

**DEPARTMENT OF DEFENSE****Office of the Secretary****Proposed Science and Technology (S&T) Reinvention Laboratory Personnel Management Demonstration Project at the U.S. Army Communications-Electronics Command (CECOM), Research, Development and Engineering (RDE) Community**

**AGENCY:** DoD, Office of the Deputy Assistant Secretary of Defense (Civilian Personnel Policy).

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

**SUMMARY:** The National Defense Authorization Act for Fiscal Year 1995, as amended by Section 1114 of the National Defense Authorization for Fiscal Year 2001, authorizes the Secretary of Defense to conduct personnel demonstration projects at Department of Defense (DoD) laboratories designated as Science and Technology (S&T) Reinvention Laboratories. The above-cited legislation authorizes DoD to conduct demonstration projects that experiment with new and different personnel management concepts to determine whether such change in personnel policy or procedures would result in improved Federal personnel management.

**DATES:** To be considered, comments must be submitted on or before August 11, 2001. A public hearing will be scheduled for July 12, 2001, 1:00 p.m., at the Myer Center, Building 2700, Pearl Harbor Boulevard, in the Charles Wood area of Fort Monmouth, New Jersey 07703. Employees located at other sites with video teleconferencing facilities can observe the public hearing and submit their written comments to the address provided below.

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

**ADDRESSES:** Written comments may be mailed to Patricia M. Stewart, Civilian Personnel Management Service, CPMS-AF, Suite B-200, 1400 Key Boulevard, Arlington, Virginia 22209-5144.

**FOR FURTHER INFORMATION CONTACT:** On proposed demonstration project: Thomas Sheehan, U. S. Army Communications-Electronics Command, Research Development and Engineering Center, (AMSEL-RD-LQ), Myer Center, Fort Monmouth, New Jersey 07703-5201, (732) 427-4465; on proposed demonstration project and public hearing: DoD, Patricia M. Stewart, CPMS-AF, Suite B-200, 1400 Key Boulevard, Arlington, VA 22209-5144.

**SUPPLEMENTARY INFORMATION:** 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. The proposed project involves: (1) Three appointment authorities (permanent, modified term, and temporary limited); (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.

Dated: June 13, 2001.

**L.M. Bynum,**

*Alternate OSD Federal Register Liaison Officer, Department of Defense.*

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**I. Executive Summary**

This project was designed by the U.S. Army Communications-Electronics Command (CECOM), Research, Development and Engineering (RDE) organizations, with participation and review by Department of Defense (DoD) and the Office of Personnel Management (OPM). CECOM RDE organizations are defined as the CECOM Research, Development and Engineering Center (RDEC) and the CECOM Software Engineering Center (SEC). Both the RDEC and SEC headquarters are located at Fort Monmouth, New Jersey.

The primary mission of the CECOM (RDE) organizations is focused on moving the 21st Century Army fully into the Information Age. Although these organizations are predominantly organized around a technology-centric theme, Information Age technologies will allow us to think in network-centric terms, i.e. the system-of-systems way of organizing, acquiring and maintaining our forces and capability. The RDE's vision is to enable commanders at all echelons to make truly informed and timely decisions, and see to it that those decisions get executed, as events require. In simple terms, getting the right information to the right place at the right time. CECOM RDE organizations support the war fighting and sustaining base communities as well as Program Executive Offices, Project Managers and other customers. We manage technology-based programs by defining, developing and acquiring superior technologies; developing, acquiring, testing and evaluating systems; and sustaining and enhancing systems and equipment for a trained and ready Army undergoing revolutionary changes. To do this, CECOM RDE organizations must be able to hire and retain enthusiastic, innovative, and highly educated scientists and engineers to meet mission needs, along with dynamic, committed technical, clerical and administrative support personnel.

The goal of the project is to enhance the quality and professionalism of the

CECOM RDE 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 RDE mission, adjust the workforce for change, and improve workforce satisfaction. This demonstration project builds 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 (AMCOM RDEC), the Navy's "China Lake," and the National Institute of Standards and Technology (NIST). DoD, and Department of the Army (DA) will provide for an evaluation of the results of the project throughout the first 5 years after implementation. The Army has programmed a decision point 5 years into the project for permanent implementation, modification and additional testing, or termination of the entire demonstration project.

## II. Introduction

### A. Purpose

The purpose of the project is to demonstrate that the effectiveness of Department of Defense (DoD) laboratories 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. The quality of DoD laboratories, their people, and products has been under intense scrutiny in recent years. A common theme has emerged that 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, duplicated in organizations not listed in the project plan, or extended to individuals or groups of employees not included in the project plan without the approval of the Deputy

Assistant Secretary of Defense (Civilian Personnel Policy). ODASD (CPP) will inform DA of requirements for notification to stakeholders, which may include Congress, employees, labor organizations, and the public. The extent of notification requirements will depend on the nature and extent of the requested project modifications. As a minimum, however major changes and modifications will be published in the **Federal Register** subject to ODASD (CPP) approval. Minor modifications may be made without further notice.

### B. Problems With the Present System

The current Civil Service General Schedule (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 15 grades. 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 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 CECOM RDE organizations must be able to recruit and retain scientific, engineering and information technology (IT) professionals. The CECOM RDE organizations 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 rules 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.

### 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 CECOM RDE workforce will result in: (a) Increased quality in the RDE workforce and resultant products; (b) increased timeliness of key personnel processes; (c) increased retention of "excellent performers"; (d) increased success in recruitment of personnel with critical skills; (e) increased management authority and accountability; (f) increased satisfaction of RDE customers; and (g) increased workforce satisfaction with the personnel management system. An evaluation model was developed by the Director of Defense, Research and Engineering (DDR&E) in conjunction with laboratory and service representatives and OPM. The model will measure the effectiveness of demonstration projects, as modified in this plan, and will be used to measure the results of specific personnel system changes.

### D. Participating Organizations

The CECOM RDE is composed of two major organizational entities: the Research, Development and Engineering Center (RDEC) and the Software Engineering Center (SEC), both headquartered at Fort Monmouth, New Jersey. RDE employees are geographically dispersed at the locations shown in Appendix A. It should be noted that some sites currently employ fewer than 10 people and that the sites may change as CECOM reorganizes, realigns, or complies with Base Realignment and Closure Act requirements. Successor organizations will continue coverage in the demonstration project.

### E. Participating Employees and Union Representation

This demonstration project will cover approximately 2,100 CECOM RDE civilian employees under Title 5, United States Code in the occupations listed in Appendix B. The project plan does not cover members of the Senior Executive Service (SES), Scientific and Professional (S&T) employees, Federal Wage System (FWS) employees, employees presently covered by the Defense Civilian Intelligence Personnel System (DCIPS) and Department of Army (DA) and Major Subordinate Command (MSC) centrally funded interns and co-operative education students. Employees on temporary

appointments will not be covered in the demonstration project.

DA, MSC centrally funded and local interns (hired prior to implementation of the project) will not be converted to the demonstration project until they reach the target grade of the intern program and/or convert to a CECOM RDE employee. 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.

Personnel brought into CECOM RDE organizations either through appointment, promotion, reassignment, change to a lower grade or where their functions and positions have been transferred to an RDE organization will be converted to the demonstration project.

The American Federation of Government Employees (AFGE) and the National Federation of Federal Employees (NFFE) represent many CECOM RDE employees. Of those employees assigned to the CECOM RDE organizations, approximately 50% are represented by labor unions.

In April 1997, unions representing the majority of RDE employees at Fort Monmouth were briefed, along with Directors and senior managers, on the major aspects of the Personnel Demonstration Plan. The unions have received updates as specific proposals evolved during the design phase. The unions have attended town meetings and smaller focus group briefings provided to the workforce. CECOM RDE organizations continue to fulfill our obligation to consult and/or negotiate with all labor organizations in accordance with 5 U.S.C. 4703(f) and 7117. We are committed to a full partnership with our unions in the development of this project.

