

## OFFICE OF PERSONNEL MANAGEMENT

### Proposed Laboratory Personnel Management Demonstration Project; Department of the Army, U.S. Army Medical Research and Materiel Command, Fort Detrick, Frederick, Maryland

**AGENCY:** Office of Personnel  
Management.

**ACTION:** Notice of Intent to Implement  
Demonstration Project.

**SUMMARY:** Title VI of the Civil Service Reform Act, 5 U.S.C. 4703, authorizes the Office of Personnel Management (OPM) to conduct demonstration projects that experiment with new and different personnel management concepts to determine whether such changes in personnel policy or procedures would result in improved Federal personnel management.

Public Law 103-337, October 5, 1994, permits the Department of Defense (DOD), with the approval of the OPM, to carry out personnel demonstration projects generally similar in nature to the China Lake demonstration project at DOD Science and Technology (S&T) Reinvention Laboratory sites. The Army is proposing demonstration projects initially to cover five of its S&T Reinvention Laboratories: the Army Research Laboratory; the Missile Research, Development, and Engineering Center; the Aviation Research, Development, and Engineering Center; the Medical Research and Materiel Command; and the Waterways Experiment Station. This proposal is for the Medical Research and Materiel Command (MRMC).

**DATES:** To be considered, written comments must be submitted on or before May 20, 1997; two public hearings will be scheduled as follows: (1) April 21, 1997, at 10:00 a.m., at Fort Detrick, Maryland. (2) April 21, 1997, at 1:00 p.m. by Video Teleconference (VTC) and/or conference calls from Fort Detrick, Maryland covering all MRMC sites geographically located outside of the Fort Detrick, Maryland commuting area. At the time of the hearings, interested persons or organizations may present their written or oral comments for the April 21, 1997 hearing or oral comments for the VTC/conference call hearing on the proposed demonstration project. The hearings will be informal.

Anyone wishing to testify should contact the person listed under **FOR FURTHER INFORMATION CONTACT**, and state the hearing location and date, so that OPM can plan the hearings 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 10 minutes. Written comments may be submitted to supplement oral testimony during the public comment period.

**ADDRESSES:** Comments may be mailed to Fidelma A. Donahue, U.S. Office of Personnel Management, 1900 E Street, NW, Room 7460, Washington, DC 20415; the public hearings will be held at the U.S. Army Research and Materiel Command, Strough Auditorium, 504 Scott Street, Building 611, Fort Detrick, Maryland; and, the VTC/conference call hearings will be conducted at the U.S. Army Research and Materiel Command, Strough Auditorium, 504 Scott Street, in Building 810, Conference Rooms 1 and 2, Fort Detrick, Maryland.

**FOR FURTHER INFORMATION CONTACT:** (1) On proposed demonstration project: Ms. Carol Gartrell, U.S. Army Medical Research and Materiel Command, ATTN: MCMR-RMP, 504 Scott Street, Fort Detrick, Maryland 21702-5012, phone 301-619-7255.

(2) On proposed demonstration project and public hearings: Fidelma A. Donahue, U.S. Office of Personnel Management, 1900 E Street, NW, Room 7460, Washington, DC 20415, phone 202-606-1138.

**SUPPLEMENTARY INFORMATION:** Since 1966, numerous studies of 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 simplified job classification, pay banding, pay-for-performance management system, streamlined hiring processes, expanded employee developmental opportunities, and modified Reduction-in-Force (RIF) procedures.

Office of Personnel Management  
James B. King,  
*Director*

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#### I. Executive Summary

This project was designed by the Department of the Army (DA), with participation of and review by the Department of Defense (DOD) and the Office of Personnel Management (OPM). The purpose of the project is to achieve the best workforce for the Medical Research & Materiel Command (MRMC) mission, adjust the workforce for change, and improve workforce quality.

The foundations of this project are based on the concept of linking performance to pay for all covered positions; simplifying paperwork and the processing of classification and other personnel actions; emphasizing partnerships among management, employees and unions representing covered employees; and delegating classification and other authorities to line managers. Additionally, the research intellect of the MRMC workforce will be revitalized through the use of expanded developmental opportunities. The use of these expanded opportunities will reinvigorate the creative intellect of the research and development community.

Development and execution of this project will be in-house budget neutral, based on a baseline of September 1995 in-house costs and consistent with the DA plan to downsize laboratories. Army managers at the DOD S&T Reinvention Laboratory sites will manage and control their personnel costs to remain within established in-house budgets. An in-house budget is a compilation of costs of the many diverse components required to fund the day-to-day operations of a laboratory. These components generally include pay of people (labor, benefits, overtime, awards), training, travel, supplies, non-capital equipment, and other costs depending on the specific function of the activity.

This project will be under the joint sponsorship of the Assistant Secretary of the Army for Research, Development

and Acquisition and the Assistant Secretary of the Army for Manpower and Reserve Affairs. The Commander, U.S. Army Medical Command (MEDCOM), will execute and manage the project. Project oversight within the Army will be achieved by an executive steering committee made up of top-level executives, co-chaired by the Deputy Assistant Secretary of the Army for Research and Technology and the Deputy Assistant Secretary of the Army (Civilian Personnel Policy)/Director, Civilian Personnel. Oversight external to the Army will be provided by DOD and OPM.

## II. Introduction

### A. Purpose

The purpose of the project is to demonstrate that the effectiveness of DOD laboratories can be enhanced by allowing greater managerial control over personnel functions and, at the same time, expanding the opportunities available to employees 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. The perceived deterioration of quality is due, in substantial part, to the erosion of control which line managers have over their human resources. This demonstration, in its entirety, attempts to provide managers, at the lowest practical level, the authority, control, and flexibility needed to achieve quality laboratories and quality products.

### B. Problems with the Present System

The MRMC provides medical solutions for military requirements to protect and sustain the force. To do this, its management must acquire and retain an enthusiastic, innovative, and highly educated/trained workforce. The MRMC 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. Today, industry laboratories can make an offer of employment to a promising new hire before the government can prepare the paperwork necessary to begin the recruitment process.

Currently, jobs are described using a cumbersome classification system that is overly complex and specialized. This hampers a manager's ability to shape the workforce and match the positions while making best use of the employees. Managers must be given local control of positions and their classification to move both their employees and vacancies freely within their

organization to other lines of the business activities to match the life cycle needs of supported customers.

These issues work together to hamper supervisors in all areas of human resource management. Hiring restrictions and overly complex job classifications, coupled with poor tools for rewarding and motivating employees and a system that does not assist managers in removing poor performers, builds stagnation in the workforce and wastes valuable time.

### C. Changes Required/Expected Benefits

This project is expected to demonstrate that a human resource system tailored to the mission and requirements of the MRMC will result in: (a) Increased quality in the total workforce and the products they produce; (b) increased timeliness of key personnel processes; (c) increased retention of high quality employees and increased non-retention of poor quality employees; and (d) increased satisfaction with the MRMC and its products by all customers served.

The MRMC demonstration project builds on the successful features of demonstration projects at China Lake and the National Institute of Standards and Technology (NIST). These demonstration projects have produced impressive statistics on the job satisfaction for their employees versus that for the federal workforce in general. Therefore, in addition to expected benefits mentioned above, the MRMC demonstration project expects to find more satisfied employees on many aspects of the demonstration project including pay equity, classification accuracy, and fairness of performance management. A full range of measures will be collected during Project Evaluation (Section VII).

### D. Participating Organization

This demonstration project will cover approximately 1250 MRMC civilian employees at all geographic sites within the United States. It should be noted that many sites currently employ fewer than 10 people and that the sites may change as the MRMC reorganizes, realigns, and complies with Base Realignment and Closure Act requirements. Successor organizations will continue coverage in the demonstration project. Approximately 46 percent of covered employees are located at Fort Detrick, Frederick, Maryland. The remaining employees are located at the following sites: Aberdeen Proving Ground, Maryland; Falls Church, Virginia; Fort Rucker, Alabama; Fort Sam Houston, Texas; Natick, Massachusetts; Washington, DC;

Tobyhanna Army Depot, Pennsylvania; Fort Lee, Virginia; Tracy, California; Ogden, Utah; Brooks Air Force Base, Texas; Dayton, Ohio; Tripler Army Medical Center, Hawaii; and Fort Bragg, North Carolina. Additionally, the MRMC has some employees participating in the Flexiplace Program who are geographically located at Fort Collins, Colorado; Clarksville, Tennessee; and Jefferson, Maryland.

### E. Participating Employees

The demonstration project includes appropriated funded civilian employees in the competitive and excepted service (to include non-citizens hired in the absence of qualified citizens) paid under the General Schedule (GS) and Scientific and Professional (ST) pay systems, and DA Interns. Senior Executive Service (SES) employees, Federal Wage System employees, and employees assigned to the GS-080 series and presently covered by the Civilian Intelligence Personnel Management System (CIPMS), will not be covered in the demonstration project. Personnel added to the MRMC in like positions, either through appointment, promotion, reassignment, change to lower grade or where their functions and positions have been transferred into the MRMC, will be converted to the demonstration project.

