or private non-profit organizations.

One paid sabbatical of up to twelve months in duration or one unpaid sabbatical of up to six months in a calendar year may be granted to an employee in any seven-year period. Employees will be eligible to request a sabbatical after completion of seven years of Federal service. Employees approved for a paid sabbatical must sign a service obligation agreement to continue in service in the ECBC for a period of three times the length of the sabbatical. If an employee voluntarily leaves the ECBC organization before the service obligation is completed he/she is liable for repayment of expenses incurred by ECBC that are associated with training during the sabbatical. Expenses do not include salary costs. The ECBC Technical Director has the authority to waive this requirement. Criteria for such waivers will be addressed in the operating procedures. Specific procedures will be developed for processing sabbatical applications upon implementation of the demonstration project.

(b) *Critical Skills Training (Training for Degrees)*. The ECBC Director has the authority to approve academic degree training consistent with 5 U.S.C 4107. Training is an essential component of an organization that requires continuous acquisition of advanced and specialized knowledge. Degree training is also a critical tool for recruiting and retaining employees with or requiring critical skills.

Academic degree training will ensure continuous acquisition of advanced specialized knowledge essential to the organization, and enhance our ability to recruit and retain personnel critical to the present and future requirements of the organization. Degree or certificate payment may not be authorized where it would result in a tax liability for the employee without the employee's express and written consent. Any variance from this policy must be

rigorously determined and documented. Guidelines will be developed to ensure competitive approval of degree or certificate payment and that such decisions are fully documented. Employees approved for degree training must sign a service obligation agreement to continue in service in ECBC for a period of three times the length of the training period. If an employee voluntarily leaves ECBC before the service obligation is completed, he/she is liable for repayment of expenses incurred by ECBC that are related to the critical skills training. Expenses do not include salary costs. The ECBC Technical Director has the authority to waive this requirement. Criteria for such waivers will be addressed in the operating procedures.

### H. Reduction-in-Force (RIF) Procedures

RIF procedures will be used when an ECBC employee faces separation or downgrading due to lack of work, shortage of funds, reorganization, insufficient personnel ceiling, the exercise of re-employment or restoration rights, or furlough for more than 30 calendar days or more than 22 discontinuous days. The procedures in 5 CFR part 351 will be followed with slight modifications pertaining to the competitive areas, assignment rights, the calculation of adjusted service computation date and grade/pay band retention. Modified term appointment employees are in Tenure Group III for RIF purposes. RIF procedures are not required when separating these employees when their appointments expire.

#### 1. Competitive Areas

Separate competitive areas for RIF purposes will be established at each geographic location. Separate RIF competitive areas for demonstration and non-demonstration project employees will be established at each geographic location. Bumps and retreats will occur only within the same competitive area and only to positions for which the employee meets all qualification standards including medical and/or physical qualifications. Within each competitive area, competitive levels will be established based on the occupational family, pay band and series which are similar enough in duties and qualifications that employees can perform the duties and responsibilities of any other position in the competitive level upon assignment to it, without any loss of productivity beyond what is normally expected.

## 2. Assignment Rights

An employee may displace another employee by bump or retreat to one band below the employee's existing band. A preference eligible with a compensable service-connected disability of 30 percent or more may retreat to positions two bands (or equivalent to five grades) below his/her current band.

## 3. Crediting Performance in RIF

Reductions in force are accomplished using the existing procedures with the retention factors of: tenure, veterans' preference and length of service as adjusted by performance ratings, in that order. However, the additional RIF service credit for performance will be based on the last three total performance scores during the preceding four years and will be applied as follows:

---

Total performance scores = years of service credit

---

48–50 = 10  
 45–47 = 9  
 42–44 = 8  
 39–41 = 7  
 36–38 = 6  
 33–35 = 5  
 30–32 = 4  
 27–29 = 3  
 24–26 = 2  
 20–23 = 1

---

A score of below 20 adds no credit for RIF retention. (Note: The additional years of service credit are added, not averaged. Ratings given under non-demonstration systems will be converted to the demonstration-rating scheme and provided the equivalent rating credit.)

Employees who have been rated under different patterns of summary rating levels will receive RIF appraisal credit based on the following:

If there are any ratings to be credited for the RIF given under a rating system, which includes one or more levels above fully successful (Level 3), employee will receive:

10 years for Level 5  
 7 years for Level 4  
 3 years for Level 3

---

If an employee comes from a system with no levels above Fully Successful (Level 3), they will receive credit based on the demonstration project's modal score for the employee's competitive area.

In some cases, an employee may not have three ratings of record. If an employee has fewer than three annual ratings of record, then for each missing rating, an average of the scores received

for the past four years will be used. When the score is calculated to be a decimal, it should be rounded to the next higher whole number using the method described in paragraph III.C.4. For an employee who has no ratings of record, all credit will be based on the repeated use of a single modal rating from the most recently completed appraisal period on record.

An employee who has received a written decision that their performance is unacceptable has no bump or retreat rights. An employee who has been demoted for unacceptable performance, and as of the date of the issuance of the RIF notice has not received a performance rating in the position to which demoted, will receive the same additional retention service credit granted for a level 3 rating of record. An employee who has received an acceptable rating following a PIP will have that rating considered as the current rating of record.

An employee with a current unacceptable rating of record has assignment rights only to a position held by another employee who has an unacceptable rating of record.

## 4. Pay Band and Pay Retention

Pay band and pay retention will follow current law and regulations at 5 U.S.C. 5362, 5363, and 5 CFR 536, except as waived or modified in section IX of this plan.

## IV. Implementation Training

Critical to the success of the demonstration project is the training developed to promote understanding of the broad concepts and finer details needed to implement and successfully execute this project. Pay banding, a new job classification and performance management system all represent significant cultural change to the organization. Training will be tailored to address employee concerns and to encourage comprehensive understanding of the demonstration project. Training will be required both prior to implementation and at various times during the life of the demonstration project.

A training program will begin prior to implementation and will include modules tailored for employees, supervisors, senior managers, and administrative staff. Typical modules are:

- (1) An overview of the demonstration project personnel system.
- (2) How employees are converted into and out of the system.
- (3) Pay banding.
- (4) The pay-for-performance system.
- (5) Defining performance objectives.

(6) How to assign weights.

(7) Assessing performance—giving feedback.

(8) New position descriptions.

(9) Demonstration project administration and formal evaluation.

Various types of training are being considered, including videos, on-line tutorials, and train-the-trainer concepts.

## V. Conversion

### A. Conversion to the Demonstration Project

Conversion from current GS/GM grade and pay into the new pay band system will be accomplished during implementation of the demonstration project. Initial entry into the demonstration project will be accomplished through a full employee-protection approach that ensures each employee an initial place in the appropriate pay band without loss of pay on conversion.