#### *F. Project Design*

In September 1995, a Project Leader was appointed to lead the reinvention effort. During the next several months, waivers to various restrictions in the personnel arena were discussed, and it was learned that these initiatives should be merged into the DoD S&T Reinvention Laboratory Personnel Demonstration Project. Work then began gathering information from the original five Army S&T Reinvention Laboratories. Those demonstration projects were the first to introduce major changes to improve the personnel system specifically tailored to the Army labs.

In the summer/fall of 1997, the RDEC Associate Director for Operations hosted a series of town meetings providing an

overview of Personnel Demonstration Projects. These meetings were held at Forts Monmouth and Fort Belvoir where the majority of CECOM RDE employees are located. Plans were outlined to establish teams of volunteers to design the major aspects of the project, e.g., Pay/Classification, Staffing, Employee Development and Performance Management along with an additional team dedicated to Workforce Communication. All levels of employees, supervisors and the labor organizations were invited to participate. The Associate Director for Operations provided executive oversight and briefed the project to senior managers and those local unions representing a majority of employees. From October 1997 through April 1998, the teams developed their portions of the project as outlined above. During this time, feedback was provided to RDE employees through briefings, newsletters, a web site and a dedicated anonymous electronic mailbox for employees to post questions and receive answers. As the majority of the members on the teams were non-supervisory employees, the opinions and comments of the workforce are clearly reflected in the overall design of this project. A draft proposal was developed and staffed throughout the CECOM RDE organizations and the Command. Comments and requested changes have been incorporated.

To further validate the proposed Pay for Performance (PFP) system, a test was conducted. The goals were to provide employees feedback on how they might fare under PFP, increase employee and management participation in the process and identify areas needing improvement before actual implementation. The results of the test have been briefed to senior managers, provided to the unions, published in the Personnel Demo Newsletter and placed on the website. An interactive tool is also available on the website which permits employees to input their current salary and calculate performance pay outs based upon projected performance scores.

#### *G. Personnel Management Board*

CECOM RDE organizations will create an RDE Personnel Management Board (PMB) 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. Permanent members of the board will include RDE senior leaders appointed by the RDE Center Directors. Other members include the CECOM Deputy Chief of Staff for

Personnel and the Equal Employment Officer (EEO) to ensure proper management and oversight of the project. Sub-boards may be established at the Center level, reporting to the RDE Personnel Management Board, to address specific issues within the scope of the separate CECOM RDE organizations. The boards will execute the following:

- (a) Determine the composition of the pay-for-performance pay pools in accordance with the guidelines of this proposal and internal procedures;
- (b) Review operation of pay pools and provide guidance to Pay Pool Managers;
- (c) Oversee disputes in pay pool issues;
- (d) Formulate and execute the civilian pay budget;
- (e) Manage the awards pools;
- (f) Determine hiring and promotion salaries as well as exceptions to pay for performance salary increases;
- (g) Conduct classification review and oversight, monitoring and adjusting classification practices and deciding board classification issues;
- (h) Approve major changes in position structure;
- (i) Address issues associated with multiple pay systems during the demonstration project;
- (j) Establish Standard Performance Elements and Benchmarks;
- (k) Assess the need for changes to demonstration project procedures and policies;
- (l) Review requests for Supervisory/Team Leader Pay Adjustments and provide recommendations to the appropriate Center Director;
- (m) Ensure in-house budget discipline;
- (n) Manage the number of employees by occupational family and payband;
- (o) Develop policies and procedures for administering Developmental Opportunity Programs;
- (p) 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,
- (q) Monitor the evaluation of the project.

### **III. Personnel System Changes**

#### *A. Pay Banding*

The design of the CECOM RDE pay banding system takes advantage of the many reviews performed by DA, DoD, and OPM. 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 General Schedule (GS) structure. Currently the 15 grades of the General Schedule are used to classify positions and, therefore, to set pay. The General Schedule 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. Upon implementation 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 Family is assigned to Pay Band III as illustrated in Figure 1. The upper and lower salary limit of each band is defined by the salary of the GS grade and step as indicated in Figure 1. Comparison to the GS grades was used in setting the upper and lower 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 proposed for the E&S occupational family:

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

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

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

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

Band V is a senior scientific-technical manager. The salary range is from 120 percent of the minimum rate of basic pay for a GS-15 to a maximum rate of SES level 4 (ES-4) excluding locality pay.

**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. Five bands have been proposed the B&T occupational family:

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

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

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

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 proposed for the GEN occupational family:

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

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

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

### 2. Pay Band Design

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

FIGURE 1.—PAY BANK CHART

Occupational Family	Equivalent GS Grades				
E&S .....	GS-01—GS-04 ... I .....	GS-05—GS-11 ... II .....	GS-12—GS-14 ... III .....	GS-14—GS-15 ... IV .....	>GS-15. V.
Business & Technical .....	GS-01—GS-04 ... I .....	GS-05—GS-11 ... II .....	GS-12—GS-13 ... III .....	GS-14—GS-15 ... IV.	
General Support .....	GS-01—GS-04 ... I .....	GS-05—GS-08 ... II .....	GS-09. III.		

Employees will be converted into the occupational family and pay band that corresponds to their GS/GM series and grade. Each employee is assured an initial place in the system without loss of pay. New hires will ordinarily be placed at the lowest salary in a pay

band. Exceptional qualifications, specific organizational requirements, or other compelling reasons may lead to a higher entrance salary within a band. As the rates of the General Schedule are increased due to general pay increases, the upper and lower salary limits 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 (WIGIs) or Quality Step Increases (QSIs) for employees once the pay banding system is in place. Special salary rates

\* 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 implementation, employees in

the E&S family currently at grade GS-14 are assigned to Band IV.

will no longer be applicable to demonstration project employee. Special provisions have been included to ensure conversion without a loss of pay (See section E, paragraph 8, Staffing Supplements).

### 3. Pay Band V

The CECOM RDE pay banding plan expands the pay banding concept used at China Lake and NIST by creating Pay Band V for the Engineering and Science occupational family. This pay band is designed for Senior Scientific Technical Managers (SSTM). The current definition of Senior Executive Service (SES) and Scientific and Professional (ST) positions do not fully meet the needs of the CECOM RDE organizations.

The SES designation is appropriate for executive level managerial positions whose classification exceeds grade 15 of the General Schedule. The primary knowledge and abilities 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.

CECOM RDE organizations currently have positions that warrant classification above grade 15 of the General Schedule because of their technical expertise requirements. These positions, typically division/office chiefs, 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 organizations, 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/technical expertise and full managerial and supervisory authority. Their scientific/technical expertise and responsibilities warrant classification above the GS-15 level.

Current GS-15 division/office chiefs will convert into the demonstration project at Pay Band IV. After conversion they will be reviewed against established criteria to determine if they 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 salary range for SSTM positions is a minimum of 120 percent of the minimum rate of basic pay for GS-15 with a maximum rate of basic pay established at the rate of basic pay (excluding locality pay) for SES level 4 (ES-4).

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. The CECOM RDE organizations will capitalize on the efficiencies that can accrue from central recruiting by continuing to use the expertise of the Army Materiel Command SES Office as the recruitment agent.

Panels will be created to assist in filling SSTM positions. Panel members typically will be current or former SES members, ST employees and later those designated as SSTMs. In addition, senior military officers and recognized technical experts from outside the RDE organizations may also serve as appropriate. The panel will apply criteria developed largely from the current OPM Research Grade Evaluation Guide for positions exceeding the GS-15 level. The purpose of the panels is to insure impartiality, breadth of technical expertise and a rigorous and demanding review.