The personnel systems for 5 U.S.C. 3104 (ST) positions will change only to the extent that 3104 positions are in the same performance appraisal and awards systems as other positions. Classification, staffing, compensation and reduction-in-force procedures, however, will not change. 5 U.S.C. 3104 employees will not receive the pro rata share payout upon completion of one year of coverage in the demonstration project. Pay adjustments for their positions under the project will be carried out in accordance with existing Federal rules pertaining to 3104 pay adjustments. (See 5 U.S.C. 5376)

### F. Labor Participation

The National Federation of Federal Employees (NFFE) and the American Federation of Government Employees (AFGE), represent professional and nonprofessional GS employees at some sites within the MRMC. The MRMC is continuing to fulfill its obligations to consult and/or negotiate with the NFFE and AFGE, as appropriate, in accordance with 5 U.S.C. 4703 (F) and 7117. The participation with the NFFE, and AFGE is within the spirit and intent of Executive Order 12871. The bargaining units of MRMC not endorsing the demonstration project will not participate.

### G. Project Design

In October 1994, the MRMC began development of the specifics of this personnel demonstration proposal. A Personnel Demonstration Project Office was established and administrative support added in April 1995. Briefings of the proposal were initially conducted for the workforce at every participating subordinate activity with subsequent briefings provided upon request by Commanders/Directors.

Status of the project is provided to subordinate activity Commanders/Directors, usually on a weekly basis for dissemination to all employees. An electronic mail address was established in the Fall of 1994 and made available to all employees and managers for the purpose of expressing opinions and/or obtaining specific information about the project.

Review of the proposal and input by the MEDCOM, as well as critical and extensive reviews by Headquarters DA, the Office of the Secretary of Defense, and OPM since April 1995, have led to the current configuration of the proposal.

### H. Personnel Management Board

The MRMC intends to establish an appropriate balance between the personnel management authority/accountability delegated to subordinate activity Commanders/Directors and MRMC management/oversight responsibilities by establishing a Personnel Management Board (PMB). The Chairperson and members will be appointed by the Commander MRMC, and oversee/provide policy, guidelines and corrective action as appropriate as subordinate activity Commanders/Directors execute the following:

1. formulate and execute the civilian pay budget;
2. determine the composition of the pay-for-performance pay pools in accordance with the guidelines of this proposal and internal procedures;
3. administer funds allocation to pay pool managers;
4. determine hiring and promotion salaries as well as exceptions to pay-for-performance salary increases;
5. provide guidance to pay pool managers;
6. manage the awards pools;
7. select participants for the Expanded Developmental Opportunities Program, long term training, and any special developmental assignments;
8. adhere to guidelines concerning the promotion of employees into salary ranges designated "high grades";
9. ensure in-house budget neutrality to include tracking of average salaries, FTEs, etc.

10. contact the PMB designee for problem resolution, recommending changes in policy/procedure, etc.

11. ensure that all employees are treated in a fair and equitable manner in accordance with all policies, regulations, and guidelines covering this demonstration project.

### III. Personnel System Changes

#### A. Broadbanding

##### Occupational Families

Occupations at the MRMC will be grouped into occupational families. Occupations will be grouped according to similarities in type of work and customary requirements for formal training or credentials. The common patterns of advancement within the occupations as practiced at DOD Laboratories and in the private sector will also be considered. The current occupations and grades have been examined, and their characteristics and distribution have served as guidelines in the development of the four occupational families described below. Positions included in each occupational family are listed in Appendix A.

1. *Engineers and Scientists.* This occupational family includes all technical professional positions, such as positions in the biological, physical and social sciences, medical, veterinary, mathematical, and engineering fields. Ordinarily, specific course work or educational degrees are required for these occupations.

2. *E&S Technicians.* This occupational family contains specialized functions in fields that provide direct technical support to the scientific/engineering effort. Positions in these occupations may or may not require completion of formal college course work. However, training and skills in the various specialties are generally required.

3. *Administrative.* This occupational family contains specialized functions in such fields as management analysis, accounting, budgeting, contracting, purchasing, legal, business and industry, library, quality assurance, and supply. Special skills in administrative fields or special degrees are required.

4. *General Support.* This occupational family is composed of positions requiring special skills and knowledge, such as typing, shorthand, or office automation skills, and job related experience. Clerical work usually involves the processing and maintenance of records. Assistant work requires knowledge of methods and procedures within a specific administrative area. Support functions include positions such as secretary, mail

clerk, medical clerk, accounting technician and supply technician.

#### Pay Bands

Each occupational family will be composed of discrete pay bands (levels) corresponding to recognized advancement within the occupations. These pay bands will replace grades. They will not be the same for all occupational families. Each occupational family will be divided into three to five pay bands, each pay band covering the same pay range now covered by one or more grades. A salary overlap, similar to the current overlap between GS grades, will be maintained.

Ordinarily, an individual will be hired at the lowest salary in a pay band. Exceptional qualifications, specific organizational requirements, or other compelling reasons may lead to a higher entrance level within a band.

The MRMC broadbanding plan expands the broadbanding concept used at China Lake and NIST by creating Pay Band V of the Engineers and Scientists occupational family. This pay band is designed for senior technical managers and senior scientists/engineers.

Current OPM guidelines covering the Senior Executive Service and Scientific and Professional (ST) positions do not fully meet the needs of MRMC. The SES designation is appropriate for executive level managerial positions whose classification exceeds the GS-15 grade level. The primary knowledges and abilities of SES positions relate to supervisory and managerial responsibilities. Positions classified as ST are designed for bench research scientists and engineers. OPM guidelines state that the duties and responsibilities of ST positions may only include minimal managerial or supervisory responsibility.

MRMC currently has many division/directorate chief positions that have characteristics of both SES and ST classifications. Most division/directorate chiefs in MRMC are responsible for supervising other GS-15 positions, such as branch chiefs, non-supervisory researcher scientists and engineers. Most of these senior positions are classified at the GS-15 level. MRMC management considers the primary requirement for division/directorate chiefs to have knowledge of and expertise in the specific scientific and technology areas related to their mission. The ability to manage, while important, is considered secondary. Historically, these positions have been filled by employees who possess primarily scientific/engineering credentials and who are considered experts in their field by the scientific

community. While it is clear these positions warrant classification beyond the GS-15 level, attempts to classify most of the positions as SES have been difficult because of the organizational structure of MRMC. Classification of the positions as ST is also not an option because the supervisory responsibilities inherent in division/directorate chief positions cannot be ignored. MRMC has positions that do not strictly conform to OPM definitions of either the SES or ST.

The purpose of Pay Band V is to overcome the difficulties identified above by creating a category for two types of positions—the senior technical manager (with full supervisory authority) and the senior scientist engineer (less than full supervisory authority). Current GS-15 division/directorate 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. The proposed salary range is the same as currently exists for ST positions (minimum of 120% of the minimum rate of basic pay for GS-15 with a maximum of the basic rate of pay established for level IV of the Executive Schedule). Vacant positions in Pay Band V will be competitively filled to ensure that selections are made from among the world's preeminent researchers and technical leaders in the specialty fields. Panels of experts from the discipline or an allied discipline that the recruitment action seeks to fill will be created to assist in filling Pay Band V positions. Panel members will be selected from senior military and civilian employees of the MRMC, and an equal number of individuals of equivalent stature from outside the activity to ensure impartiality, breadth of technical expertise, and a rigorous and

demanding review. The panel will apply criteria developed largely from the current OPM Research Grade Evaluation Guide for positions exceeding the GS-15 level. The same procedure will be used for evaluating senior technical manager positions however, the rating criteria will be adjusted to account for the differences in the positions, such as greater emphasis on technical program management and supervisory abilities.

The final component of Pay Band V is the management of all Pay Band V assets. Specifically, this includes authority to classify, create, abolish positions as circumstances warrant; recruit and reassign employees in this pay band; set pay and to have their performance appraised under this project's Pay for Performance System. This authority will be executed within parameters to be established at the DA level, to include controls on the numbers of Pay Band V positions and recruitment/promotion criteria. The specific details regarding the control and management of Pay Band V assets will be included in the demonstration's operating procedures. The laboratory wants to demonstrate increased effectiveness by gaining greater managerial control and authority, consistent with merit, affirmative action, and equal employment opportunity principles.

High-grade controls within the agency currently restrict movement into high grade positions (GS-14/15). OPM definition for broadbanding purposes is a position where the base pay exceeds that of a GS-13, Step 10. Until the high-grade controls are lifted, demonstration employees will not be able to advance into the currently defined pay level of a high-grade, unless a high-grade authorization is available. To

accommodate this, employees whose salary adjustment would place them above the high-grade pay limit in activities where high-grade authorizations are unavailable will receive permanent adjustments to basic salary up to an amount equivalent to one dollar less than the base of the defined high-grade pay structure. Any additional amount granted under pay-for-performance will be paid as a one-time bonus payment from pay-pool funds. This pattern of payout will continue until high-grade authorizations become available.

The proposed pay bands for the occupational families and how they relate to the current GS grades are shown in Figure 1. Application of the Fair Labor Standards Act (FLSA) within each pay band is also shown in Figure 1. This pay band concept has the following advantages:

1. It reduces the number of classification decisions required during an employee's career.
2. It simplifies the classification decision-making process and paperwork. A pay band covers a larger scope of work than a grade, and thus will be defined in shorter and simpler language.
3. It supports delegation of classification authority to line managers.
4. It provides a broader range of performance-related pay for each level. In many cases, employees whose pay would have been frozen at the top step of a grade will now have more potential for upward movement in the broader pay band.
5. It prevents the progression of low performers through a pay band by mere longevity, since job performance serves as the basis for determining pay.