Employees serving under regular term appointments at the time of the implementation of the demonstration project will be converted to the modified term appointment if all requirements in III.D.4. (Revisions to Term Appointments) have been satisfied. Position announcements, *etc.*, will not be required for these term appointments.

Employees who enter the demonstration project later by lateral transfer, reassignment or realignment will be subject to the same pay conversion rules. If conversion into the demonstration project is accompanied by a geographic move, the employee's GS pay entitlements in the new geographic area must be determined before performing the pay conversion.

Employees who are covered by special salary rates prior to entering the demonstration project will no longer be considered a special rate employee under the demonstration project. Special conversion rules apply to special salary rate employees, which are described in III.F.9. (Staffing Supplements). These employees will, therefore, be eligible for full locality pay or a staffing supplement. The adjusted base pay of these employees will not change. Rather, the employees will receive a new adjusted base pay rate computed under the staffing supplement rules in section III.F.9. Adverse action and pay retention provisions will not apply to the conversion process, as there will be no change in adjusted base pay.

Employees who are on temporary promotions at the time of conversion will be converted to a pay band commensurate with the grade of the



position to which temporarily promoted. At the conclusion of the temporary promotion, the employee will revert to the grade or pay band that corresponds to the position of record. When a temporary promotion is terminated, pay will be determined based on the position of record, with appropriate adjustments to reflect pay events during the temporary promotion, subject to the specific policies and rules established by the Personnel Management Board. In no case may those adjustments increase the pay for the position of record beyond the applicable pay band maximum base pay. The only exception will be if the original competitive promotion announcement stipulated that the promotion could be made permanent; in these cases, actions to make the temporary promotion permanent will be considered, and if implemented, will be subject to all existing priority placement programs.

During the first 12 months following conversion, employees will receive pay increases for non-competitive promotion equivalents when the grade level of the promotion is encompassed within the same pay band, the employee's performance warrants the promotion, and promotions would have otherwise occurred during that period. Employees who receive an in-level promotion at the time of conversion will not receive a prorated step increase equivalent as defined below.

Under the GS pay structure, employees progress through their assigned grade in step increments. Since this system is being replaced under the demonstration project, employees will be awarded that portion of the next higher step they have completed up until the effective date of conversion. As under the current system, supervisors will be able to withhold these partial step increases if the employee's performance is below an acceptable level of competence.

Rules governing WGIs will continue in effect until conversion. Adjustments to the employee's base salary for WGI equity will be computed as of the effective date of conversion. WGI equity will be acknowledged by increasing base pay by a prorated share based upon the number of full weeks an employee has completed toward the next higher step. Payment will equal the value of the employee's next WGI times the proportion of the waiting period completed (weeks completed in waiting period/weeks in the waiting period) at the time of conversion. Employees at step 10, or receiving retained rates, on the day of implementation will not be eligible for WGI equity adjustments

since they are already at or above the top of the step scale. Employees serving on retained grade will receive WGI equity adjustments provided they are not at step 10 or receiving a retained rate.

Employees who enter the demonstration project after initial implementation by lateral transfer, reassignment, or realignment will be subject to the same pay conversion rules as above. Specifically, adjustments to the employee's base pay for a step increase and a non-competitive career ladder promotion will be computed as a prorated share of the current value of the step or promotion increase based upon the number of full weeks an employee has completed toward the next higher step or grade at the time the employee moves into the project.

#### *B. Conversion Out of the Demonstration Project*

If a demonstration project employee is moving to a GS position not under the demonstration project, or if the project ends and each project employee must be converted back to the GS system, the following procedures will be used to convert the employee's project pay band to a GS-equivalent grade and the employee's project rate of pay to the GS-equivalent rate of pay. The converted GS grade and GS rate of pay must be determined before movement or conversion out of the demonstration project and any accompanying geographic movement, promotion, or other simultaneous action. For conversions upon termination of the project and for lateral reassignments, the converted GS grade and rate will become the employee's actual GS grade and rate after leaving the demonstration project (before any other action). For transfers, promotions, and other actions, the converted GS grade and rate will be used in applying any GS pay administration rules applicable in connection with the employee's movement out of the project (*e.g.*, promotion rules, highest previous rate rules, pay retention rules), as if the GS converted grade and rate were actually in effect immediately before the employee left the demonstration project.

##### 1. Grade-Setting Provisions

An employee in a pay band corresponding to a single GS grade is converted to that grade. An employee in a pay band corresponding to two or more grades is converted to one of those grades according to the following rules:

(1) The employee's adjusted base pay under the demonstration project (including any locality payment or staffing supplement) is compared with

step 4 rates in the highest applicable GS rate range. For this purpose, a GS rate range includes a rate in:

- (a) The GS base schedule,
- (b) The locality rate schedule for the locality pay area in which the position is located, or
- (c) The appropriate special rate schedule for the employee's occupational series, as applicable.)

If the series is a two-grade interval series, only odd-numbered grades are considered below GS-11.

(2) If the employee's adjusted base pay under the demonstration project equals or exceeds the applicable step 4 adjusted base pay rate of the highest GS grade in the band, the employee is converted to that grade.

(3) If the employee's adjusted base pay under the demonstration project is lower than the applicable step 4 adjusted base pay rate of the highest grade, the adjusted base pay under the demonstration project is compared with the step 4 adjusted base pay rate of the second highest grade in the employee's pay band. If the employee's adjusted base pay under the demonstration project equals or exceeds the step 4 adjusted base pay rate of the second highest grade, the employee is converted to that grade.

(4) This process is repeated for each successively lower grade in the band until a grade is found in which the employee's adjusted base pay under the demonstration project equals or exceeds the applicable step 4 adjusted base pay rate of the grade. The employee is then converted to that grade. If the employee's adjusted base pay is below the step 4 adjusted base pay rate of the lowest grade in the band, the employee is converted to the lowest grade.

(5) *Exception:* If the employee's adjusted base pay under the demonstration project exceeds the maximum adjusted base pay rate of the grade assigned under the above-described step 4 rule but fits in the adjusted base pay rate range for the next higher applicable grade (*i.e.*, between step 1 and step 4), then the employee shall be converted to that next higher applicable grade.

(6) *Exception:* An employee will not be converted to a lower grade than the grade held by the employee immediately preceding a conversion, lateral reassignment, or lateral transfer into the project, unless since that time the employee has undergone a reduction in band.

##### 2. Pay-Setting Provisions

An employee's pay within the converted GS grade is set by converting the employee's demonstration project

rates of pay to GS rates of pay in accordance with the following rules:

(1) The pay conversion is done before any geographic movement or other pay-related action that coincides with the employee's movement or conversion out of the demonstration project.