DoD will test SSTM positions for a five-year period. SSTM positions will be subject to limitations imposed by OPM and DoD. SSTM positions will be established only in an S&T Reinvention Laboratory that employs scientists, engineers, or both. Incumbents of these positions will work primarily in their professional capacity on basic or applied research. Secondly, they will also perform managerial or supervisory duties.

The number of SSTM positions, and the equivalent in other approved S&T reinvention laboratory personnel demonstration projects within DoD, will not exceed 40. These 40 positions will be allocated by the Assistant Secretary of Defense (Force Management Policy)

and administered by the respective Services. The number of positions will be reviewed periodically to determine appropriate position requirements. SSTM (and the equivalent in other S&T reinvention laboratories demonstration projects) position allocations will be managed separately from SES, ST, and SL allocations. An evaluation of the concept for these positions will be performed during the fifth year of the demonstration project.

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 OPM and DoD; recruit and reassign employees in this pay band; set pay and appraise performance under this project's Pay for Performance system. The CECOM RDE organizations want to demonstrate increased effectiveness by gaining greater managerial control and authority, consistent with merit, affirmative action, and equal employment opportunity principles.

### B. Classification

#### 1. Occupational Series

The present General Schedule classification system has 434 occupational series, which are divided into 22 occupational groupings. The CECOM RDE organizations currently have positions in approximately 70 occupational series that fall into 14 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

CECOM RDE organizations will use a fully automated classification system modeled after the Navy's "China Lake" and ARL. ARL has 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 knowledge, skills, and abilities required. New position descriptions will replace the current DA Form 374, Department of the Army Job Description. 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. Supervisors will follow a computer-assisted process to produce 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 will be used to further differentiate types of work and the skills and knowledge required for particular positions with 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 (Code of Federal Regulations) 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 who meet the definitions outlined in the OPM General Schedule Supervisory Guide and who spend 80 percent or more of the workweek on

supervisory duties. 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 Part 551 FLSA criteria. Additionally, the advice and assistance of the Civilian Personnel Advisory Center/Civilian Personnel Operations Center (CPAC/CPOC) will be obtained in making determinations as part of the performance review process. 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/CPOC, as appropriate.

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

CECOM RDE Center Directors 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. The manager will document these decisions on a form similar to the present DA Form 374.

### 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 salary schedule; or matters grievable under an administrative or negotiated grievance 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/CPOC providing personnel service and will include copies of appropriate demonstration project criteria.

### C. Pay for Performance

#### 1. Overview

The purpose of the PFP system is to provide an effective, efficient, and flexible method for assessing, compensating, and managing the RDE 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. PFP 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 salary changes by linking pay and performance.

The PFP 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. PFP payouts can be in the form of increases to base pay or in the form of bonuses that are not added to base salary 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 PFP 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 3 to 10 concise statements. The employee and his/her supervisor rater 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 salary reflecting increased responsibilities commensurate with salary 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 yet 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 their 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 CECOM RDE 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 RDE 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 proposed performance elements along with the 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/EEO (Minimum Weight: 25%)

All employees will be rated against the first four performance elements. Team/Project Leadership is mandatory for team leaders and 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 employees 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. If at the conclusion of the PIP the employee's performance improves to an acceptable level, a new rating of record will be issued.

#### 5. Unacceptable Performance

Informal employee performance reviews will be a continuous process so that corrective action, to include placing an employee on a Performance Improvement Plan (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.

As an informal first step, the supervisor and employee may explore a temporary assignment to another unit in the organization. This recognizes conflicts sometimes occur between a supervisor and an employee, or that an employee may be assigned to a position for which they are 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/action which need to

be corrected or improved; will outline required time frames (no less than 30 days) for such improvement; and will provide the employee with any available assistance as appropriate. Progress will be monitored during the PIP and all counseling sessions will be documented.

If at the conclusion of the PIP the employee's performance is acceptable, 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 a 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 band or salary. Reductions in salary within the same pay band or changes to a lower pay band will be accomplished with a minimum of a 5 percent decrease in an employee's base pay.

(Note: Nothing in this subsection will preclude action under Title 5, United States Code, 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 proposing 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 current salary 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. 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 current salary. Upon approval of this plan, implementing procedures and regulations will provide details on this process to employees and supervisors.

#### 7. Pay Pools

Employees within the CECOM RDE organizations will be placed into pay pools. Pay pools are combinations of organizational elements (e.g., Directorates, Divisions, Branches, Offices, etc.) that are defined for the purpose of determining performance payouts under the PFP system. The RDE Center Directors will establish pay pools within their respective organizations. 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. 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 set between 2.0 percent–2.4 percent of total



salary 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 set between 1.0 percent–1.4 percent of total salary annually. The sum of these two factors is referred to as the pay pool percentage factor. The RDE Personnel Management Board will annually review the pay pool funding formula and recommend adjustments to the RDE Center Directors 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 General Schedule system from within-grade increases, quality step increases and within-band promotions. RDE Center Directors 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 current salary. 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

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 complete. The share value is expressed as a percentage. The formula that computes the value of each share is based on the (1) value of pay pool, (2) the employee's 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 basic pay and receiving the same score. The formula is shown in figure 3.

Figure 3. Formula

$$\text{Individual Pay Increase} = \frac{\text{Pool Value}}{\text{SUM}(t\text{SAL} * tN)}$$

Where:

F = Payout Factor; initially 3.8 percent of combined basic rates of pay of the assigned employees in a pay pool

SUM = Summation of entities within parenthesis

SAL = An individual's basic rate of pay

tSAL = Total of basic rates of pay in a pay pool

Pool Value = F \* (tSAL)

N = Number of shares (0 to 3) earned by an individual employee based on his/her score (0 to 50)

tN = Total of shares earned by employees in pool

A Pay Pool Manager is accountable for staying within pay pool limits. The Pay Pool Manager makes final decisions on pay increases and/or bonuses to individuals based on rater recommendation, the final score, the pay pool funds available, and the employee's current salary. A Pay Pool Manager may request approval from the Personnel Management Board at the Center level or its designee to grant a pay increase to an employee that is higher than the one generated by the compensation formula for that employee. Examples of employees who might warrant such consideration are those making extraordinary achievements or to provide accelerated compensation for a local intern.

#### 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 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 payband 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 basic 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 salary range is a minimum of 120 percent of the minimum rate of basic pay for GS–15 with a maximum rate of basic pay established at the rate of basic pay (excluding locality pay) for ES–4.

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 project base pay increase will be offset, dollar for dollar, by an accompanying reduction in the employee's project bonus payment. Thus, the employee's total performance payout is unchanged.

#### 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 their base pay to cross the salary midpoint of their pay band. Also, once an employee's base pay exceeds the salary midpoint of their band, 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 salary 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 Band III whose base salary falls within the top 15 percent of the band. For employees meeting these criteria, the following provisions will apply:

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.

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 1% of base salary. The balance of the payout will be paid as a lump sum bonus.

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 awards are separately funded within the constraints of the organization's overall award 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 the CECOM RDE organizations. 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, CECOM 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.

#### 13. General Pay Increase

Employees, who are on a PIP at the time pay determinations are made, do not receive performance payouts or the General Pay Increase. An employee that receives an unacceptable rating of record will not receive any portion of the General Pay Increase or RIF service credit until such time as their 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 be granted at the beginning of the next pay period after the supervisor authorizes its payment.

These actions may result in a base salary that is identified in a lower pay band. This occurs because the minimum rates of basic 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 and Disciplinary Actions

An employee may grieve the performance rating /score received under the PFP system. Non-bargaining unit employees, and bargaining unit employees covered by a negotiated grievance procedure, which 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.

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 Qualification Standards Handbook for General Schedule (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 qualification standard for Professional and Scientific Positions.

Selective factors may be established for a position in accordance with the OPM Qualification Standards Handbook, 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 with the CECOM RDE Demonstration Project will be filled through Merit Staffing or under Delegated Examining. 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 using the application control number 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 within the same score.