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Figure 1. Occupational Families and Pay Bands

Occupational Families	BANDS														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Engineers & Scientists (DB)	I (N)			II (*)						III (E)			IV (E)	V (E)	
E&S Technicians (DE)	I (N)			II (*)			III (*)			IV (E)					
Administrative (DJ)	I (N)			II (*)						III (E)			IV (E)	V (E)	
General Support (DK)	I (N)			II (*)			III (*)								

FLSA CODES: N - Nonexempt E - Exempt \* - Nonexempt or Exempt

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.

#### BILLING CODE 6325-01-C

#### Fair Labor Standards Act

The FLSA exemption and nonexemption determinations will be made consistent with criteria found in 5 CFR part 551. Supervisors with classification authority will make the determinations on a case-by-case basis with reference to documentation in the operating procedures manual and the advice and assistance of the Civilian Personnel Offices (CPO)/Civilian Personnel Advisory Centers (CPAC)/Civilian Personnel Operations Centers (CPOC). The generic position descriptions will not be the sole basis for the determination. The basis for exemption/non-exemption will be documented and attached to each description. Exemption criteria will be narrowly construed and applied only to those employees who clearly meet the spirit of the exemption. The basis for determinations will be reviewed as a part of the performance review process and when salary adjustments are warranted. Changes will be documented and provided to the CPO/CPAC/CPOC, as appropriate.

#### Simplified Assignment Process

Today's environment of rightsizing and workforce transition mandates that the MRMC have maximum flexibility to assign duties and responsibilities to individuals. Broadbanding can be used to address this need. As a result of the assignment to a particular level

descriptor, the organization will have maximum flexibility to assign an employee with no change in pay, within broad descriptions consistent with the needs of the organization, and the individual's qualifications and rank or 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 level descriptor, or benchmark position description.

Such assignments within the coverage of the generic descriptors are accomplished without the need to process a personnel action. 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 a broader latitude in assignments and further streamlines the administrative process and system.

#### Promotions

A promotion is the movement of an employee to a higher pay band within the same occupational family or to a pay band in a different occupational family which results in an increase in the employee's salary. 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.

Promotions will be processed under competitive procedures in accordance with merit principles and requirements. The following actions are excepted from competitive procedures:

(a) Re-promotion to a position which is in the same pay band 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) Impact of person on the job, accretion of duties, and Factor IV process (application of the Research Grade Evaluation Guide, Equipment Development Grade Evaluation Guide or similar guides) promotions.

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

## Link Between Promotion and Performance

To be promoted competitively or noncompetitively from one band to the next, an employee must meet the minimum qualifications for the job and have a current performance rating of "B" or better (see Performance Evaluation) or equivalent under a different performance management system.

### B. Classification

#### Introduction

The objectives of the new classification system are to simplify the classification process, make the process more serviceable and understandable, and place more decision-making authority and accountability with line managers. All positions listed in Appendix A will be in the classification structure. Provisions will be made for including other occupations as employment requirements change in response to changing missions and technical programs.

#### Occupational Series

The present GS classification system has over 400 occupations (also called series), which are divided into 22 groups. The occupational series will be maintained. New series, established by OPM, may be added as needed to reflect new occupations in the workforce. Appendix A lists the occupational series currently represented at the MRMC by occupational family.

#### Classification Standards

MRMC will use a classification system that is a modification of the system now in use at the US Navy, Naval Command, Control and Ocean Surveillance Center, San Diego, California. The present classification standards will be used to create local benchmark position descriptions for each pay band, reflecting duties and responsibilities comparable to those described in present classification standards for the span of grades represented by each pay band. There will be at least one benchmark position description for each pay band. A supervisory benchmark position description will be added to those pay bands that include supervisory employees. Present titles and series will continue to be used in order to recognize the types of work being performed and educational backgrounds and requirements of incumbents. Locally developed speciality codes and OPM functional codes will be used to facilitate titling, making qualification determinations, and assigning

competitive levels to determine retention status.

#### Position Descriptions and Classification Process

The MRMC Commander will have delegated classification authority and will redelegate this authority to subordinate activity Commanders/Directors for redelegation to activity managers as appropriate. New position descriptions will be developed to assist managers in exercising delegated position classification authority. Managers will identify the occupational family, job series, the functional code, the speciality code, pay band level, and the appropriate acquisition codes. The manager will document these decisions on a cover sheet similar to the present DA Form 374. Speciality codes will be developed by Subject Matter Experts (SMEs) to identify the special nature of work performed. Functional codes are those currently found in the OPM Introduction to the Classification Standards which defines certain kinds of activities, e.g., Research, Development, Test and Evaluation, etc., and covers Engineers & Scientists (E&S).

#### Classification Appeals

An employee may appeal the occupational family, occupational series, or pay band of his or her position at any time. The employee may accomplish this by exercising any of the following options: (a) The employee must formally raise the areas of concern to supervisors in the immediate chain of command, either verbally or in writing, (b) If the employee is not satisfied with the supervisory response, the employee may appeal to the appellate level within DoD or may appeal directly to OPM, (c) If the employee elects to first appeal to DoD but is not satisfied with this response, he/she may appeal to the Office of Personnel Management. Appellate decisions from OPM are final.

The evaluation of a classification appeal is based on the MRMC Personnel Demonstration Project Classification Standards.

### C. Pay-for-Performance Management System

#### Performance Evaluation

##### Introduction

The performance appraisal system will link compensation to performance through annual performance evaluations and performance ratings. The performance appraisal system will allow optional use of peer evaluation input and/or input from subordinates whenever appropriate. The system will have the flexibility to be modified, if

necessary, as more experience is gained under the project. Details of the system may be found in the implementing instructions.

#### Performance Objectives

Performance objectives are statements of job responsibilities based on the work unit's mission, goals, and supplemental benchmark position descriptions. Employees and supervisors will jointly develop performance objectives which will reflect the types of duties and responsibilities expected at the respective pay level. The performance objectives, representing joint efforts of employees and their rating chains, should be in place within 30 days from the beginning of each rating period.

#### Performance Elements

New performance elements and rating forms will be designed to implement a new scoring and rating system. The new performance evaluation system will be based on critical performance elements defined in Appendix C. All elements in the new performance evaluation system are critical. Non-critical elements will not be used. Each performance element is assigned a weight between a specified range. The total weight of all elements in a performance plan is 100 points. The supervisor assigns each element some portion of the 100 points in accordance with its importance for mission attainment. These weights will be developed along with employee performance objectives.

#### Mid-Year Review

A mid-year review between a supervisor and employee will be held to determine whether objectives are being met and whether performance objectives should be modified to reflect changes in planning, workload, and resource allocation. Additional reviews may be held as deemed necessary by the supervisor. The weights assigned to performance elements will be changed, if necessary.

#### Performance Appraisal

A performance appraisal is scheduled for the final weeks of the annual performance cycle, although an individual performance appraisal may be conducted at any time after 60 days on approved standards. The performance appraisal process brings supervisors and employees together for formal discussions on performance and results in (1) written appraisals, (2) performance ratings, (3) performance pay increases and/or bonuses, (4) cash awards, and (5) other individual performance-related actions, as appropriate. A performance appraisal

may consist of two meetings held between employee and supervisor: the performance review meeting and the evaluation feedback meeting.

**Performance Review Meeting Between Employee and Supervisor**

The review meeting is to discuss job performance and accomplishments. Supervisors do not assign scores, ratings, pay increases, or awards at this meeting. The supervisor notifies the employee of the review meeting in time to allow the employee to prepare a list of accomplishments. Employees will be given an opportunity at the meeting to give a personal performance assessment and describe accomplishments. The supervisor and employee discuss job performance and accomplishments in relation to the performance elements, objectives, and planned activities established in the performance plan.

**Evaluation Feedback Meeting Between Employee and Supervisor**

In this second meeting between employee and supervisor, the supervisor informs the employee of management's appraisal of the employee's performance, the employee's performance score and rating, and any recommended related pay increase, bonus, award, or other personnel action. During this second meeting, the supervisor and employee will discuss and document performance objectives for the next rating period.

**Performance Scores**

Selection of the weighted points to assign to an employee's performance is assisted by use of benchmark performance standards (appendix D). Each benchmark performance standard describes the level of performance associated with a particular point on a rating scale. Supervisors may add supplemental standards to the performance plans of the employees they supervise to further elaborate the benchmark performance standards.

The overall score is the sum of the individual element scores. Employees will receive an academic-type rating of "A", "B", "C", or "F" depending upon the percentage of goal attainment. These summary ratings are representative of Pattern E in Summary Level Chart in 5 CFR 430.208(d)(1). This rating will become the rating of record, and only those employees rated "C" or higher (any element rated less than 50 percent is unacceptable performance) will be eligible to receive performance-based pay increases and/or bonuses or retention years credit for RIF. A rating of "A" will be assigned for scores of 85 to 100 points, "B" for scores of 70

through 84, "C" for scores of 50 through 69, and "F" for scores of 0 through 49

[Note: An "F" constitutes an unacceptable rating]. The academic-type ratings will be used to determine pay or bonus values and to award additional RIF retention years as follows:

Rating	Compensation	RIF retention years added
"A" .....	4 shares .....	10.
"B" .....	2 shares .....	7.
"C" .....	1 share .....	3 (SEE NOTE).
"F" .....	0 .....	0.

Note: Only those employees rated "C" or higher (with no element rated less than 50 percent) will be eligible to receive performance-based pay increases and/or bonuses or retention years credit for RIF retention.