(2) An employee's adjusted base pay under the demonstration project (including any locality payment or staffing supplement) is converted to a GS-adjusted base pay rate on the highest applicable GS rate range for the converted GS grade. For this purpose, a GS rate range includes a rate range in:

- (a) The GS base schedule,
- (b) An applicable locality rate schedule, or
- (c) An applicable special rate schedule.

(3) If the highest applicable GS rate range is a locality pay rate range, the employee's adjusted base pay under the demonstration project is converted to a GS locality rate of pay. If this rate falls between two steps in the locality-adjusted schedule, the rate must be set at the higher step. The converted GS unadjusted rate of base pay would be the GS base rate corresponding to the converted GS locality rate (*i.e.*, same step position).

(4) If the highest applicable GS rate range is a special rate range, the employee's adjusted base pay under the demonstration project is converted to a special rate. If this rate falls between two steps in the special rate schedule, the rate must be set at the higher step. The converted GS unadjusted rate of base pay will be the GS rate corresponding to the converted special rate (*i.e.*, same step position).

(5) *E&S Pay Band V Employees*: An employee in Pay Band V of the E&S occupational family will convert out of the demonstration project at the GS-15 level. Procedures will be developed to ensure that employees entering Pay Band V understand that if they leave the demonstration project and their adjusted base pay under the demonstration project exceeds the highest applicable GS-15, step 10 rate, there is no entitlement to retained pay. Their GS equivalent rate will be deemed to be the rate for GS-15, step 10. For those Pay Band V employees paid below the adjusted GS-15, step 10 rate, the converted rates will be set in accordance with paragraph 2.

(6) *Employees with Pay Retention*: If an employee is receiving a retained rate under the demonstration project, the employee's GS-equivalent grade is the highest grade encompassed in his or her band level. Demonstration project operating procedures will outline the methodology for determining the GS-

equivalent pay rate for an employee retaining a rate under the demonstration project.

### 3. Within-Grade Increase—Equivalent Increase Determinations

Service under the demonstration project is creditable for within-grade increase purposes upon conversion back to the GS pay system. Performance pay increases (including a zero increase) under the demonstration project are equivalent increases for the purpose of determining the commencement of a within-grade increase waiting period under 5 CFR 531.405(b).

### C. Personnel Administration

All personnel laws, regulations, and guidelines not waived by this plan will remain in effect. Basic employee rights will be safeguarded and Merit System Principles will be maintained. Servicing CPACs will continue to process personnel-related actions and provide consultative and other appropriate services.

### D. Automation

ECBC will continue to use the Defense Civilian Personnel Data System (DCPDS) for the processing of personnel-related data. Payroll servicing will continue from the respective payroll offices.

An automated tool will be used to support computation of performance related pay increases and awards and other personnel processes and systems associated with this project.

### E. Experimentation and Revision

Many aspects of a demonstration project are experimental. Modifications may be made from time to time as experience is gained, results are analyzed, and conclusions are reached on how the new system is working. DoDI 1400.37, July 28, 2009, provides instructions for adopting other STRL flexibilities, making minor changes to an existing demonstration project, and requesting new initiatives.

### VI. Project Duration

Public Law 103-337 removed any mandatory expiration date for this demonstration project. ECBC, DA and DoD will ensure this project is evaluated for the first five years after implementation in accordance with 5 U.S.C. 4703. Modifications to the original evaluation plan or any new evaluation will ensure the project is evaluated for its effectiveness, its impact on mission and any potential adverse impact on any employee groups. Major changes and modifications to the interventions would be made if

formative evaluation data warranted and will be published in the **Federal Register** to the extent required. At the five-year point, the demonstration will be reexamined for permanent implementation, modification and additional testing, or termination of the entire demonstration project.

## VII. Evaluation Plan

### A. Overview

Chapter 47 of 5 U.S.C. requires that an evaluation be performed to measure the effectiveness of the demonstration project, and its impact on improving public management. A comprehensive evaluation plan for the entire demonstration program, originally covering 24 DoD laboratories, was developed by a joint OPM/DoD Evaluation Committee in 1995. This plan was submitted to the Office of Defense Research & Engineering and was subsequently approved. The main purpose of the evaluation is to determine whether the waivers granted result in a more effective personnel system and improvements in ultimate outcomes (*i.e.*, organizational effectiveness, mission accomplishment, and customer satisfaction).

### B. Evaluation Model

Appendix D shows an intervention model for the evaluation of the demonstration project. The model is designated to evaluate two levels of organizational performance: intermediate and ultimate outcomes. The intermediate outcomes are defined as the results from specific personnel system changes and the associated waivers of law and regulation expected to improve human resource (HR) management (*i.e.*, cost, quality, timeliness). The ultimate outcomes are determined through improved organizational performance, mission accomplishment, and customer satisfaction. Although it is not possible to establish a direct causal link between changes in the HR management system and organizational effectiveness, it is hypothesized that the new HR system will contribute to improved organizational effectiveness.

Organizational performance measures established by the organization will be used to evaluate the impact of a new HR system on the ultimate outcomes. The evaluation of the new HR system for any given organization will take into account the influence of three factors on organizational performance: context, degree of implementation, and support of implementation. The context factor refers to the impact which intervening variables (*i.e.*, downsizing, changes in

mission, or the economy) can have on the effectiveness of the program. The degree of implementation considers:

- (1) The extent to which the HR changes are given a fair trial period;
- (2) The extent to which the changes are implemented; and
- (3) The extent to which the changes conform to the HR interventions as planned.

The support of implementation factor accounts for the impact that factors such as training, internal regulations and automated support systems have on the support available for program implementation. The support for program implementation factor can also be affected by the personal characteristics (e.g., attitudes) of individuals who are implementing the program.

The degree to which the project is implemented and operated will be tracked to ensure that the evaluation results reflect the project as it was intended. Data will be collected to measure changes in both intermediate and ultimate outcomes, as well as any unintended outcomes, which may happen as a result of any organizational change. In addition, the evaluation will track the impact of the project and its interventions on veterans and other protected groups, the Merit Systems Principles, and the Prohibited Personnel Practices. Additional measures may be added to the model in the event that changes or modifications are made to the demonstration plan.

The intervention model at Appendix D will be used to measure the effectiveness of the personnel system interventions implemented. The intervention model specifies each personnel system change or "intervention" that will be measured and shows:

- (1) The expected effects of the intervention,
- (2) The corresponding measures, and
- (3) The data sources for obtaining the measures.

Although the model makes predictions about the outcomes of specific intervention, causal attributions about the full impact of specific interventions will not always be possible for several reasons. For

example, many of the initiatives are expected to interact with each other and contribute to the same outcomes. In addition, the impact of changes in the HR system may be mitigated by context variables (e.g., the job market, legislation, and internal support systems) or support factors (e.g., training, automation support systems).