### 3. Legal Authority

For actions taken under the auspices of the Demonstration Project, the legal authority, Public Law 103-337 will be used. For all other actions, the CECOM RDE organizations will continue to use the nature of action codes and legal authority codes prescribed by OPM, DoD or DA.

### 4. Revisions to Term Appointments

The CECOM RDE organizations conduct 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.

CECOM RDE organizations 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, CECOM RDE organizations 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 part 316 in that they may be made for a period not to exceed five, rather than four years. RDE Directors are 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 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 Engineering and Science 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 Engineering and Science 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. 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 his/her performance or conduct, or those conditions arising prior to appointment that support the termination.

### 7. Supervisory Probationary Periods

Supervisory probationary periods will be made consistent with 5 CFR 315. Employees that 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 they were promoted or reassigned.

### 8. Volunteer Emeritus Corps

Under the demonstration project, RDE Directors will have the authority to offer retired or separated employees voluntary positions. 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 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 RDE 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 emeritus corps, a volunteer must be recommended by an RDE manager to a directorate director. Everyone who applies is not entitled to an emeritus position. The responsible director must

document acceptance or rejection of the applicant. If accepted, the documentation must be retained throughout the assignment. If rejected, documentation will be maintained for two years.

To ensure success and encourage participation, the volunteer's federal retirement pay (whether military or civilian) will not be affected while serving in a voluntary capacity. Retired or separated federal employees may accept an emeritus position without a break or mandatory waiting period.

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 between the volunteer, the responsible director, and the Civilian Personnel Operations Center (CPOC). The agreement must be finalized before the assumption of duties and shall include:

(a) 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;

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

(c) The volunteer's work schedule;

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

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

(f) A statement of duties;

(g) 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;

(h) A provision allowing either party to void the agreement with 2 working days written notice;

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

(j) The provision that any publication(s) resulting from his/her work will be submitted to the RDE Center Directors for review and approval;

(k) A statement that he/she accepts accountability for loss or damage to

Government property occasioned by his/her negligence or willful action;

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

(m) 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,

(n) A statement that he/she agrees to disclose any inventions made in the course of work performed at the RDEC/SEC. The RDE Center Directors have the option to obtain title to any such invention on behalf of the U.S. Government. Should the RDE Center Directors elect not to take title, the RDE Centers/ISEC 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 RDE Center Directors on a case by case basis.

#### *E. Internal Placement and Pay Setting*

##### *1. Promotions*

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 salary 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 salary 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 knowledge, skills, and abilities, qualifications and 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 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 principles and requirements and 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, the employee will be treated the same as an employee with an "acceptable" rating as long as there is no known adverse performance information.

The following actions are excepted from competitive procedures:

(a) 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.

(b) 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.

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

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

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

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

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

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

(i) 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.

##### *2. Supervisory and Team Leader Pay Adjustments*

Supervisory and team leader pay adjustments may be approved by the RDE Center Directors and the ISEC Commander based on the recommendation of the Personnel Management Board at the Center level 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 the basic rate of pay, ranging up to 10 percent of that pay rate for supervisors and up to

5 percent of that pay rate for team leaders. Pay adjustments are subject to the constraint that the adjustment may not cause the employee's basic rate of pay to exceed the pay band maximum rate. 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.

Conditions, after the date of conversion into the demonstration project, under which the application of a pay adjustment may be considered, are as follows:

(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 pay adjustment. If a supervisor/team leader is already authorized a pay adjustment and is subsequently selected for another supervisor/team leader position, within the same pay band, then the pay adjustment will be re-determined.

Supervisors/team leaders, upon initial conversion into the demonstration project into the same or substantially similar position, will be converted at their existing basic rate of pay and will not be eligible for a 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 elements Team/Project Leadership and Supervision/EEO. The initial dollar amount of a pay adjustment will be removed when the employee voluntarily leaves the position. The cancellation of the 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 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 the grade and pay retention provisions of 5 CFR part 536 will prevail where "pay band level" is substituted for "grade."

### 3. Supervisory/Team Leader Pay Differentials

Supervisory and team leader pay differentials may be used, by RDE Center Directors and the Commander ISEC, 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 10 percent of base pay for supervisors and up to 5 percent of base pay 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 RDE Center Directors or the Commander ISEC. The termination or reduction of the differential is not an adverse action and is not subject to appeal.

### 4. Pay Administration

Pay administration policies will be established by the RDE Personnel Management Board, which conform to basic governmental pay fixing policy; however, these policies will be exempt from Army Regulations or CECOM local pay fixing policies. Upon initial appointment, the individual's pay may be set 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 hiring salaries will be established by the RDE Personnel Management Board.

CECOM RDE organizations may make full use of recruitment, retention and relocation payments as currently provided for by OPM.

Highest Previous Rate (HPR) will be considered in placement actions authorized under rules similar to the HPR rules in 5 CFR 531.203 (c) and (d). Use of HPR will be at the supervisor's discretion, but if used are subject to policies established by the RDE Personnel Management Board. The pay retention provisions of 5 U.S.C. 5363 and 5 CFR 536.101 will apply to this plan except where waived or modified as specified in the waiver section. RDE Center Directors 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.

### 5. Pay and Compensation Ceilings

An employee's total monetary compensation paid in a calendar year may not exceed the basic 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. Pay rates for the various pay bands will be directly keyed to the GS rates, except the maximum range for Pay Band V of the Engineer and Scientist occupational family which cannot exceed ES-4. Basic pay will be limited to the maximum rates payable for each pay band, except for retained rates.

### 6. Pay Setting for Promotion

The minimum basic pay increase upon promotion to a higher pay band will be 6 percent or the minimum rate of the new pay band, whichever is greater. The maximum amount of pay increases will not exceed \$10,000, or other such amount as established by the RDE Personnel Management Board.

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

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

A demotion is a placement into a lower pay band within the same occupational family or placement into a pay band in a different occupational family with a lower salary. 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). Employees demoted for cause are not entitled to pay retention. Employees demoted for reasons other than cause may be entitled to pay retention in accordance with pay fixing policies.

Employees who receive an unacceptable rating or who are on a performance improvement plan at the time pay determinations are made, do not receive performance payouts or the general pay increase. This action may

result in a base salary that is identified in a lower pay band. This occurs because the minimum rates of basic pay in a pay band increase 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.

#### 8. Staffing Supplements

Employees assigned to occupational series and geographic areas covered by special rates will be eligible for a staffing supplement if the maximum adjusted rate for the banded GS grades 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. The employee's total pay immediately after implementation of the demonstration project will be the same as immediately before the demonstration project, but a portion of

the total will be in the form of a staffing supplement. Adverse action and pay retention provisions will not apply to the conversion process, as there will be no change in total salary. Upon conversion, the demonstration base rate will be established by dividing the employee's old GS adjusted rate (the higher of special rate or locality rate) by the staffing factor. The staffing factor will be determined by dividing the maximum special rate for the banded grades by the GS 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 rate by the staffing factor minus one. So the employee's final demonstration special staffing rate equals the demonstration base rate plus the special staffing supplement; this amount will equal the employee's former GS adjusted rate.

Simplified, the formula is this:

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

$$\text{Demonstration base rate} = \frac{\text{Old GS adjusted rate (special or locality rate)}}{\text{Staffing factor}}$$

$$\text{Staffing Supplement} = \text{demonstration base rate} \times (\text{staffing factor} - 1)$$

$$\text{Salary upon conversion} = \text{demonstration base rate} + \text{staffing supplement (sum will equal existing rate)}$$

#### 9. Application of Future Special Salary Rates

The Office of Personnel Management (OPM) may approve special salary rates (SSR) that would apply to a group of employees already converted to the demonstration project pay band structure if those employees remained in the General Schedule. If such a special rate is established, the pay of equivalent demonstration project employees would be reviewed and may be adjusted as appropriate to accommodate the salary increase. An increase provided under this authority is not an equivalent increase, as defined by 5 CFR 531.403.