**Performance Based Actions**

MRMC will implement a two step process to deal with poor performers. This process may lead to involuntary separations with grievance or appeal rights if the overall level of performance is below that of a "C" rating or the employee receives less than 50 percent of the assigned benchmark score in any element.

The process will begin with the recognition that an employee's performance is unacceptable (any element rated less than 50 percent of the assigned benchmark score), or that an employee receives an annual rating of "F". The two steps are as follows: (1) performance improvement plan (PIP), and (2) separation.

When the employee is determined to be performing below the "C" level, or below 50% of the assigned benchmark score in any element, the supervisor and employee will develop a structured PIP that will be monitored for a reasonable period of time.

If the employee fails to improve after this structured plan, the employee will be given notice of proposed appropriate action. The activity may consider a change in assignment or reduction in pay as opposed to removal if the mission, organizational structure and available resources warrant such action. The separated employee will have subsequent due process recourse as a former employee. (Note: Performance based adverse actions may be taken under 5 U.S.C., Chapter 75, rather than Chapter 43).

If, as a result of the PIP, an employee's performance improves to the "C" or above level, or the 50% or above level in all assigned benchmark level elements, prior to the end of the annual performance cycle, the employee is

appraised again at the end of the annual performance cycle. If the employee attains an annual rating of "C" or higher, an increase to base pay and/or bonus and RIF retention years credit will be earned.

If, as a result of the PIP, an employee's performance improves to the "C" or above level, or the 50% or above level in all assigned benchmark level elements, after the end of the annual performance cycle, employment continues but no increase to base pay and/or bonus or RIF retention years credit are granted.

**Employee Relations**

Employees covered by the project will be evaluated under a performance evaluation system that affords grievance rights comparable to those provided currently. The MRMC will maintain the substantive and procedural appeal rights currently afforded when taking action for misconduct and poor performance.

**Senior Executive Service and 5 U.S.C. 3104 (ST) Employees**

Members of the SES will remain under the current SES performance appraisal system. 5 U.S.C. 3104 (ST) employees will be included in the project performance evaluation system, but will not be in the project pay-for-performance system.

**Awards**

The MRMC currently has an extensive awards program consisting of both internal and external awards. While not linked to the pay-for-performance system, awards will continue to be given 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, and may be modified or expanded as appropriate. Major Army Command (MACOM) and DOD awards and other honorary noncash awards will be retained.

In an effort to foster and encourage team work among its employees, a Commander/Director may allocate a sum of money to a team for outstanding completion of a special task or significant achievement, and the team may decide the individual distribution of the total dollars among themselves.

Members of the SES will remain under their current awards system and will not participate in the project performance recognition bonus awards program. 5 U.S.C. 3104 (ST) employees will be eligible for cash awards.

## Pay Administration

### Introduction

The objective is to establish a pay system that will improve the ability of the MRMC to attract and retain quality employees. The new system will be a pay-for-performance system and, when implemented, will result in a redistribution of pay resources based upon individual performance.

### Pay-for-Performance

MRMC will use a simplified performance appraisal system that will permit both the supervisor and the employee to focus on quality of the work. The proposed system will permit the manager/supervisor to base compensation on performance or value added to the goal of the organization rather than on longevity and risk aversion. This system will allow managers to withhold pay increases from nonperformers, thereby giving the nonperformer the incentive to improve performance or leave government service.

Pay-for-performance has two components: performance pay increases (i.e. base pay increases) and/or bonuses. All covered employees will be given the full amount of locality pay adjustments when they occur, regardless of performance. The funding for performance pay increases and/or

bonuses is composed of money previously available for the annual general increase, within-grade increases, quality step increases, and promotions from one grade to another when the grades are now in the same pay band. Additionally, funds will be obtained from salary increases withheld for poor performance (see *Performance Evaluation*).

### Performance Pay Pool

The funding in the performance pay pool will be used for base pay increases and performance bonus pay. The payouts made to employees from the performance pay pool may be a mix of base pay increases and bonus payments, subject to the pay ceiling in the pay bands.

The Headquarters, MRMC Comptroller, in conjunction with each subordinate activity Commander/Director, will calculate the total performance pay pool and allocate pay pools to subordinate activities. Each subordinate activity Commander/Director will allocate pay pools to organizational units or teams as appropriate.

### Performance Pay Increases and/or Performance Bonuses

A pay pool manager is accountable for staying within pay pool limits. The pay pool manager assigns pay increases and/

or bonuses to individuals on the basis of an academic-type rating, the value of the performance pay pool resources available, and the individual's current basic rate of pay within a given pay band. A pay pool manager may request approval from the Commander/Director or his/her designee to grant a performance pay increase/performance bonus to an employee that is higher than the compensation formula for that employee to recognize extraordinary achievement or to provide accelerated compensation for local interns.

A share value will be initially calculated for each individual based upon a pay pool assignment that will be composed of monies outlined previously. For illustration purposes, approximately 3 percent of the value of the combined basic rates of pay of the assigned employees will be used. A share will be calculated so that a pay pool manager will not exceed the resources that are available in the pay pool. The share value for an individual will be determined by a relationship that considers the individual's current basic rate of pay with respect to the maximum pay rate in the respective pay band. This relationship is as follows:

$$\text{Individual Pay Increase} = \frac{\text{Pool Value} * \text{SAL}_i^*, N_i}{\text{SUM} (\text{SAL}_j * N_j); j = 1 \text{ to } n}$$

where:

Pool Value =  $0.03 * \text{SUM} (\text{SAL}_k)$ ;  $K = 1 \text{ to } n$

$n$  = number of employees in pay pool  
 $N$  = Number of Shares (0-4) earned by an employee based on their performance rating

$\text{SAL}$  = An individual's basic rate of pay  
 $\text{SUM}$  = The summation of the entities in parenthesis over the range indicated

To illustrate the formula, the basic rates of pay of the 10 employees in a pay pool, who each earn \$50,000 per year, total to \$500,000. The employees earned a total of 30 shares based on their ratings (5 individuals earned an "A" rating, and 5 individuals earned a "B" rating). The pay pool value is then 3 percent of the sum of \$500,000, or \$15,000. The individual performance pay increase being determined is for an individual who earns \$50,000 per year and receives a "B" on the appraisal, thus earning 2 shares. Using the formula, the individual performance pay increase is calculated by multiplying the pay pool value, \$15,000,

by the individual basic rate of pay, \$50,000, by the number of shares earned, 2. This product is divided by the sum of the products of the individual basic rates of pay times the number of shares earned, or 1,750,000. The resulting individual performance pay increase is \$1,000.00 for the year.

An annual performance pay increase could range between all of the performance pay increase formula or none of it, depending on the current pay of the employee. For example, a mid-point principle will be used to determine performance pay increases. This principle requires that employees in all pay bands must receive a B rating or higher to advance their basic rate of pay beyond the mid-point dollar threshold of their respective pay bands. If the performance pay increase formula yields a dollar value for a C-rated employee that would increase their basic rate of pay beyond the mid-point dollar threshold, then their basic rate of pay will be adjusted to the mid-point dollar threshold and the balance

converted to a performance bonus. Once an employee has progressed beyond the mid-point dollar threshold, future performance pay increases will require a "B" rating or greater. If an employee attains a "C" rating and is beyond the mid-point dollar threshold, performance pay increases will be restricted to performance bonuses only.

An annual performance pay increase could be all the compensation formula or none of it, depending on the current basic rate of pay of the employee. Annual performance pay increases will be limited to the difference between the particular band pay cap and the employee's current basic rate of pay, or total dollar value of shares, whichever is less, with the balance converted to a performance bonus. This means that employees whose basic rates of pay have reached the upper limits of a particular pay band will receive most performance compensation as a performance bonus. Cash bonuses will not become a part of the employee's basic rate of pay. Employees receiving



retained rates are subject to special rules governing basic pay adjustments. They may receive pay increases ranging from 0 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.

#### Supervisory Bonus

Supervisory bonuses of up to 10% of the basic rate of pay may be paid at the discretion of Commanders/Directors to supervisors with employees in the same pay band. In exceptional cases (approved by HQ, MRMC), supervisors who do not have employees in the same pay band may be compensated up to 5% of basic rate of pay. Supervisory bonuses are not part of the basic rate of pay. The bonus will not apply to 5 U.S.C. 3104 (ST) positions. Employees who qualify for the bonus include supervisors in all occupational families with formal supervisory authority meeting that required for coverage under the OPM GS Supervisory Guide. The bonus may be paid at the beginning of a performance period.

Because the bonus is paid at the beginning of the appraisal period, if the individual leaves a supervisory position or is removed from supervisory responsibilities (unless effected through RIF action), the prorated portion of the bonus for the non-supervisory portion of the performance year will be recovered as a debt due the Government. Before any supervisory bonus is paid, the supervisor will sign an agreement to make any required repayment.

#### 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 USC 5307, and 5 CFR part 530, Subpart B, except for employees in Pay Band V of the Engineers and Scientists Occupational Family. In this case, the maximum rate of basic pay will be that which is established for level IV of the Executive Schedule.

In addition, each pay band will have its own pay ceiling, just as grades do in the current system. The maximum basic pay rates for the various pay bands will be directly keyed to the maximum rate of basic pay for the highest grade (as in the current system) in the band or level IV of the Executive Schedule for Pay Band V of the Engineers and Scientists Occupational Family. Except for retained rates, basic pay will be limited to the maximum rates payable for each pay band.