*C. Evaluation*

A modified quasi-experimental design will be used for the evaluation of the STRL Personnel Demonstration Program. Because most of the eligible laboratories are participating in the program, a title 5 U.S.C. comparison group will be compiled from the Civilian Personnel Data File (CPDF). This comparison group will consist of workforce data from Government-wide research organizations in civilian Federal agencies with missions and job series matching those in the DoD laboratories. This comparison group will be used primarily in the analysis of pay banding costs and turnover rates.

*D. Method of Data Collection*

Data from several sources will be used in the evaluation. Information from existing management information systems and from personnel office records will be supplemented with perceptual survey data from employees to assess the effectiveness and perception of the project. The multiple sources of data collection will provide a more complete picture as to how the interventions are working. The information gathered from one source will serve to validate information obtained through another source. In so doing, the confidence of overall findings will be strengthened as the different collection methods substantiate each other.

Both quantitative and qualitative data will be used when evaluating outcomes. The following data will be collected:

- (1) Workforce data;
- (2) Personnel office data;
- (3) Employee attitude surveys;
- (4) Focus group data;
- (5) Local site historian logs and implementation information;
- (6) Customer satisfaction surveys; and

(7) Core measures of organizational performance.

The evaluation effort will consist of two phases, formative and summative evaluation, covering at least five years to permit inter- and intra-organizational estimates of effectiveness. The formative evaluation phase will include baseline data collection and analysis, implementation evaluation, and interim assessments. The formal reports and interim assessments will provide information on the accuracy of project operation, and current information on impact of the project on veterans and protected groups, Merit System Principles, and Prohibited Personnel Practices. The summative evaluation will focus on an overall assessment of project outcomes after five years. The final report will provide information on how well the HR system changes achieved the desired goals, which interventions were most effective, and whether the results can be generalized to other Federal installations.

**VIII. Demonstration Project Costs**

*A. Cost Discipline*

An objective of the demonstration project is to ensure in-house cost discipline. A baseline will be established at the start of the project and labor expenditures will be tracked yearly. Implementation costs (including project development, automation costs, step buy-in costs, and evaluation costs) are considered one-time costs and will not be included in the cost discipline.

The Personnel Management Board will track personnel cost changes and recommend adjustments if required to achieve the objective of cost discipline.

*B. Developmental Costs*

Costs associated with the development of the personnel demonstration project include software automation, training, and project evaluation. All funding will be provided through the organization's budget. The projected annual expenses are summarized in Table 1. Project evaluation costs are not expected to continue beyond the first five years unless the results warrant further evaluation.

**TABLE 1—PROJECTED DEVELOPMENTAL COSTS**  
[In thousands of dollars]

|                          | FY09      | FY10      | FY11      | FY12      | FY13 |
|--------------------------|-----------|-----------|-----------|-----------|------|
| Training .....           | 0K .....  | 25K ..... | 15K ..... | 10K ..... | 5K.  |
| Project Evaluation ..... | 0K .....  | 0K .....  | 15K ..... | 15K ..... | 15K. |
| Automation .....         | 50K ..... | 50K ..... | 40K ..... | 40K ..... | 40K. |
| Totals .....             | 50K ..... | 75K ..... | 70K ..... | 65K ..... | 60K. |

## IX. Required Waivers to Law and Regulation

Public Law 106–398 gave the DoD the authority to experiment with several personnel management innovations. In addition to the authorities granted by the law, the following are waivers of law and regulation that will be necessary for implementation of the demonstration project. In due course, additional laws and regulations may be identified for waiver request.

The following waivers and adaptations of certain title 5 U.S.C. provisions are required only to the extent that these statutory provisions limit or are inconsistent with the actions contemplated under this demonstration project. Nothing in this plan is intended to preclude the demonstration project from adopting or incorporating any law or regulation enacted, adopted, or amended after the effective date of this demonstration project.

### A. Waivers to Title 5, U.S.C.

*Chapter 31, section 3111:* Acceptance of Volunteer Service. Waived to allow for a Voluntary Emeritus Corps in addition to student volunteers.

*Chapter 31, section 3132:* The Senior Executive Service: Definitions and Exclusions. Waived as necessary to allow for the Pay Band V of the E&S Occupational Family.

*Chapter 33, subchapter 1, section 3318(a):* Competitive Service, Selection from Certificate. Waived to the extent necessary to eliminate the requirement for selection using the “Rule of Three.”

*Chapter 33, section 3324:* Appointments to Positions Classified Above GS–15. Waived the requirement for OPM approval of appointments to positions classified above GS–15.

*Chapter 33, section 3341:* Details. Waived as necessary to extend the time limits for details.

*Chapter 41, section 4108(a)–(c):* Employee Agreements; Service After Training. Waived to the extent necessary to require the employee to continue in the service of ECBC for the period of the required service and to the extent necessary to permit the Director, ECBC, to waive in whole or in part a right of recovery.

*Chapter 43, section 4302:* Waived to the extent necessary to substitute “pay band” for “grade.”

*Chapter 43, section 4303:* Waived to the extent necessary to (1) substitute “pay band” for “grade” and (2) provide that moving to a lower pay band as a result of not receiving the general pay increase because of poor performance is not an action covered by the provisions of section 4303(a)–(d).

*Chapter 43, section 4304(b)(1) and (3):* Responsibilities of the OPM. Waived in its entirety to remove the responsibilities of the OPM with respect to the performance appraisal system.

*Chapter 51, sections 5101–5112:* Classification. Waived as necessary to allow for the demonstration project pay banding system.

*Chapter 53, sections 5301, 5302 (8) and (9), 5303 and 5304:* Pay Comparability System. Sections 5301, 5302, and 5304 are waived to the extent necessary to allow (1) demonstration project employees to be treated as GS employees; (2) basic rates of pay under the demonstration project to be treated as scheduled rates of pay; and (3) employees in Pay Band V of the E&S occupational family to be treated as ST employees for the purposes of these provisions.

*Chapter 53, section 5305:* Special Pay Authority. Waived to the extent necessary to allow for use of a staffing supplement in lieu of the special pay authority.

*Chapter 53, sections 5331–5336:* General Schedule Pay Rates. Waived in its entirety to allow for the demonstration project’s pay banding system and pay provisions.