#### 10. 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 basic pay, within broad descriptions, consistent with the needs of the organization, and the individual's qualifications and rank and level. Subsequent assignments to projects, tasks, or functions anywhere within the organization requiring the same level and 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 can 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.

#### 11. 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.

##### *F. 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 AMC/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 RDE 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 basic 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 expanded developmental opportunity. The RDE 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*. RDE Center Directors will have 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 CECOM RDE mission as well as increase the employee's individual effectiveness. Various learning or developmental experiences may be considered, such as advanced academic teaching; study; research; self-directed or guided study; and on-the-job work experience with public, private, commercial, or private non-profit organization.

Paid sabbaticals of up to 12 months in duration and unpaid sabbaticals of up to 6 months in a calendar year may be granted to an employee in any 7-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 CECOM RDE for a period of three times the length of the sabbatical. If an employee voluntarily leaves the CECOM RDE organization before the service obligation is completed he/she is liable for repayment of expenses associated with training during the sabbatical such as, registration fees, tuition and matriculation fees, library and laboratory fees, purchase or rental of

books, materials, supplies, travel, per diem, and miscellaneous other related training program costs. Expenses do not include salary costs. The RDE Center Directors have the authority to waive this requirement.

Specific procedures will be developed for processing sabbatical applications upon implementation of the demonstration project.

b. *Critical Skills Training (Training for Degrees)*. 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. Constraints under current law and regulation limit degree payment to shortage occupations. In addition, current government-wide regulations authorize payment for degrees based only on recruitment or retention needs. Degree payment is not permitted for non-shortage occupations involving critical skills.

The CECOM RDE organizations are expanding the authority to provide degree payment for non-shortage occupations for purposes of meeting critical skill requirements, to ensure continuous acquisition of advanced specialized knowledge essential to the organization, and 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 payment and that such decisions are fully documented. Employees approved for degree training must sign a service obligation agreement to continue in service in a CECOM RDE organization for a period of three times the length of the training period. If an employee voluntarily leaves the CECOM RDE organization before the service obligation is completed he/she is liable for repayment. The repayment amount will be based on the additional expenses or direct costs of the training such as, registration fees, tuition and matriculation fees, library and laboratory fees, purchase or rental of books, materials, supplies, travel, per diem, and miscellaneous other related training program costs. The RDE Center Directors have the authority to waive this requirement.

#### G. *Reduction-in-Force (RIF) Procedures*

RIF procedures will be used when a CECOM RDE 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 351 will be followed with slight modifications pertaining to the competitive areas, assignment rights, the calculation of adjusted service computation date and grade/pay 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 demo and non-demo 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 Reductions in Force (RIF)*

Reductions in force are accomplished using the existing procedures with the retention factors of: Tenure, veteran's 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 4 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 (3) ratings of record. If an employee has less 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. Employees who have been demoted for unacceptable performance, and as of the date of the issuance of the RIF notice have 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 or 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. Grade and Pay Retention

Except where waived or modified by this plan, grade and pay retention will follow current law and regulations, (e.g. occupational family pay bands will substitute for grade).

#### IV. Implementation Training

Critical to the success of the demonstration project is the training developed to ensure 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 a significant cultural change to the organization. Training will be tailored to fit the requirements of every employee and will fully address employee concerns to ensure a comprehensive understanding of the program. Training will be required both prior to implementation and at various times during the life of the demo.

A training program will begin not later than 90 days prior to implementation and will include modules tailored for employees, supervisors, senior managers, and administrative staff. Typical modules are:

An Overview of the Personnel System  
 How Employees are converted into and out of the System  
 Pay Banding  
 The Pay for Performance system  
 Defining Performance Objectives  
 How to Assign Weights  
 Assessing Performance—Giving Feedback  
 New Position Descriptions  
 Demonstration Project Administration and Formal Evaluation

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

#### V. Conversion

##### A. Conversion to 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. 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.

Conversion from current GS/GM grade and pay into the new pay band system will be accomplished upon implementation of the demonstration project. Each employee's initial total salary under the demonstration project will equal the total salary received immediately before conversion. Special conversion rules apply to special rate employees, which are described in III.E.8. (Staffing Supplements). Employees who enter the demonstration project later by lateral reassignment or transfer will be subject to parallel 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 the demonstration project will no longer be considered a special rate employee under the demonstration project. These employees will, therefore, be eligible for full locality pay. The adjusted salaries of these employees will not change. Rather, the employees will receive a new basic pay rate computed by dividing their adjusted basic pay (higher of special rate or locality rate) by the locality pay factor for their area. A full locality adjustment will then be added to the new basic pay rate. Adverse action and pay retention provisions will not apply to the conversion process as there will be no change in total salary.

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 CECOM RDE. In no case may those adjustments increase the pay for the position of record beyond the applicable pay range maximum rate. 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 current 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 implementation. 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 under the current Army performance plan will continue in effect until the implementation date. Adjustments to the employee's base salary for WGI equity will be computed effective the date of implementation to coincide with the beginning of the first formal PFP assessment cycle. WGI equity will be acknowledged by increasing base salaries by a prorated share based upon the number of 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.

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

When a participating organization, or other substantial group of employees withdraws from the demonstration project before the end of the first annual appraisal cycle for that organization, the affected employees will normally return to the same positions (i.e., same grade, series, duties, responsibilities, and qualifications) that these employees encumbered before they were placed into the demonstration. The beginning date of the next within-grade increase (WGI) waiting period will be the effective date of the organization's termination of participation in the

demonstration. When appropriate, these employees will be provided pay retention per the conversion procedures below. For example, before the demonstration, consider a situation in which one employee previously held a GS-15 official position of record, and a second employee held a GS-14 official position of record. In the demonstration both employees were on the same generic official position description. After conversion from the demonstration back to the former system, the GS-15 employee is returned to a GS-15 official position of record, while the second employee is returned to the same GS-14 official position of record that the employee held before the demonstration, even though the GS-14 employee may be receiving retained pay based on a GS-15 rate determined by application of the pay administration provisions of the conversion out procedure, below. Exceptions to the above: (1) Employees who have been permanently assigned to a higher payband than the payband to which assigned upon entry into the demonstration project, will exit the project under normal conversion rules (for example, the employee who has been permanently promoted while in the project would exit under the normal conversion out procedures); (2) employees who enter the project under an initial appointment to the Federal government would exit the project under the normal conversion out rules, since they had not occupied a General Schedule position upon which to return; (3) employees who move into the demonstration project after the initial organizational conversion into the project also would have their pay set in accordance with the normal conversion out rules; and (4) cases that present similar anomalies should be referred to the demonstration project office for advice and assistance.

When a participating organization withdraws from the demonstration project after the end of the first annual appraisal cycle for that organization, management shall apply the normal conversion rules for determining an employee's converted GS grade and pay rate. The converted GS grade and pay rate are deemed to be in effect immediately before the employee leaves the demonstration project for the purpose of setting the employee's pay in the new GS position. Care must be taken to ensure that the resulting GS positions are accurately described and properly classified.

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 rates 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:

(a) The employee's adjusted rate of basic pay under the demonstration project (including any locality payment) is compared with step 4 rates in the highest applicable GS rate range. (For this purpose, a GS rate range includes a rate in (1) the GS base schedule, (2) the locality rate schedule for the locality pay area in which the position is located, or (3) 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.

(b) If the employee's adjusted project rate equals or exceeds the applicable step 4 rate of the highest GS grade in the band; the employee is converted to that grade.

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

(d) This process is repeated for each successively lower grade in the band until a grade is found in which the

employee's adjusted project rate equals or exceeds the applicable step 4 rate of the grade. The employee is then converted at that grade. If the employee's adjusted rate is below the step 4 rate of the lowest grade in the band; the employee is converted to the lowest grade.