#### Pay Setting for Promotion

The minimum basic pay increase upon promotion to a higher pay band will be 6 percent. The maximum amount of pay increase upon promotion will not exceed \$10,000.

When a temporary promotion is terminated, the employee's pay entitlements will be redetermined 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 MRMC. In no case may those adjustments increase the pay for the position of record beyond the applicable pay range maximum rate.

#### Placement in a Lower Pay Band

Employees with ratings of "F" or those who receive 50 percent or less of an assigned benchmark score in any element will receive no pay increase and/or bonus. 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 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.

#### D. Hiring and Appointment Authorities

##### Hiring Authority

A candidate's basic eligibility will be determined using Office of Personnel Management's (OPM) Qualification Standards Handbook of General Schedule Positions. Candidates must meet the minimum standards for entry into the payband. For example if the payband includes positions in grades GS-5 and GS-7, the candidates must meet the qualifications for positions at GS-5 level. Specific experience/education required will be determined based on whether a position to be filled is at the lower or higher end of the band. Under the demonstration authority, the MRMC is authorized to modify by increasing QSH qualifications and/or experience or substitutable education requirements. Substitutable education can be modified; however, no changes can be made to standards with positive education requirements or minimum education requirements. In some cases, MRMC will update these standards to reflect current practices in the occupational families and modern curricula in recognized degree programs. Selective placement factors may be established when judged to be critical to successful job performance. These factors must be communicated to

all candidates for specific vacancies and must be met for basic eligibility.

In the proposed system, as with the current system, the individual manager will decide whether to fill a position from among internal candidates or to recruit from outside.

The MRMC is committed to positive affirmative action and equal employment opportunity goals. Line managers will be accountable for understanding and implementing policies designed to meet these goals.

##### Appointment Authority

Under the demonstration project, there will continue to be career and career conditional appointments and temporary appointments not to exceed one year. These appointments will use existing authorities and entitlements. Non-permanent positions (exceeding one year) needed to meet fluctuating or uncertain workload requirements will be filled using a Contingent Employee appointment authority.

Employees hired for more than one year, under the contingent employee appointment authority are given term appointments in the competitive service for no longer than five years. The MRMC Commander is authorized to extend a contingent appointment one additional year. These employees are entitled to the same rights and benefits as term employees and will serve a one year trial period. The Pay-for-Performance Management System outlined in this Plan applies to contingent employees.

Appointment will be made under the same appointment authorities and processes as regular term appointments, but recruitment bulletins must indicate that there is a potential for conversion to permanent employment.

Employees hired under the contingent employee authority 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(s) may be eligible for conversion to career-conditional appointment at a later date; (2) served two years of substantially continuous service in the term position; (3) be selected under merit promotion procedures for the permanent position; and (4) have a current rating of "B" or better.

Employees serving under regular term appointments at the time of conversion to the Demonstration Project will be converted to the new contingent employee appointments provided they were hired for their current positions

under competitive procedures. These employees will be eligible for conversion to career-conditional appointment if they have a current rating of "B" or better (or the equivalent of "B" in their current evaluation system), and are selected under merit promotion procedures for their permanent position after having completed two years of continuous service. Time served in temporary or term positions prior to conversion to the contingent employee appointment is creditable, provided the service was continuous.

#### Extended Probationary Period

The current one-year probationary period will be extended to "up to three years" for all newly hired employees in all pay bands. 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 research cycle and/or to fully evaluate an employee's contribution and conduct. The length of the probationary period for the Engineer and Scientist Occupational Family will be three years. The probationary period for all other occupational families will be two years.

Aside from extending the time period, 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 subject to serving a probationary period that was appointed prior to the implementation date will not be affected. The "up to three year" probation will apply to new hires or those who do not have reemployment rights or reinstatement privileges.

Probationary employees will be terminated when the employee fails to demonstrate proper conduct, technical competency, and/or adequate contribution for continued employment. When the MRMC decides to terminate an employee serving a probationary period because his/her work performance or conduct during this period fails to demonstrate his/her fitness or qualifications for continued employment, it shall terminate his/her services by written notification of the reasons for separation and the effective date of the action. The information in the notice as to why the employee is being terminated shall, as a minimum, consist of the manager's conclusions as to the inadequacies of his/her performance or conduct.

#### Supervisory Probationary Periods

Supervisory probationary periods will be made consistent with 5 CFR part 315, Subchapter 315.901. Employees that have successfully completed the initial probationary period will be required to complete an additional one-year probationary period for the initial appointment to a supervisory position. If, during the probationary period, the decision is made to return the employee to a non-supervisory position for reasons solely related to supervisory performance, the employee will be returned to a comparable position of no lower pay band and pay than the position from which he/she was promoted.

#### Voluntary Emeritus Program

Under the demonstration project, Commanders/Directors will have the authority to offer retired or separated individuals voluntary assignments in their activities. This authority will include individuals who have retired or separated from Federal service. Voluntary Emeritus Program assignments are not considered "employment" by the Federal Government (except for the purposes of injury compensation). Thus, such assignments do not affect an employee's entitlement to buy-outs or severance payments based on an earlier separation from Federal service. The Voluntary Emeritus Program will ensure continued quality research while reducing the overall salary line by allowing individuals to accept retirement incentive with the opportunity to retain a presence within their community. The program will be of most benefit during manpower reductions as individuals could accept retirement and return to provide valuable on-the-job training or mentoring to less experienced individuals.

To be accepted into the emeritus program, a volunteer must be approved by the subordinate activity Commander/Director. Everyone who applies is not entitled to a voluntary assignment. The laboratory Commander/Director must clearly document the decision process for each applicant (whether accepted or rejected) and retain the documentation throughout the assignment. Documentation of rejections will be maintained for two years.

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

Volunteers will not be permitted to monitor contracts on behalf of the government or to participate on any contracts where a conflict of interest exists. The same rules that currently apply to source selection members will apply to volunteers.

An agreement will be established between the volunteer, the subordinate activity Commander/Director, and the servicing CPO/CPAC/CPOC. The agreement will be reviewed by the Headquarters, MRMC legal office for ethics determinations under the Joint Ethics Regulations. 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 and is without compensation, and any and all claims against the Government because of the voluntary assignment are waived by the volunteer,
- (b) A statement that the volunteer will be considered a Federal employee for the purpose of injury compensation,
- (c) 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 subordinate activity (travel, administrative, office space, supplies),
- (f) A one-page or less Statement of Duties and Experience,
- (g) A provision that states 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 member of the Voluntary Emeritus Program,
- (h) A provision allowing either party to void the agreement with 10 working days written notice, and
- (i) The level of security access required (any security clearance required by the position will be managed by the subordinate activity while the volunteer is a member of the Voluntary Emeritus Program).

#### *E. Expanded Developmental Opportunities Program*

The MRMC Expanded Developmental Opportunities Program will cover all permanent demonstration project employees. An expanded developmental opportunity complements existing developmental opportunities such as (1) long-term training, (2) one-year work experiences in an industrial setting via the Relations With Industry Program, (3) one-year work experiences in laboratories of allied nations via the Science and Engineer Exchange Program, (4) rotational job assignments within the MRMC, (5) developmental assignments

in higher headquarters within the Army and DOD, (6) self-directed study via correspondence courses and local colleges and universities, (7) details within MRMC and to other Federal Agencies, and (8) Intergovernmental Personnel Act Agreements.

A developmental opportunity period will not result in loss of (or reduction in) pay or leave to which the employee is otherwise entitled, or credit for time or service. Input for performance rating purposes will be obtained from the gaining organization to ensure a rating of record is on file and, if warranted, a performance award and/or bonus and retention years credit for RIF purposes is documented. Each developmental opportunity period should benefit the MRMC, as well as increase the employee's individual effectiveness. Various learning or uncompensated developmental work experiences may be considered, such as advanced academic teaching or research, sabbaticals, or on-the-job work experience with public or non-profit organizations. Final approval authority will rest with the activity Commander/Director.

The opportunity to participate in the Expanded Developmental Opportunities Program will be announced as opportunities arise. Instructions for application and the selection criteria will be included in the announcement. Final selection for participation in the program will be made by activity Commanders/Directors. The position of employees on an expanded developmental opportunity may be backfilled by temporary promotion, or temporary/contingent employees. However, that position or its equivalent must be made available to the employee returning from the expanded developmental opportunity.

In the event the employee fails to carry out the intent/conditions of the developmental opportunity (except for good and sufficient reason as determined by the activity Commander/Director), the employee shall be liable to the United States for payment of all expenses. The amount shall be treated as a debt due the United States. Employees accepting an Expanded Developmental Opportunity do not have to sign a continuing service agreement as sited in 5 USC 4108(a)(1).

#### *F. Revised Reduction-in-Force (RIF) Procedures*

##### Introduction

When an employee in the MRMC Demonstration Project is faced with separation or downgrading due to lack of work, shortage of funds,

reorganization, insufficient personnel ceiling, the exercise of reemployment or restoration rights, or furlough for more than 30 calendar days or more than 22 discontinuous days, RIF procedures will be used.

The procedures in 5 CFR part 351 and OPM RIF regulations will be followed with the modifications specified below pertaining to competitive areas, assignment rights, credit for performance ratings and service computation date.

##### Competitive Areas

The Headquarters and each subordinate activity of the MRMC will be in a separate competitive area for RIF purposes. Further, within each subordinate activity, detachments located at different geographic sites will be in a separate competitive area for RIF purposes. Each of the four occupational families will be a separate competitive area within each activity. DA Interns will continue to be part of the ACTEDS competitive area.