*Chapter 53, sections 5361–5366:* Grade and Pay Retention. Waived to the extent necessary to (1) replace “grade” with “pay band;” (2) allow demonstration project employees to be treated as GS employees; (3) provide that pay band retention provisions do not apply to conversions from GS special rates to demonstration project pay, as long as total pay is not reduced, to reductions in pay due solely to the removal of a supervisory pay adjustment upon voluntarily leaving a supervisory position; and to movements to a lower pay band as a result of not receiving the annual GPI due to a rating of record of “Unacceptable;” (4) provide that an employee on pay retention whose rating of record is “Unacceptable” is not entitled to 50 percent of the amount of the increase in the maximum rate of base pay payable for the pay band of the employee’s position; (5) provide that pay retention does not apply to reduction in base pay due solely to the reallocation of demonstration project pay rates in the implementation of a staffing supplement; and (6) ensure that for employees of Pay Band V of the E&S occupational family, pay retention provisions are modified so that no rate established under these provisions may exceed the rate of base pay for GS–15, step 10 (*i.e.*, there is no entitlement to retained rate). This waiver applies to ST employees only if they move to a GS-equivalent position within the

demonstration project under conditions that trigger entitlement to pay retention.

*Chapter 55, section 5542(a)(1)–(2):* Overtime rates; computation. Waived to the extent necessary to provide that the GS–10 minimum special rate (if any) for the special rate category to which a project employee belongs is deemed to be the “applicable special rate” in applying the pay cap provisions in 5 U.S.C. 5542.

*Chapter 55, section 5545(d):* Hazardous duty differential. Waived to the extent necessary to allow demonstration project employees to be treated as GS employees. This waiver does not apply to employees in Pay Band V of the E&S occupational family.

*Chapter 55, section 5547 (a)–(b):* Limitation on premium pay. Waived to the extent necessary to provide that the GS–15 maximum special rate (if any) for the special rate category to which a project employee belongs is deemed to be the “applicable special rate” in applying the pay cap provisions in 5 U.S.C. 5547.

*Chapter 57, section 5753, 5754, and 5755:* Recruitment and relocation, bonuses, retention allowances and supervisory differentials. Waived to the extent necessary to allow (1) employees and positions under the demonstration project to be treated as employees and positions under the GS and (2) employees in Pay Band V of the E&S occupational family to be treated as ST employees.

*Chapter 59, section 5941:* Allowances based on living costs and conditions of environment; employees stationed outside continental U.S. or Alaska. Waived to the extent necessary to provide that cost-of-living allowances paid to employees under the demonstration project are paid in accordance with regulations prescribed by the President (as delegated to OPM).

*Chapter 75, sections 7501(1), 7511(a)(1)(A)(ii), and 7511(a)(1)(C)(ii):* Adverse Actions—Definitions. Waived to the extent necessary to allow for up to a three-year probationary period and to permit termination during the extended probationary period without using adverse action procedures for those employees serving a probationary period under an initial appointment except for those with veterans’ preference.

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

*Chapter 75, section 7512(4):* Adverse actions. Waived to the extent necessary to provide that adverse action provisions do not apply to (1) conversions from GS special rates to demonstration project pay, as long as

total pay is not reduced and (2) reductions in pay due to the removal of a supervisory or team leader pay adjustment upon voluntary movement to a non-supervisory or non-team leader position.

*B. Waivers to Title 5, CFR*

*Part 300, sections 300.601 through 605:* Time-in-Grade restrictions. Waived to eliminate time-in-grade restrictions in the demonstration project.

*Part 308, sections 308.101 through 308.103:* Volunteer service. Waived to allow for a Voluntary Emeritus Corps in addition to student volunteers.

*Part 315, section 315.801(a), 315.801(b)(1), (c), and (e) and 315.802(a) and (b)(1):* Probationary period and Length of probationary period. Waived to the extent necessary to allow for up to a three-year probationary period and to permit termination during the extended probationary period without using adverse action procedures for those employees serving a probationary period under an initial appointment except for those with veterans' preference.

*Part 315, section 315.901:* Statutory requirement. Waived to the extent necessary to replace "grade" with "pay band."

*Part 316, section 316.301:* Purpose and duration. Waived to the extent necessary to allow for term appointments for more than four years.

*Part 316, section 316.303:* Tenure of term employees. Waived to the extent necessary to allow term employees to acquire competitive status.

*Part 332, section 332.404:* Order of selection from certificates. Waived to the extent necessary to eliminate the requirement for selection using the "Rule of Three."

*Part 335, section 335.103:* Agency promotion programs. Waived to the extent necessary to extend the length of details and temporary promotions without requiring competitive procedures.

*Part 337, section 337.101(a):* Rating applicants. Waived to the extent necessary to allow referral without rating when there are 15 or fewer qualified candidates and no qualified preference eligibles.

*Part 351.402(b):* Competitive area. Waived to the extent necessary to allow for separate competitive areas for demonstration project and non-demonstration project employees.

*Part 351.403:* Competitive level. Waived to the extent necessary to replace "grade" with "pay band."

*Part 351, section 351.504:* Credit for performance. Waived to the extent

necessary to revise the method for adding years of service based on performance.

*Part 351, section 351.701:* Assignment involving displacement. Waived to the extent that bump and retreat rights are limited to one pay band with the exception of 30 percent preference eligibles who are limited to two pay bands (or equivalent of five grades), and to limit the assignment rights of employees with an unacceptable current rating of record to a position held by another employee with an unacceptable rating of record.

*Part 410, section 410.309:* Agreements to continue in service. Waived to the extent necessary to allow the ECBC Technical Director to determine requirements related to continued service agreements.

*Part 430, subpart B:* Performance Appraisal for GS, Prevailing Rate, and Certain Other Employees. Waived to the extent necessary to be consistent with the demonstration project's pay-for-performance system.

*Part 432:* Performance based reduction in grade and removal actions. Modified to the extent that an employee may be removed, reduced in pay band level with a reduction in pay, reduced in pay without a reduction in pay band level and reduced in pay band level without a reduction in pay based on unacceptable performance. Also, modified to delete reference to critical element. For employees who are reduced in pay band level without a reduction in pay, sections 432.105 and 432.106(a) do not apply.

*Part 432, section 432.102:* Coverage. Waived to the extent that the term "grade level" is replaced with "pay band."

*Part 432, sections 432.104:* Addressing unacceptable performance. References to "critical elements" are deleted as all elements are critical and adding that the employee may be "reduced in pay band level, or pay, or removed" if performance does not improve to an acceptable level during a reasonable opportunity period.

*Part 432, section 432.105(a) (2):* Proposing and taking action based on unacceptable performance. Waive "If an employee has performed acceptably for 1 year" to allow for "within two years from the beginning of a PIP."

*Part 511, subpart A:* General Provisions, and subpart B: Coverage of the GS. Waived to the extent necessary to allow for the demonstration project classification system and pay banding structure.

*Part 511, section 511.601:* Applicability of regulations. Classification appeals modified to the

extent that white collar positions established under the project plan, although specifically excluded from title 5, are covered by the classification appeal process outlined in this section, as amended below.

*Part 511, section 511.603(a):* Right to appeal. Waived to the extent necessary to substitute "pay band" for "grade."