(e) Exception: If the employee's adjusted project rate exceeds the maximum rate of the grade assigned under the above-described step 4 rule but fits in the 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.

(f) 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:

(a) 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.

(b) An employee's adjusted rate of basic pay under the project (including any locality payment or staffing supplement) is converted to a GS-adjusted rate on the highest applicable rate range for the converted GS grade. (For this purpose, a GS rate range includes a rate range in (1) the GS base schedule, (2) an applicable locality rate schedule, or (3) an applicable special rate schedule.)

(c) If the highest applicable GS rate range is a locality pay rate range, the employee's adjusted project rate 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 basic pay would be the GS base rate corresponding to the converted GS locality rate (i.e., same step position). (If this employee is also covered by a special rate schedule as a GS employee, the converted special rate will be determined based on the GS step position. This underlying special rate will be basic pay for certain purposes for which the employee's higher locality rate is not basic pay.)

(d) If the highest applicable GS rate range is a special rate range, the employee's adjusted project rate 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 basic pay will be the GS rate corresponding to the converted special rate (i.e., same step position).

(e) 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 project pay exceeds the 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 b.

(f) 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. OPM will prescribe a procedure 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).

## 4. 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 principles will be maintained. Servicing CPOCs/CPACs will continue to process personnel-related actions and provide consultative and other appropriate services.

## 5. Automation

The CECOM RDE organizations 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.

Local automated systems will be developed to support computation of performance related pay increases and awards and other personnel processes

and systems associated with this project.

## 6. 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. The provisions of this project plan will not be modified, duplicated in organizations not listed in the project plan, or extended to individuals or groups of employees not included in the project plan without the approval of the Deputy Assistant Secretary of Defense (Civilian Personnel Policy). ODASD(CPP) will inform DA of requirements for notification to stakeholders, which may include Congress, employees, labor organizations, and the public. The extent of notification requirements will depend on the nature and extent of the requested project modification. As a minimum, however, major changes and modifications will be published in the **Federal Register**.

## VI. Project Duration

Public Law 103-337 removed any mandatory expiration date for this demonstration. CECOM, 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 can be made through announcement in the **Federal Register** and would be made if formative evaluation data warranted. At the 5-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 proposed 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 proposed HR changes are given a fair trial period; (2) the extent to which the proposed changes are implemented; and (3) the extent to which the proposed 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 EEO 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 S&T 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. The original "China Lake" project will serve as a second comparison group which can be used as a benchmark representing a stable pay banding system.

#### *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 5 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 EEO 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 budget discipline. A baseline will be established at the start of the project and salary expenditures will be tracked yearly. Implementation costs, including project development, automation costs, and step buy-out costs and evaluation costs are considered one-time costs and will not be included in the cost discipline.

The RDE 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 5 years unless the results warrant further evaluation.

TABLE 1.—PROJECTED DEVELOPMENTAL COSTS (THEN YEAR DOLLARS)

	FY 00	FY01	FY02	FY03	FY04
Training .....		150K	250K	50K	
Project Evaluation .....	47K	47K	47K	47K	47K
Automation .....		400K	400K		
Totals .....	47K	597K	697K	97K	47K

## IX. Required Waivers to Law and Regulation

Public Law 103–398 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. Code

Chapter 31, Section 3111: Acceptance of Volunteer Service—Amended to allow for a Voluntary Emeritus corps in addition to student volunteers.

Chapter 31, Section 3132: The Senior Executive Service: Definitions and Exclusions

Chapter 33, Subchapter 1, Section 3318(a): Competitive Service, Selection from Certificate

Chapter 33, Section 3324: Appointments to Positions Classified Above GS–15

Chapter 33, Section 3341: Details. This waiver applies to the extent necessary to waive the time limits for details.

Chapter 41, Section 4107(a) and (b) (1) Restriction on Degree Training

Chapter 43, Section 4302: To the extent necessary to substitute “pay band” for “grade”

Chapter 43, Section 4303: 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

Chapter 51, Sections 5101–5111, Classification

Chapter 53, Sections 5301, 5302(8) and (9), 5303 and 5304: Pay Comparability System—Sections 5301, 5302, and 5304 are waived only to the extent necessary to allow (1) demonstration project employees to be treated as General Schedule 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 Rates

Chapter 53, Sections 5331–5336: General Schedule Pay Rates:

Chapter 53, Sections 5361–5366 Grade and Pay Retention: This waiver applies only to the extent necessary to (1) replace “grade” with “pay band”; (2) allow demonstration project employees to be treated as General Schedule employees; (3) provide that pay band retention provisions do not apply to conversions from General Schedule 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 General Increase 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 basic pay payable for the pay band of the employee's position; and (5) 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 basic pay for GS–15,

step 10 (i.e., there is no entitlement to retained rate).

Chapter 55, Section 5542(a)(1)–(2): Overtime rates; computation. This waiver applies only 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. This waiver applies only to the extent necessary to allow demonstration project employees to be treated as General Schedule 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. This waiver applies only 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. (This waiver applies only to the extent necessary to allow (1) employees and positions under the demonstration project to be treated as employees and positions under the General Schedule 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. This waiver applies only to the extent necessary to provide that COLAs paid to employees under the demonstration project are paid in accordance with regulations prescribed by the President (as delegated to OPM).

Chapter 75, Section 7512(3): Adverse actions—This provision is waived only to the extent necessary to replace “grade” with “pay band”.

Chapter 75, Section 7512(4): Adverse actions (This waiver applies only to the extent necessary to provide that (1) adverse action provisions do not apply to conversions from General Schedule 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 pay adjustment upon voluntary movement to a non-supervisory position.)

*B. Waivers to Title 5, Code of Federal Regulations*

Part 300, Sections 300.601 through 605: Time-in-Grade restrictions. Time in grade restrictions eliminated in the demonstration project.

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

Part 315, Section 315.801 and 315.802: Probationary Period—(This waiver applies only to the extent necessary to extend probationary periods from one year to a maximum of three years for newly-hired permanent career-conditional employees in the E&S occupational family.)

Part 315, Section 315.901: Statutory requirements—(This waiver applies only to the extent necessary to replace “grade” with “pay band.”)

Part 316, Section 316.301: Term Appointments for more than 4 years.

Part 316, Section 316.303: Converting Terms to Status

Part 332, subpart D., section 332.404: Order of Selection from Certificates

Part 335, Section 335.103: Covering the length of details and temporary promotions.

Part 337, subpart A, section 337.101(a): Rating Applicants. Waive when 15 or fewer qualified candidates.

Part 351.402(b): Competitive Area.

Part 351.403: Competitive Level—(This waiver applies only to the extent necessary to replace “grade” with “pay band.”)

Part 351, Section 351.504: As it relates to years of credit.

Part 351, Section 351.701: Assignment Involving Displacement—(This waiver applies to the extent that employee bump and retreat rights will be limited to one pay band except in the case of 30 percent preference eligible, and to include employees with an unsatisfactory current rating of record.)

Part 410, Section 410.308(a-f): Training to obtain an academic degree.

Part 410, Section 410.309: Agreements to Continue in Service—(This waiver applies to that portion that pertains to the authority of the head of the agency to determine continued service requirements, to waive repayment of

such requirements, and to the extent that the service obligation is to the CECOM RDE organizations.)

Part 430, Section 430.203: Rating of Record—(This waiver applies to the extent that the definition shall also include ratings for interns that are based on less than the whole appraisal period and improved ratings following an opportunity to demonstrate acceptable performance as provided for in the waiver of 351.504.)

Part 430, Section 430.210: OPM Responsibilities

Part 432, Section 432.102: (This waiver applies to the extent that the term “grade level” is replaced with “pay band.”)

Part 432: 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, 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): 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 General Schedule.