##### Retention

Within each competitive area, competitive levels will be established consisting of all positions in the same occupational family and pay band which are similar enough in duties, qualifications, and working conditions that the incumbent of one position can perform successfully the duties of any other position in the competitive level without unduly interrupting the work program.

Current RIF regulations will be modified to restrict bumping and retreating to positions within the employee's current occupational family. This feature will minimize the disruption associated with the RIF process. An employee may displace another employee within the same occupational family by bump or retreat to one band below the employee's existing band. A preference eligible veteran with a compensable service-connected disability of 30% or more may retreat to positions two bands (or the equivalent of five (5) grades) below his/her current band.

Reductions-in-force are accomplished using the retention factors of tenure, veterans preference, credit for performance ratings, and length of service, in that order.

Contingent employees are in Tenure Group III for reduction-in-force purposes. Reduction-in-force procedures are not required when separating these employees when their appointments expire.

##### Link Between Performance and Retention

Credit for performance based on the last three (3) ratings of record during the preceding four (4) years will be applied as follows: a rating of "A" equals 10 years; a rating of "B" equals 7 years; a rating of "C" equals 3 years, and a rating of "F" adds no credit for retention. Credit for performance is cumulative, not averaged. Ratings given under non-demonstration systems will be converted to the demonstration rating scheme and provided the equivalent performance rating credit.

In some cases, an employee may not have three (3) annual performance ratings of record. In these situations, performance credit will be given on the basis of assumed ratings of "C".

An employee who has received a written decision to demote him/her to a lower pay band because of unacceptable performance, competes in RIF from the position to which he/she will be/has been demoted. 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 a presumed rating of "C" for purposes of RIF credit.

An employee with a current annual performance rating of "F" has assignment rights only to a position held by another employee who has an "F" rating. An employee who has been given a written decision of removal because of unacceptable performance will be placed at the bottom of the retention register for their competitive level.

##### Notice Period

The RIF notice period will follow OPM guidelines.

##### Grade and Pay Retention

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

##### Use of Voluntary Incentives

Subordinate activity Commanders/Directors currently have delegated authority to grant payments under the VSIP. This authority will continue under this project.

## IV. Training

### *Introduction*

The key to the success or failure of the proposed demonstration project will be the training provided for all involved.

This training will not only provide the necessary knowledge and skills to carry out the proposed changes, but will also lead to commitment to the program on the part of participants.

Training at the beginning of implementation and throughout the demonstration will be provided to supervisors, employees, and the administrative staff responsible for assisting managers in effecting the changeover and operation of the new system.

The elements to be covered in the orientation portion of this training will include:

(1) A description of the personnel system, (2) how employees are converted into and out of the system, (3) the pay adjustment and/or bonus process, (4) familiarization with the new position descriptions and performance objectives, (5) the performance evaluation management system, (6) the reconsideration process, and (7) the demonstration project administrative and formal evaluation process.

#### Supervisors

The focus of this project on management-centered personnel administration, with increased supervisory and managerial personnel management authority and accountability, demands thorough training of supervisors and managers in the knowledge and skills that will prepare them for their new responsibilities. Training will include detailed information on the policies and procedures of the demonstration project, training in using the classification system, position description preparation, and performance evaluation. Additional training may focus on non-project procedural techniques such as interpersonal and communication skills.

#### Administrative Staff

The administrative staff, including personnel specialists, subordinate activity administrative officers, and personnel points of contact will play a key role in advising, training, and coaching supervisors and employees in implementing the demonstration project. This staff will need training in the procedural and technical aspects of the project.

#### Employees

The MRMC Demonstration Project Office will make and coordinate all arrangements necessary to train employees covered under the demonstration project. In the months leading up to the implementation date, meetings will be held for employees to

fully inform them of all project decisions, procedures, and processes.

#### V. Conversion

##### *Conversion to the Demonstration Project*

Initial entry into the demonstration project for covered employees will be accomplished through a full employee protection approach that ensures each employee an initial place in the appropriate occupational family and pay band without loss of pay. Covered employees will be initially converted to appropriate pay bands with respect to type of work performed in accordance with the steps below. If conversion into the demonstration project is accompanied by a geographic move, the employee's GS pay entitlement in the new area must be determined before performing the pay conversion.

a. All employees will be converted at their current base pay at the time of conversion. [Not applicable to special rate employees.]

b. 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 pay band and salary which corresponds to the prior grade of record, plus any adjustments to base pay realized as a result of performance while on the temporary promotion. The only exception will be if the original competitive promotion announcement stipulated that the promotion could be made permanent.

c. All employees in a pay grade corresponding to a pay band will be converted to that pay band.

d. Employees who are covered by special salary rates, prior to the demonstration project, will no longer be considered special rate employees under the demonstration project. These employees will, therefore, be eligible for full locality pay. The total salaries of these employees will not change upon conversion. Rather, the employees will receive a new base pay rate computed by dividing their adjusted basic pay by the locality pay factor (e.g., 1.0711 in the Washington-Baltimore locality pay area) for their area. Employees whose base pay upon conversion does not fit in the applicable pay range and would otherwise be subject to a reduction in pay, will be entitled to retain their converted base rate. A full locality adjustment will then be added to the new base pay rate. Since no employee's total pay will be reduced through the conversion process, adverse action and

pay retention provisions (except as noted above) will not be applicable.

e. Upon conversion to the project, time served toward Within-Grade Increases (WIGs) will be documented and paid to the employee on a prorated basis (number of weeks completed in the waiting period divided by the number of weeks in the waiting period, adjusted using credit for service rules). This payment will be paid to those individuals employed at the one-year anniversary of the demonstration project. Payment will be lump-sum in nature and not a part of basic pay, providing the employee is performing at a "C" level or above.

##### *Conversion or Movement from a Project Position to a General Schedule Position*

If a demonstration project employee is moving to a General Schedule (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 rates of pay to GS-equivalent rates of pay. The converted GS grade and GS rates 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 rates 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 rates 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 rates were actually in effect immediately before the employee left the demonstration project.

##### *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 range 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 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.

#### 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) is converted to a GS adjusted rate on the highest applicable GS rate range for the converted GS grade. (For this purpose, a "GS rate range" includes a rate range in (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).

#### 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).

#### 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. Supporting personnel specialists in CPOs/CPACs/CPOCs will continue to process personnel-related actions and provide consultative and other appropriate services.

#### Automation

The MRMC 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.

#### 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 system is working. The MRMC will make minor modifications, such as changes in the occupational series in an occupational family without further notice. Major changes, such as a change in the number of occupational families, will be published in the Federal Register.

#### VI. Project Duration

Public Law 103-337 removed any mandatory expiration date for this demonstration. The project evaluation plan adequately addresses how each intervention will be comprehensively evaluated for at least the first 5 years of the demonstration (Proposed Plan for Evaluation of the DOD Laboratory Demonstration Program, OPM, 1995). 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 entire demonstration will be reexamined for either: (a) permanent implementation, (b) a continuing test period, or (c) expiration.

#### VII. Evaluation Plan

##### Introduction

In response to the Reinvention Project legislation, OPM will evaluate the project annually and provide briefings and written reports of the findings. The Evaluation Plan stipulates both internal and external evaluation efforts. The phases of the plan are outlined below.

##### Evaluation Phases

The evaluation effort will be carried out in three phases: implementation, formative, and summative evaluation. Monitoring of the project will be concurrent with the implementation phase. An evaluation of this phase is necessary to determine whether the project is implemented as designed and to ascertain when the monitored processes become stable and fully operational. The formative phase evaluation will extend for the duration of the project. Data will be collected annually and periodic reports will be issued by OPM. The summative evaluation phase will assess overall impact of the project during appropriate time intervals and/or after 5 years of operation.

**Evaluation Methodology**

The evaluation will focus on the continuum of personnel issues and will be based on before-and-after comparison of the personnel data, using both quantitative and qualitative criteria. Personnel records and reports, as well as previously validated survey instruments, will be used to develop appropriate measures. New data collection methods and measures, or modifications to existing instruments, may be required for some criteria. Baseline data will be collected before the demonstration project implementation. The baseline survey was administered in the Summer of 1996.

**Evaluation Criteria**

While it is not possible to prove a direct causal link between intermediate and ultimate outcomes (personnel system changes and improved organizational performance), indirect cause and effect relationships can be evidenced through the establishment of relevant effectiveness measures. An intervention impact model (Appendix B) will be used to measure the effectiveness of the various personnel system changes or interventions. Additional measures will be developed

as new interventions are introduced or existing interventions modified consistent with expected effects. Measures may also be deleted when appropriate. Activity specific measures may also be developed to accommodate specific needs or interests which are locally unique. The evaluation model for the Demonstration Project identifies elements critical to an evaluation of the effectiveness of the interventions. The overall evaluation approach will also include consideration of context variables that are likely to have an impact on project outcomes: e.g., HRM regionalization, rightsizing, cross-service integration, and the general state of the economy. However, the main focus of the evaluation will be on intermediate outcomes, i.e., the results of specific personnel system changes which are expected to improve human resources management. The ultimate outcomes are defined as improved organizational effectiveness, mission accomplishment and customer satisfaction.

Data from a variety of different sources will be used in the evaluation. Information from existing management information systems supplemented with perceptual data will be used to assess variables related to effectiveness.