*Part 511, section 511.607(b):* Non-Appealable Issues. Add to the list of issues that are neither appealable nor reviewable, the assignment of series under the project plan to appropriate occupational families and the demonstration project classification criteria.

*Part 530, subpart C:* Special rate Schedules for Recruitment and Retention. Waived in its entirety to allow for staffing supplements.

*Part 531, subparts B:* Determining Rate of Basic Pay. Waived to the extent necessary to allow for pay setting and pay-for-performance under the provisions of the demonstration project.

*Part 531, subparts D and E:* Within-Grade Increases and Quality Step Increases. Waived in its entirety.

*Part 531, subpart F:* Locality-Based Comparability Payments. Waived to the extent necessary to allow (1) demonstration project employees, except employees in Pay Band V of the E&S occupational family, to be treated as GS employees; (2) base rates of pay under the demonstration project to be treated as scheduled annual rates of pay; and (3) employees in Pay Band V of the E&S occupational family to be treated as ST employees for the purposes of these provisions.

*Part 536: Grade and Pay Retention:* Waived to the extent necessary to (1) replace "grade" with "pay band;" (2) provide that pay retention provisions do not apply to conversions from GS special rates to demonstration project pay, as long as total pay is not reduced, and to reductions in pay due solely to the removal of a supervisory pay adjustment upon voluntarily leaving a supervisory position; (3) allow demonstration project employees to be treated as GS employees; (4) provide that pay retention provisions do not apply to movements to a lower pay band as a result of not receiving the general increase due to an annual performance rating of "Unacceptable;" (5) provide that an employee on pay retention whose rating of record is "Unacceptable" is not entitled to 50 percent of the amount of the increase in the maximum rate of base pay payable for the pay band of the employee's position; (6) ensure that for employees of Pay Band V in the E&S occupational family, pay retention provisions are

modified so that no rate established under these provisions may exceed the rate of base pay for GS-15, step 10

(i.e., there is no entitlement to retained rate); and (7) provide that pay retention does not apply to reduction in base pay due solely to the reallocation of demonstration project pay rates in the implementation of a staffing supplement. This waiver applies to ST employees only if they move to a GS-equivalent position within the demonstration project under conditions that trigger entitlement to pay retention.

*Part 550, sections 550.105 and 550.106:* Bi-weekly and annual maximum earnings limitations. Waived to the extent necessary to provide that the GS-15 maximum special rate (if any) for the special rate category to which a project employee belongs is deemed to be the “applicable special rate” in applying the pay cap provisions in 5 U.S.C. 5547.

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

*Part 550, section 550.902:* Definitions. Waived to the extent necessary to allow demonstration project employees to be treated as GS employees. This waiver does not apply to employees in Pay Band V of the E&S occupational family.

*Part 575, subparts A, B, C, and D:* Recruitment Incentives, Relocation Incentives, Retention Incentives and Supervisory Differentials. Waived to the extent necessary to allow (1) employees and positions under the demonstration project covered by pay banding to be treated as employees and positions under the GS and (2) employees in Pay Band V of the E&S occupational family to be treated as ST employees for the purposes of these provisions.

*Part 591, subpart B:* Cost-of-Living Allowance and Post Differential—Non-foreign Areas. Waived to the extent necessary to allow (1) demonstration project employees to be treated as employees under the GS and (2) employees in Band V of the E&S occupational family to be treated as ST employees for the purposes of these provisions.

*Part 752, sections 752.101, 752.201, 752.301 and 752.401:* Principal statutory requirements and Coverage. Waived to

the extent necessary to allow for up to a three-year probationary period and to permit termination during the extended probationary period without using adverse action procedures for those employees serving a probationary period under an initial appointment except for those with veterans’ preference.

*Part 752, section 752.401:* Coverage. Waived to the extent necessary to replace “grade” with “pay band,” and to provide that a reduction in pay band level is not an adverse action if it results from the employee’s rate of base pay being exceeded by the minimum rate of base pay for his/her pay band.

*Part 752, section 752.401(a)(4):* Coverage. Waived to the extent necessary to provide that adverse action provisions do not apply to (1) conversions from GS special rates to demonstration project pay, as long as total pay is not reduced and (2) reductions in pay due to the removal of a supervisory or team leader pay adjustment upon voluntary movement to a non-supervisory or non-team leader position or decreases in the amount of a supervisory or team leader pay adjustment based on the annual review.

**APPENDIX A: ECBC EMPLOYEES BY DUTY LOCATION**

[Totals exclude SES, ST, DCIPS and FWS employees]

| Duty Location                     | Employees   | Servicing personnel office |
|-----------------------------------|-------------|----------------------------|
| Aberdeen Proving Ground, MD ..... | 969         | NE Region.                 |
| Rock Island, IL .....             | 99          | NC Region.                 |
| Pine Bluff, AK .....              | 23          | NE Region.                 |
| Patrick AFB, FL .....             | 1           | NE Region.                 |
| Anniston, AL .....                | 1           | NE Region.                 |
| <b>Total All Employees .....</b>  | <b>1093</b> |                            |

**Appendix B: Occupational Series by Occupational Family**

**I. Engineering & Science**

- 0401 General Natural Resources Management and Biological Sciences Series.
- 0403 Microbiology Series.
- 0413 Physiology Series.
- 0415 Toxicology Series.
- 0801 General Engineering Series.
- 0803 Safety Engineering Series.
- 0819 Environmental Engineering Series.
- 0830 Mechanical Engineering Series.
- 0850 Electrical Engineering Series.
- 0854 Computer Engineering Series.
- 0855 Electronics Engineering Series.
- 0858 Biomedical Engineering Series.
- 0861 Aerospace Engineering Series.
- 0893 Chemical Engineering Series.
- 0896 Industrial Engineering Series.
- 1301 General Physical Science Series.
- 1306 Health Physics Series.
- 1310 Physics Series.

- 1320 Chemistry Series.
- 1515 Operations Research Series.
- 1520 Mathematics Series.
- 1530 Statistics Series.
- 1550 Computer Science Series.
- II. Business/Technical**
- 0018 Safety and Occupational Health Management Series.
- 0028 Environmental Protection Specialist Series.
- 0080 Security Administration Series.
- 0110 Economist Series.
- 0301 Miscellaneous Administration and Program Series.
- 0340 Program Management Series.
- 0341 Administrative Officer Series.
- 0342 Support Services Administration Series.
- 0343 Management and Program Analysis Series.
- 0346 Logistics Management Series.
- 0404 Biological Science Technician Series.
- 0501 Financial Administration and Program Series.