Part 511, Section 511.601: 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—substitute 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

Part 530, Subpart C: Special salary rates.

Part 531, Subparts B, D, and E: Determining rate of basic pay, within-grade increases, and quality step increases.

Part 531, Subpart F: Locality pay—(This waiver applies only to the extent necessary to allow (1) demonstration project employees, except employees in Band V of the E&S occupational family, to be treated as General Schedule employees; (2) basic rates of pay under the demonstration project to be treated as scheduled annual rates of pay; and (3) employees in 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—(This waiver applies only to the extent necessary to (1) replace “grade” with “pay band”; (2) provide that pay retention provisions do not apply to conversions from General Schedule 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 General Schedule 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 basic pay payable for the pay band of the employee’s position; and (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 basic pay for GS-15, step 10 (i.e., there is no entitlement to retained rate.) This waiver applies to ST employees if they move to a GS-equivalent position under the demonstration project under conditions that trigger entitlement to pay retention.)

Part 550.703: Severance Pay—(This waiver applies only 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 550.902: Hazardous Duty Differential—(This waiver applies only to the extent necessary to allow demonstration project employees to be treated as General Schedule 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 Bonuses, Relocation Bonuses, Retention Allowances and

Supervisory Differentials. (This waiver applies 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 General Schedule 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 Allowances and Post Differential—Non-foreign Areas (This waiver applies only to the extent necessary to allow (1)

demonstration project employees to be treated as employees under the General Schedule 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 752.401 (a)(3): Adverse Actions. (This waiver applies only 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 basic pay being exceeded by the

minimum rate of basic pay for his/her pay band.)

Part 752.401(a)(4): Adverse Actions. (This waiver applies only to the extent necessary to provide that adverse action provisions do not apply to (1) conversions from General Schedule 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 pay adjustment upon voluntary movement to a non-supervisory position).

#### APPENDIX A

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

Duty location	CECOM Employees	Servicing CPOC
Fort Huachuca, AZ .....	22	West Region.
Melbourne, FL .....	2	NCR.
Miami, FL .....	1	Northeast.
Valparaiso, FL .....	1	Northeast.
Fort Benning, GA .....	1	Northeast.
Fort Wayne, IN .....	1	NCR.
Fort Meade, MD .....	78	NCR.
Fort Meade, MD .....	3	Northeast.
Fort Monmouth, NJ .....	100	Northeast.
Lakehurst, NJ .....	1315	Northeast.
Zimmerman, OH .....	14	Northeast.
Fort Sill, OK .....	1	Northeast.
Arlington, VA .....	29	Southwest.
Fairfax, VA .....	1	Northeast.
Fort AP Hill, VA .....	1	Northeast.
Fort Belvoir, VA .....	5	NCR.
McLean, VA .....	1	NCR.
Fort Monroe, VA .....	571	NCR.
Fort Monroe, VA .....	2	NCR.
Fort Monroe, VA .....	1	Northeast.
<i>Total All Employees</i> .....	2052	

#### CPOCs

Northeast: 1340  
NCR: 661  
Southwest: 29  
West: 22  
*Total: 2052*

#### Appendix B: Occupational Series by Occupational Family

##### I. Engineering & Science

0180 Psychologist Series  
0801 General Engineering Series  
0810 Civil Engineering Series  
0830 Mechanical Engineering Series  
0850 Electrical Engineering Series  
0854 Computer Engineering Series  
0855 Electronics Engineering Series  
0893 Chemical Engineering Series  
0892 Ceramic Engineering Series  
0896 Industrial Engineering Series  
0899 Engineering and Architecture Student Trainee Series  
1301 General Physical Science Series  
1310 Physics Series  
1320 Chemistry Series  
1515 Operations Research Series  
1520 Mathematics Series

1550 Computer Science Series  
1599 Mathematics and Statistics Student Trainee Series  
*II. Business/Technical*  
0018 Safety and Occupational Health Management Series  
0028 Environmental Protection Specialist Series  
0301 Miscellaneous Administration and Program Series  
0334 Computer Specialist Series  
0340 Program Management Series  
0341 Administrative Officer Series  
0342 Support Services Administration Series  
0343 Management and Program Analysis Series  
0346 Logistics Management Series  
0391 Telecommunications Series  
0501 Financial Administration and Program Series  
0510 Accounting Series  
0560 Budget Analysis Series  
0802 Engineering Technician Series  
0818 Engineering Drafting Series  
0856 Electronics Technician Series  
1001 General Arts and Information Series  
1082 Writing and Editing Series

1083 Technical Writing and Editing Series  
1084 Visual Information Series  
1101 General Business and Industry Series  
1102 Contracting Series  
1150 Industrial Specialist Series  
1152 Production Control Series  
1311 Physical Science Technician Series  
1410 Librarian Series  
1412 Technical Information Services Series  
1499 Library and Archives Student Trainee Series  
1521 Mathematics Technician Series  
1601 General Facilities and Equipment Series  
1640 Facility Management Series  
1670 Equipment Specialist Series  
1910 Quality Assurance Series  
2001 General Supply Series  
2003 Supply Program Management Series  
2010 Inventory Management Series  
2101 Transportation Specialist Series  
2130 Traffic Management Series  
2181 Aircraft Operation Series  
2200 Information Technology Series

##### III. General Support

0085 Security Guard Series  
0086 Security Clerical and Assistance Series (Non-CIPMS)



0302 Messenger Series  
 0303 Miscellaneous Clerk and Assistant Series  
 0305 Mail and File Series  
 0312 Clerk-Stenographer and Reporter Series  
 0318 Secretary Series  
 0326 Office Automation Clerical and Assistance Series  
 0332 Computer Operation Series  
 0335 Computer Clerk and Assistant Series  
 0344 Management Clerical and Assistance Series  
 0394 Communications Clerical Series  
 0399 Administration and Office Support Student Trainee Series  
 0525 Accounting Technician Series  
 0561 Budget Clerical and Assistance Series  
 01087 Editorial Assistance Series  
 01411 Library Technician Series  
 2005 Supply Clerical and Technician Series  
 2102 Transportation Clerk and Assistant Series

### Appendix C: Performance Elements

Each performance element is assigned a minimum weight. The total weight of all elements in a performance plan is 100. The supervisor assigns 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 against element 6.

1. *Technical Competence*: Exhibits and maintains knowledge, skills and abilities and initiative to produce quality work as defined in individual performance objectives. Assignments are completed in a timely manner with an appropriate level of supervision. The quality and quantity of

work meets expectations. Makes prompt, technically sound decisions and recommendations that get the desired results. Where appropriate, seeks and accepts developmental and/or special assignments. Minimum Weight: 15%

2. *Interpersonal Skills*: Provides or exchanges oral/written ideas and information in a manner that is timely, accurate and easily understood. Listens effectively so that resultant actions show complete comprehension. Coordinates actions appropriately so that others are included in, and informed of, decisions and actions. Is an effective team player. Accepts personal responsibility for assigned tasks. Is considerate of differing viewpoints, exhibiting willingness to compromise on areas of difference. Exercises tact and diplomacy and maintains effective relationships both within and external to the organization. Readily gives assistance and shows appropriate respect and courtesy. Minimum Weight: 10%

3. *Management of Time and Resources*: Meets schedules and deadlines. Arranges work schedules to effectively balance difficult and time-consuming high priority tasks with other lower priority and less time consuming tasks. Generates and accepts new ideas and methods for increasing work efficiency. Effectively utilizes and, where appropriate, properly controls available resources. Minimum Weight: 15%

4. *Customer Satisfied*: Demonstrates care for customers through responsive, courteous, and reliable actions. Promotes relationships of trust and respect. Maintains solid working relationship with existing customers and where appropriate seeks out and develops new customers. Responds to taskings and develops practical solutions to satisfy those needs. Keeps customer informed. Within the scope of job responsibility seeks out and

develops new programs and/or reimbursable customer work.