Multiple methods provide more than one perspective on how the demonstration project is working. Information gathered through one method will be used to validate information gathered through another. Confidence in the findings will increase as they are substantiated by the different collection methods. The following types of data will be collected as part of the evaluation: (1) Workforce data; (2) personnel office data; (3) employee attitudes and feedback using surveys, structured interviews and focus groups; (4) local activity histories, and (5) core measures of subordinate activity performance.

**VIII. Demonstration Project Costs**

Costs associated with the development of the personnel demonstration system include software automation, training, and project evaluation. All funding will be provided through the MEDCOM/MRMC budget. The projected annual expenses are as summarized in Table 1. Project evaluation costs are not expected to continue beyond the first 5 years unless the results warrant further evaluation. Projected developmental costs do not include potential contractor fees.

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

	Baseline	FY97	FY98	FY99	FY00	FY01
Training .....		\$99K	\$19K	\$19K	\$19K	\$19K
Project Eval .....	\$17K	\$28K	\$28K	\$28K	\$28K	\$28K
Automation .....	\$80K	\$10K	\$10K	\$10K	\$10K	\$10K
Totals .....	\$97K	\$137K	\$57K	\$57K	\$57K	\$57K

**IX. Required Waivers to Law and Regulation**

Public Law 103-337 gave the DoD the authority to experiment with several personnel management innovations. In addition to the authorities granted by the law, the following are the 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.

**1. Waivers to Title 5, U.S. Code**

Chapter 31, section 3111: Acceptance of volunteer service—To the extent that the acceptance of retired or separated civilian and military are included as volunteers under current statute.

Chapter 31, Section 3324: Appointments to Positions Classified Above GS-15.

Chapter 33, Section 3341: Details; within Executive or military

departments—Increasing 120-Day Increments for Details to 180 days.

Chapter 35, Section 3502: Order of Retention—Applies only to the extent that performance score is placed before length of service.

Chapter 41, Section 4107: Pay for Degrees.

Chapter 41, Section 4108: Employee Agreements, Service after training; to the extent that employees who accept an expanded developmental opportunity do not have to sign a continuing service agreement.

Chapter 43, Section 4301: Definitions.

Chapter 43, Section 4302: Establishment of Performance Appraisal Systems.

Chapter 43, Section 4303: Actions based on Unacceptable Performance.

Chapter 51, Sections 5101-5111: Purpose, definitions, basis, classification of positions, review, authority—Applies to the extent that white collar employees will be covered

by broadbanding. Pay category determination criteria for federal wage system positions remain unchanged.

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 except employees in Pay Band V of the Engineers and Scientists Occupational Family, 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 Engineers and Scientists Occupational Family to be treated as SES and ST employees for the purposes of these provisions.

Chapter 53, Section 5305: Special Salary 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 movements to a lower pay band as a result of receiving a performance pay increase that is less than the amount of general pay increase; (4) 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; (5) provide that an employee on pay retention may receive between 0 and 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. This waiver does not apply to ST employees unless they move to a GS-equivalent position under the demonstration project under conditions that trigger entitlement to pay retention.

Chapter 53, Section 5371: Health Care Positions—This waiver applies only to the extent necessary to allow demonstration project employees to hold positions subject to Chapter 51 of title 5.

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 Engineers and Scientists Occupational Family or ST employees.

Chapter 57, Sections 5753, 5754, and 5755: Recruitment and Relocation Bonuses; Retention Allowances and Supervisory Bonuses—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 Engineers and Scientists Occupational Family to be treated as ST employees. This waiver does not apply to ST employees who continue to be covered by these provisions as appropriate.

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 COLA’s 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 (1) replace “grade” with “pay band” and (2) provide that a reduction in band level is not an adverse action if it results from the employee’s pay being exceeded by the minimum rate of his or her pay band.

Chapter 75, Section 7512(4): Adverse actions—This provision is waived only to the extent that 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.

2. Title 5, Code of Federal Regulations:

Part 300.601–605: Time-In-Grade Restrictions—Restrictions eliminated under the demonstration.

Part 308.101–103: Volunteer Service—To the extent that retired/separated civilians and military can perform voluntary services.

Part 315.801 and 315.802: Probation on Initial Appointment to a Competitive Position—Demonstration project employees in some occupational families will have extended probationary period.

Part 316.301: Term Employment—Adding years to exceed 4 and establishment of Contingent appointments.

Part 316.303: Tenure of term employees—Demonstration allows for conversion.

Part 316.305: Eligibility for within-grade increases—Demonstration employees no longer received WIGs.

Part 334, section 334.102: Temporary Assignment of Employees Outside the Agency.

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

Part 351.402(b): Competitive Area—To the extent that occupational family is the competitive area.

Part 351.403: Competitive Level—To the extent that pay band is substituted for grade.

Part 351.504: Credit for Performance—Retention standing to the extent that service credit will not be modified based on performance rating.

Part 351.701: Assignment Involving Displacement—To the extent that bumping and retreating will be limited to no more than one pay band except for 30 percent compensable veterans who can retreat to the equivalent of 5 GS grades.

Part 430: Subpart B, Performance Appraisal for General Schedule, Prevailing Rate, and Certain Other Employees—Employees under the demonstration project will not be subject to the requirements of this subpart.

Part 432: Performance Based Reduction In Grade and Removal

Actions—Modified to the extent that an employee may be removed, reduced in band level with a reduction in pay, reduced in pay without a reduction in band level and reduced in band level without a reduction in pay based on unacceptable performance. Also modified to delete reference to critical element (all elements are critical). For employees who are reduced in band level without a reduction in pay, sections 432.105 and 432.106(a) do not apply.

Part 432, sections 104 and 105: Addressing unacceptable performance and proposing and taking action based on unacceptable performance—In so far as references to “critical elements” are deleted (all elements are critical), and adding that the employee may be “reduced in grade, or pay, or removed” if performance does not improve to acceptable levels after a reasonable opportunity. In addition, requirements waived to the extent that a reduction in band level is taken based on skill utilization criteria when there is not a reduction in pay.

Part 511: Classification Under the General Schedule—To the extent that grades are changed to broadbands, and that white collar positions are covered by broadbanding.

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

Part 531, subparts B, D, and E: Pay Under the General Schedule—Determining rate of basic pay, within-grade increases, and quality step increases.

Part 531, subpart F: Locality Based Comparability Payments—This waiver applies only to the extent necessary to allow (1) demonstration project employees, except employees in Pay Band V of the Engineers and Scientists 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 Pay Band V of the Engineers and Scientists Occupational Family to be treated as ST employees for the purposes of these provisions. This waiver does not apply to ST employees who continue to be covered by these provisions, as appropriate.

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 band retention provisions do not apply to movements to a lower pay band as result of receiving a performance pay increase that is less than the amount of the general pay increase; (3) 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; (4) provide that an employee on pay retention may receive between 0 and 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. This waiver does not apply to ST employees unless 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 Engineers and Scientists Occupational Family or ST employees.

Part 575, subparts A, B, C and D: Recruitment and Relocation Bonuses; Retention Allowances; 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 Engineers and Scientists Occupational Family to be treated as ST employees for the purposes of these provisions. This waiver does not apply to ST employees who continue to be covered by these provisions, as appropriate.

Part 591, subpart B: Cost-of-Living Allowances and Post Differential-Nonforeign Areas—This waiver applies to the extent necessary to allow (1) demonstration project employees to be treated as employees under the General Schedule and (2) employees in Pay Band V of the Engineers and Scientists Occupational Family to be treated as ST employees for the purposes of these provisions. This waiver does not apply to ST employees who continue to be covered by these provisions, as appropriate.

Part 752.401(a)(3): Adverse Actions—This waiver applies only to the extent necessary to (1) replace "grade" with "pay band" and (2) provide that a reduction in pay band level is not an adverse action if it results from the employee's pay being exceeded by the minimum rate of his or her pay band.

Part 752.401(a)(4): Adverse Actions—This waiver applies only to the extent that 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.

#### Appendix A: Occupational Series by Occupational Family

##### *I. Engineers and Scientists*

0101 Social Science  
0180 Psychology  
0190 Anthropology  
0401 Biology  
0403 Microbiology  
0405 Pharmacology  
0408 Ecology  
0410 Zoology  
0413 Physiology  
0414 Entomology  
0415 Toxicology  
0440 Genetics  
0601 General Health Science  
0602 Medical Officer  
0610 Nurse  
0630 Dietitian & Nutritionist  
0644 Medical Technologist  
0662 Optometrist  
0701 Veterinary Medical Science  
0801 General Engineering  
0808 Architecture  
0830 Mechanical Engineering  
0855 Electronics Engineering  
0858 Biomedical Engineering  
1301 General Physical Science  
1306 Health Physics  
1310 Physics  
1320 Chemistry  
1520 Mathematics  
1529 Mathematical Stat  
1530 Statistician

##### *II. E&S Technicians*

0181 Psychology Aid/Technician  
0404 Biological Science Technician  
0499 Biological Science Student Trainee  
0620 Practical Nurse  
0640 Health Aid & Technician  
0645 Medical Technician  
0646 Pathology Technician  
0647 Diagnostic Radiologic Technologist  
0649 Medical Instrument Technician  
0802 Engineer Technician  
0809 Construction Control  
0818 Engineering Drafting  
0856 Electronics Technician  
1311 Physical Sciences Technician  
1521 Mathematics Technician