- 0510 Accounting Series.
- 0560 Budget Analysis Series.
- 0640 Health Aid and Technician Series.
- 0690 Industrial Hygiene Series.
- 0802 Engineering Technician Series.
- 0856 Electronics Technician Series.
- 1001 General Arts and Information Series.
- 1060 Photography Series.
- 1071 Audiovisual Production Series.
- 1083 Technical Writing and Editing Series.
- 1084 Visual Information Series.
- 1102 Contracting Series.
- 1150 Industrial Specialist Series.
- 1311 Physical Science Technician Series.
- 1410 Librarian Series.
- 1412 Technical Information Services Series.
- 1670 Equipment Specialist Series.
- 1910 Quality Assurance Series.
- 2001 General Supply Series.
- 2032 Packaging Series.
- 2210 Information Technology Management Series.

**III. General Support**

- 0303 Miscellaneous Clerk and Assistant

- Series.
- 0318 Secretary Series.
- 0335 Computer Clerk and Assistant Series.
- 0344 Management Clerical and Assistance Series.
- 0503 Financial Clerical and Technician Series.
- 0525 Accounting Technician Series.
- 0561 Budget Clerical and Assistance Series.
- 1411 Library Technician Series.
- 2005 Supply Clerical and Technician Series.

**Appendix C: Performance Elements**

Each performance element is assigned a minimum weight. The total weight of all elements in a performance plan must equal 100. The supervisor assigns each element a weight represented as a percentage of the 100 in accordance with individual duties/responsibilities objectives and the organization's mission and goals. All employees will be rated against the first four performance elements listed below. Those employees whose duties require team leader responsibilities will be rated on element 5. All managers/supervisors will be rated on element 6.

**1. Technical Competence**

The extent to which an employee demonstrates: the technical knowledge, skills, abilities and initiative to produce the quality and quantity of work as defined in individual performance objectives and assigned tasks; innovation and improvement in addressing technical challenges; sound decisions and recommendations that get the desired results; the ability to solve technical problems; initiative to maintain/increase their technical skills through professional growth, training, and/or developmental/special assignments. Minimum Weight: 15%.

**2. Interpersonal Skills**

The employee's demonstrated ability to: provide or exchange ideas and information; listen effectively so that resultant actions show complete comprehension; coordinate actions to include and inform appropriate personnel of decisions and actions; be an effective team player; be considerate of differing viewpoints; exhibit willingness to compromise on areas of difference for win-win solutions; exercise tact and diplomacy; maintain effective relationships both within and external to the organization; readily give assistance and show appropriate respect and courtesy. Minimum Weight: 10%.

**3. Management of Time and Resources**

The extent to which an employee demonstrates ability to: meet schedules/milestones, prioritize/balance tasks; utilize and, where appropriate, properly control available resources (to include for supervisors: allocates/monitors resources and equitably distributes work to subordinates appropriately); execute contract management responsibilities; respond to changing requirements and re-direction; create/implement new ideas to improve work efficiencies. Minimum Weight: 15%.

**4. Customer Satisfaction**

The extent to which an employee: achieves customer and mission goals/objectives; provides acceptable solutions/ideas in response to customer needs; understands and manages customers' expectations, constraints and sensitivities; demonstrates customer care through facilitating, responsive, courteous and reliable actions; promotes relationships of trust and respect; markets to potential customers/develops new customers and programs within the scope of job responsibility. Minimum Weight: 10%.

**5. Team/Project Leadership**

The extent to which a team/project leader: ensures that the organization's/project's strategic plan, mission, vision and values are communicated into the team/project plans, products and services; provides guidance/direction to organization/project personnel; leads the team to achieve project objectives; coordinates/balances workload among team/project personnel; informs the supervisor of team/project/individual work accomplishments, problems, and training needs; resolves simple, informal complaints, informs supervisor of performance management issues/problems. (Mandatory for non-supervisory team leaders optional for project leaders and program managers.) Minimum Weight: 15%.

**6. Supervision and EEO**

The extent to which a supervisor: leads, manages, plans, communicates and assures implementation of strategic/operational goals and objectives of the organization; develops individual performance objectives, evaluates performance, evaluates performance by defining expectations, gives feedback and provides recognition; initiates personnel actions to recruit, select, promote and/or reassign employees in a timely manner; develops subordinates using positive motivational techniques on job expectations, training needs, and attainment of career goals; recognizes and rewards quality performance; takes corrective action to resolve performance or conduct issues; applies EEO and Merit System Principles, and creates a positive, safe and challenging work environment; ensures appropriate internal controls to prevent fraud, waste or abuse and safeguards assigned property/resources. (Mandatory for managers//supervisors). Minimum Weight: 25%.

**APPENDIX D—INTERVENTION MODEL**

| Intervention                      | Expected Effects  | Measures   | Data Sources   |
|-----------------------------------|---|--|--|
| 1. Compensation:                  |   |  |  |
| a. Paybanding .....               | Increased organizational flexibility<br>Reduced administrative workload, paperwork reduction.<br>Advanced in-hire rates ..... | Perceived flexibility .....  | Attitude survey.   |
|                                   | Slower pay progression at entry levels.<br>Increased pay potential .....  | Actual/perceived time savings .....  | Personnel office data, PME results, attitude survey.                 |
|                                   | Increased satisfaction with advancement.<br>Increased pay satisfaction .....  | Starting salaries of banded v. non-banded employees.<br>Progression of new hires over time by band, career path.<br>Mean salaries by band, group, demographics.<br>Total payroll costs ..... | Workforce data.<br>Workforce data.<br>Workforce data.                |
|                                   | Improved recruitment .....  | Employee perceptions of advancement.<br>Pay satisfaction, internal/external equity.<br>Offer/acceptance ratios; Percent declinations.  | Personnel office data.<br>Attitude survey.<br>Personnel office data. |
| b. Conversion buy-in .....        | Employee acceptance .....   | Employee perceptions of equity, fairness.<br>Cost as a percent of payroll .....  | Attitude survey.<br>Workforce data.                                  |
| c. Pay differentials/adjustments. | Increased incentive to accept supervisory/team leader positions.  | Perceived motivational power .....   | Attitude survey.   |
| 2. Performance Management:        |   |  |  |
| a. Cash awards/bonuses .....      | Reward/motivate performance .....   | Amount and number of awards by group, demographics.<br>Perceived fairness of awards .....  | Workforce data.<br>Attitude survey.                                  |