Minimum Weight: 10%

5. *Team/Project Leadership*: Ensures that the organization/project strategic plan, mission, vision and values are communicated into the team work plans, products and services. Provides advice on work methods practices and procedures. Assists members in identifying viable solutions to work issues. As appropriate, distributes and balances workload, checks on work in progress, makes adjustments as needed. Reports to the supervisor on team and individual work accomplishments, problems and training needs. Resolves simple, informal complaints, informs supervisor of performance management issues/problems. (Mandatory for team leaders optional for others, e.g. project leaders.)

Minimum Weight: 15%

6. *Supervision and EEO*: Plans, develops, communicates and directs the implementation of strategic and operational goals and objectives of the organization. Allocates, and monitors resources and equitably distributes work to subordinates. Initiates personnel actions to recruit, select, promote and/or reassign employees in a timely manner. Develops subordinates, through counseling and positive motivational techniques on job expectations, identification of training needs, and attainment of career goals. Recognizes and rewards quality performance. Takes corrective action to resolve inadequate performance or behavioral issues. Applies EEO and Merit Principles. Creates a positive, safe and challenging work environment. Ensure appropriate internal controls to prevent fraud, waste or abuse and to safeguard assigned property and resources. (Mandatory for managers/ /supervisors) Minimum Weight: 25%

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<u>INTERVENTION</u>	<u>EXPECTED EFFECTS</u>	<u>MEASURES</u>	<u>DATA SOURCES</u>
1. <u>Compensation</u>			
<u>a. Paybanding</u>	- increased organizational flexibility	- perceived flexibility	- attitude survey
	- reduced administrative workload, paperwork reduction	- actual/perceived time savings	- personnel office data, PME results, attitude survey
	- advanced in-hire rates	- starting salaries of banded v. non-banded employees	- workforce data
	- slower pay progression at entry levels	- progression of new hires over time by band, career path	- workforce data
	- increased pay potential	- mean salaries by band, career path, demographics	- workforce data -personnel office data
		- total payroll costs	
	- increased satisfaction with advancement	- employee perceptions of advancement	- attitude survey
	- increased pay satisfaction	- pay satisfaction, internal/external equity	- attitude survey
	- improved recruitment	- offer/acceptances rations	personnel office data
	- percent declinations		
<u>b. Conversion buy-in</u>	- employee acceptance	- employee perceptions of equity, fairness	- attitude survey
<u>c. Pay differential/adjustments</u>	Increased incentive to accept supervisory/ team leader positions	- cost as a percent of payroll	-workforce data
		-perceived motivational power	-attitude survey
2. <u>Performance</u>			
<u>Management</u>			

<u>a. Cash awards/ bonuses</u>	- reward/motivate performance	-perceived motivational power	- attitude survey
	- to support fair and appropriate distribution of awards	- amount and number of awards by career path, demographics	- workforce data
		- perceived fairness of awards	- attitude survey
		- satisfaction with monetary awards	- attitude survey
<u>b. Performance based pay progression</u>	- increased pay-performance link	- perceived pay-performance link	- attitude survey
		- perceived fairness of ratings	- attitude survey
	- improved performance feedback	- satisfaction with ratings	- attitude survey
		- employee trust in supervisors	- attitude survey
		- adequacy of performance feedback	- attitude survey
	- decreased turnover of high performers/increased turnover of low performers	-turnover by performance 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 expectations and results	- linkage of performance expectations to strategic plans/goals	performance expectations, strategic plans
	- increased employee involvement in performance planning and assessment	- perceived involvement	- attitude survey/focus group
		- performance management procedures	- personnel regulations

<u>c. New appraisal process</u>	- reduced administrative burden	- employee and supervisor - attitude survey perception of revised procedures
	- improved communication	- perceived fairness of process - focus groups
<u>d. Performance development</u>	- better communications of performance expectations	- feedback and coaching - focus groups procedures used - personnel office data
		time, funds spent on training by demographics - training records
	- improved satisfaction and quality of workforce	- perceived workforce quality - attitude survey
<u>3. Classification</u>		
<u>a. Improved classification system with generic standards in an automated mode</u>	- reduction in amount of time and paperwork spent on classification	- time spent on classification procedures - personnel office data
		- reduction of paper work/number of personnel actions (classification/promotion) - personnel office data
	- ease of use	- managers' perceptions of time savings, ease of use - attitude survey
<u>b. Classification authority delegated to managers</u>	- increased supervisory authority/accountability	- perceived authority - attitude survey
	- decreased conflict between management and personnel staff	- number of classification disputes/appeals pre/post - personnel records

		- management satisfaction	- attitude survey
		with service provided by	
		personnel office	
	- no negative impact on internal pay equity	- internal pay equity	- attitude survey
<u>c. Dual career ladder</u>	- increased flexibility to assign employees	- assignment flexibility	- focus groups, surveys
	- improved internal mobility	- perceived internal mobility	- attitude survey
	- increased pay equity	- perceived pay equity	
	- flatter organizational structure	- supervisory/non-supervisory ratios	- workforce data
	- improved quality of supervisory staff	- employee perceptions of quality of supervision	- attitude survey
<u>4. Modified RIF</u>	- minimize loss of high performing employees with needed skills	- separated employees by demographics, performance scores	- workforce data - attitude survey/focus group
	- contain cost and disruption	- satisfaction with RIF process	- attitude survey/focus group
		- cost comparison of traditional vs. modified RIF	- personnel office/budget data
		- time to conduct RIF	- personnel office data
		- number of appeals/reinstatements	- personnel office data
<u>5. Hiring Authority</u>			
<u>Delegated Examining</u>	- 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
		- timeliness of job offers	- personnel office data
		- GPAs of new hires, educational levels	- personnel office data
	- reduced administrative workload/paperwork reduction	- actual/perceived skills	- attitude survey
<u>Term Appointment</u>	- increased capability to expand and	- number/percentage of	- workforce data
<u>Authority</u>	contract workforce	conversions from modified term to permanent appointments	- personnel office data
<u>Flexible Probationary</u>	- expanded employee assessment	- average conversion period to permanent status	- workforce data
<u>Period</u>		- number/percentage of employees completing probationary period	- personnel office data
		- number of separations during probationary period	- workforce data
			- personnel office data
<b>6. Expanded Development Opportunities</b>			
<u>a. Sabbaticals</u>	- expanded range of professional growth and development	- number and type of opportunities taken	- workforce data
	- application of enhanced knowledge and skills to work product	- employee and supervisor perceptions	- attitude survey
<u>b. Critical Skills Training</u>	- improved organizational balance	- number and type of training	- personnel office data
		- placement of employees, skills imbalances corrected	- personnel office data
		- employee and supervisor perceptions	- attitude survey

**7. Combination of All****Interventions****All**

- |  |  |  |
|--|--|--|
| - improved organizational effectiveness  | - combination of personnel measures  | all data sources                               |
| - improved management of the workforce   | - employee/management job satisfaction (intrinsic/extrinsic)                                       | - attitude survey                              |
| - improved planning                      | - planning procedures  | - strategic planning documents                 |
|  | - perceived effectiveness of planning procedures   | - organizational charts                        |
| - improved cross functional coordination | - actual/perceived coordination  | - attitude survey                              |
| - increased product success              | - customer satisfaction  | - customer satisfaction surveys                |
| - cost of innovation                     | - project training/development costs (staff salaries, contract costs, training hours per employee) | - demo project records<br>- contract documents |

**8. Context****a. Regionalization**

- |   |                                    |  |
|---|------------------------------------|--|
| - reduced servicing ratios/costs        | - HR servicing ratios              |  |
|   | - average cost per employee served | - personnel office data,<br>- workforce data |
| - no negative impact on service quality | - service quality, timeliness      | - attitude survey/focus groups               |