APPENDIX D—INTERVENTION MODEL—Continued

| Intervention   | Expected Effects  | Measures   | Data Sources  |
|--|---|--|---|
| b. Performance based pay progression.                      | Increased pay-performance link ...  | Satisfaction with monetary awards<br>Perceived pay-performance link ...  | Attitude survey.<br>Attitude survey.  |
|  | Improved performance feedback ..  | Perceived fairness of ratings .....<br>Satisfaction with ratings .....<br>Employee trust in supervisors .....<br>Adequacy of performance feedback.     | Attitude survey<br>Attitude survey.<br>Attitude survey.<br>Attitude survey. |
|  | Decreased turnover of high performers/Increased turnover of low performers.                                   | Turnover by performance rating scores.   | Workforce data.   |
|  | Differential pay progression of high/low performers.  | Pay progression by performance scores, career path.  | Workforce data.   |
|  | Alignment of organizational and individual performance objectives and results.                                | Linkage of performance objectives to strategic plans/goals.  | Performance objectives, strategic plans.                                    |
|  | Increased employee involvement in performance planning and assessment.  | Perceived involvement .....  | Attitude survey/focus groups.   |
| c. New appraisal process .....                             | Reduced administrative burden ....  | Performance management .....<br>Employee and supervisor perceptions of revised procedures.   | Personnel regulations.<br>Attitude survey.                                  |
| d. Performance development                                 | Improved communication .....<br>Better communication of performance expectations.                             | Perceived fairness of process .....<br>Feedback and coaching procedures used.<br>Time, funds spent on training by demographics.                        | Focus groups.<br>Focus groups.  |
|  | Improved satisfaction and quality of workforce.   | Perceived workforce quality .....  | Personnel office data<br>Training records.<br>Attitude survey.              |
| 3. "White Collar" Classification:                          |   |  |   |
| a. Improved classification systems with generic standards. | Reduction in amount of time and paperwork spent on classification.  | Time spent on classification procedures.   | Personnel office data.  |
|  | Ease of use .....   | Reduction of paperwork/number of personnel actions (classification/promotion).<br>Managers' perceptions of time savings, ease of use.                  | Personnel office data.<br>Attitude survey.                                  |
| b. Classification authority delegated to managers.         | Increased supervisory authority/accountability.<br>Decreased conflict between management and personnel staff. | Perceived authority .....<br>Number of classification disputes/appeals pre/post.<br>Management satisfaction with service provided by personnel office. | Attitude survey.<br>Personnel records.<br>Attitude survey.                  |
|  | No negative impact on internal pay equity.  | Internal pay equity .....  | Attitude survey.  |
| c. Dual career ladder .....                                | Increased flexibility to assign employees.  | Assignment flexibility .....   | Focus groups, surveys.  |
|  | Improved internal mobility .....  | Perceived internal mobility .....  | Attitude survey.  |
|  | Increased pay equity .....  | Perceived pay equity .....   | Attitude survey.  |
|  | Flatter organization .....  | Supervisory/non-supervisory ratios.  | Workforce data  |
|  | Improved quality of supervisory staff.  | Employee perceptions of quality or supervisory.  | Attitude survey.<br>Attitude survey.  |
| 4. Modified RIF:   |   |  |   |
|  | Minimize loss of high performing employees with needed skills.  | Separated employees by demographics, performance scores.   | Workforce data/Attitude survey/<br>focus group.                             |
|  | Contain cost and disruption .....   | Satisfaction with RIF process .....<br>Cost comparison of traditional vs. Modified RIF.  | Attitude survey/focus group.<br>Personnel office/budget data.               |
|  |   | Time to conduct RIF-personnel office data.   | Personnel office data.  |
|  |   | Number of Appeals/reinstatements.  | Personnel office data.  |
| 5. Hiring Authority:                                       |   |  |   |
| a. Delegated Examining .....                               | Improved ease and timeliness of hiring process.   | Perceived flexibility in authority to hire.  | Attitude survey.  |
|  | Improved recruitment of employees in shortage categories.   | Offer/accept ratios .....  | Personnel office data.  |
|  | .....   | Percent declinations .....   | Personnel office data.  |

APPENDIX D—INTERVENTION MODEL—Continued

| Intervention                                | Expected Effects  | Measures   | Data Sources  |
|---|---|--|---|
| b. Term Appointment Authority               | .....<br>.....<br>Reduced administrative workload/<br>paperwork reduction.<br>Increased capability to expand<br>and contract workforce. | Timeliness of job offers .....<br>GPAs of new hires, educational<br>levels.<br>Actual/perceived skills .....<br>Number/percentage of conver-<br>sions from modified term to per-<br>manent appointments. | Personnel office data.<br>Personnel office data.<br>Attitude survey.<br>Workforce data.   |
| c. Flexible Probationary Period             | Expanded employee assessment  | Average conversion period to per-<br>manent status.<br>Number/percentage of employees<br>completing probationary period.<br>.....<br>Number of separations during<br>probationary period.                | Personnel office data.<br>Workforce data.<br>Personnel office data.<br>Workforce data.<br>Personnel office data.<br>Workforce data. |
| 6. Expanded Development Oppor-<br>tunities: |   |  | Personnel office data   |
| a. Sabbaticals .....                        | Expanded range of professional<br>growth and development.<br>Application of enhanced knowl-<br>edge and skills to work product.         | Number and type of opportunities<br>taken.<br>Employee and supervisor percep-<br>tions.  | Workforce data.<br>Attitude survey.   |
| b. Critical Skills Training .....           | Improved organizational effective-<br>ness.   | Number and type of training .....<br>Placement of employees, skills<br>imbalances corrected.<br>Employee and supervisor percep-<br>tions.<br>Application of knowledge gained<br>from training.           | Personnel office data.<br>Personnel office data<br>Attitude survey.<br>Attitude survey/focus group.                                 |
| 7. Combination Of All Interventions:        |   |  |   |
| All .....                                   | Improved organizational effective-<br>ness.<br>Improved management of work-<br>force.<br>Improved planning .....                        | Combination of personnel meas-<br>ures.<br>Employee/Management job satis-<br>faction (intrinsic/extrinsic).<br>Planning procedures .....<br>Perceived effectiveness of plan-<br>ning procedures.         | All data sources.<br>Attitude survey.<br>Strategic planning documents.<br>Attitude survey.  |
|   | Improved cross functional coordi-<br>nation.<br>Increased product success .....<br>Cost of innovation .....                             | Actual/perceived coordination .....<br>Customer satisfaction .....<br>Project training/development costs<br>(staff salaries, contract cost,<br>training hours per employee).                             | Organizational charts.<br>Customer satisfaction surveys.<br>Demo project office records<br>Contract documents.                      |
| 8. Context:                                 |   |  |   |
| Regionalization .....                       | Reduced servicing ratios/costs ....<br><br>No negative impact on service<br>quality.  | HR servicing ratios .....<br>Average cost per employee<br>served.<br>Service quality, timeliness .....   | Personnel office data, workforce<br>data.<br>Personnel office data, workforce<br>data.<br>Attitude survey/focus groups.             |

[FR Doc. E9-30479 Filed 12-28-09; 8:45 am]