##### *III. Administrative*

0018 Safety & Occupational Health Management  
0028 Environmental Protection Spec  
0080 Security Administration  
0201 Civilian Personnel Management

0205 Military Personnel Management  
0301 Misc Administration & Program  
0332 Computer Operation  
0334 Computer Specialist  
0340 Program Management  
0341 Administrative Officer  
0342 Support Services Administration  
0343 Management/Program Analysis  
0346 Logistics Management  
0391 Telecommunications  
0501 Financial Administration & Program  
0510 Accounting  
0511 Auditing  
0560 Budget Analysis  
0905 General Attorney  
1020 Illustrating  
1035 Public Affairs  
1040 Language Specialist  
1071 Audiovisual Production  
1082 Writing & Editing  
1083 Technical Writing & Editing  
1084 Visual Information  
1102 Contracting  
1105 Purchasing  
1152 Production Control  
1222 Patent Attorney  
1410 Librarian  
1412 Technical Information Services  
1601 General Facilities & Equipment  
1640 Facility Management  
1670 Equipment Specialist  
1710 Educational & Vocational Training  
1801 General Inspection, Investigation and Compliance  
1910 Quality Assurance  
2001 General Supply  
2003 Supply Program Management  
2010 Inventory Management  
2050 Supply Cataloging  
2181 Aircraft Operation

##### *IV. General Support*

0086 Security Clerical & Asst  
0302 Messenger  
0303 Misc Clerk and Asst  
0304 Information Receptionist  
0305 Mail and File  
0312 Clerk-Stenographer/Reporter  
0318 Secretary  
0322 Clerk-Typist  
0326 Office Automation Clerical/Asst  
0335 Computer Clerk/Asst  
0344 Management Clerical/Asst  
0525 Accounting Technician  
0561 Budget Clerical/Asst  
0675 Medical Records Technician  
0679 Medical Clerk  
1016 Museum Specialist & Technician  
1060 Photography  
1087 Editorial Asst  
1106 Procurement Clerical/Tech  
1411 Library Technician  
1499 Library and Archives Student Trainee  
1531 Statistical Asst  
2005 Supply Clerical/ Tech  
2102 Transportation Clerk/Asst



Appendix B: Project Evaluation and  
Oversight

Intervention Impact Model—DoD Lab  
Demonstration Program

1. Compensation

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Appendix B: Project Evaluation and Oversight

## Intervention Impact Model - DoD Lab Demonstration Program

## 1. Compensation

INTERVENTION	EXPECTED EFFECTS	MEASURES	DATA SOURCE
a. Broad banding	-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 -total payroll cost	-workforce data -personnel office data
	-increased satisfaction with advancement	-employee perceptions of advancement	-attitude survey
	-increased pay satisfaction	-pay satisfaction, internal/external equity	-attitude survey
	-improved recruitment	-offer/acceptance ratios -percent declinations	-personnel office data
	-no change in high grade (GS-14/15) distribution	-number/percentage of high grade salaries pre/post banding	-workforce data
b. Conversion buy-in	-employee acceptance	-employee perceptions of equity, fairness	-attitude survey
		-cost as a percent of payroll	-workforce data

## 2. Performance Management

INTERVENTIONS	EXPECTED BENEFITS	MEASURES	DATA SOURCES
a. Cash awards/bonuses	-reward/motivate performance  -to support fair and appropriate distribution of awards	-perceived motivational power  -amount and number of awards by career path, demographics,  -perceived fairness of awards -satisfaction with monetary awards	-attitude survey  -workforce data  -attitude survey -attitude survey
b. Performance/contribution based pay progression	-increased pay-performance link  -improved performance feedback  -decreased turnover of high performers/increased turnover of low performers  -differential pay progression of high/low performers  -alignment of organizational and individual performance expectations and results  -increased employee involvement in performance planning and assessment	-perceived pay performance link -perceived fairness of ratings  -satisfaction with ratings -employee trust in supervisors -adequacy of performance feedback  -turnover by performance rating category  -pay progression by performance rating category, career path  -linkage of performance expectations to strategic plans/goals  -performance expectations  -perceived involvement  -performance management procedures	-attitude survey -attitude survey  -attitude survey -attitude survey -attitude survey  -workforce data  -workforce data  -performance expectations, strategic plans  -attitude survey/ focus groups  -attitude survey/ focus groups  -personnel regulations
c. New appraisal process	-reduced administrative burden  -improved communication	-employee and supervisor perception of revised procedures  -perceived fairness of process  -feedback and coaching procedures used	-attitude survey  -focus group  -focus group
d. Performance development	-better communication of performance expectations  -improved satisfaction and quality of workforce	-time, funds spent on training by demographics  -organizational commitment  -perceived workforce quality	-personnel office data -training records  -attitude survey  -attitude survey

## 3. Classification

INTERVENTION	EXPECTED EFFECTS	MEASURES	DATA SOURCES
a. Improved classification systems with generic standards	-reduction in amount of time and paperwork spent on classification	-time spent on classification procedures	-personnel office data
		-reduction of paperwork/ number of personnel actions(classification/promotion)	-personnel office data
	-ease of use	-managers' perceptions of time savings, ease of use, improved ability to recruit	-attitude survey
	-improved recruitment of employees with appropriate skills	-quality of recruits	-attitude survey
		-perceived quality of recruits	-focus groups/interviews
		-GPAs of new hires, educational levels	-personnel office data
b. Classification authority delegated to managers	-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 with service provided by personnel office	-attitude survey
	-no negative impact on internal pay equity	-internal pay equity	-attitude survey
c. Dual career ladder	-increased flexibility to assign employees	-assignment flexibility	-focus groups, survey
	-improved internal mobility	-supervisory/non-supervisory ratios	-workforce data
		-perceived internal mobility	-attitude survey
	-increased pay equity	-perceived pay equity	-attitude survey
	-flatter organization	-supervisory/non-supervisory ratios	-workforce data
	-improved quality of supervisory staff	-employee perceptions of quality of supervisors	-attitude survey

## 4. RIF

INTERVENTION	EXPECTED EFFECTS	MEASURES	DATA SOURCES
Modified RIF	<ul style="list-style-type: none"> <li>-prevent loss of high performing employees with need skills</li> <li>-contain cost and disruption</li> </ul>	<ul style="list-style-type: none"> <li>-seperated employees by demographics, performance</li> <li>-satisfaction with RIF process</li> <li>-cost comparisons of traditional v. modified RIF</li> <li>-time to conduct RIF</li> <li>-number of appeals/reinstatements</li> </ul>	<ul style="list-style-type: none"> <li>-workforce data</li> <li>-attitude survey/focus groups</li> <li>-attitude survey/focus groups</li> <li>-personnel office/budget data</li> <li>-personnel office data</li> <li>-personnel office data</li> </ul>

## 5. Combination of all Interventions

INTERVENTION	EXPECTED EFFECTS	MEASURES	DATA SOURCES
All	<ul style="list-style-type: none"> <li>-improved organizational effectiveness</li> <li>-improved management of R&amp;D workforce</li> <li>-improved planning</li> <li>-improved cross functional coordination</li> <li>-increased product success</li> <li>-cost of innovation</li> </ul>	<ul style="list-style-type: none"> <li>-combination of personnel measures</li> <li>-employee/management job satisfaction (intrinsic/extrinsic)</li> <li>-planning procedures</li> <li>-perceived effectiveness of planning procedures</li> <li>-actual/perceived coordination</li> <li>-customer satisfaction</li> <li>-project training/development cost (staff salaries, contract cost, training hours per employee)</li> </ul>	<ul style="list-style-type: none"> <li>all data sources</li> <li>-attitude survey</li> <li>-strategic planning documents</li> <li>-organizational charts</li> <li>-attitude survey</li> <li>-customer satisfaction surveys</li> <li>-demo project records</li> <li>-contract documents</li> </ul>

## 6. Context

INTERVENTION	EXPECTED EFFECTS	MEASURES	DATA SOURCES
a. Regionalization	-reduced servicing ratios/cost  - no negative impact on service quality	-HR servicing ratios  -average cost per employee served  -service quality, timeliness	-personnel office data, workforce data  -workforce data/personnel office data  -attitude survey/focus groups  -as established
b. GPRA	-improved organizational performance	-other measures to be developed	

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## Appendix C. Performance Elements.

Each performance element is assigned a weight between a specified range. The total weight of all elements in a performance plan is 100 points. The supervisor assigns each element some portion of the 100 points in accordance with its importance for mission attainment.

All employees will be rated against at least the five generic performance elements listed through "e" below. However, only those employees whose duties require supervisor or manager/leader responsibilities will be rated on element "f". Supervisors will be rated against an additional performance element, listed at "g" below:

a. *Technical Competence*. Exhibits and maintains current technical knowledge, skills, and abilities to produce timely and quality work with the appropriate level of supervision. Makes prompt, technically sound decisions and recommendations that add value to mission priorities and needs. For appropriate career paths, seeks and accepts developmental and/or special assignments. Adaptive to technological change. (Weight Range: 15 to 50)

b. *Working Relationships*. Accepts personal responsibility for assigned

tasks. Considerate of others views and open to compromise on areas of difference, if allowed by technology, scope, budget, or direction. Exercises tact and diplomacy and maintains effective relationships, particularly in immediate work environment and teaming situations. Always willing to give assistance. Shows appropriate respect and courtesy. (Weight Range: 5 to 15)

c. *Communications*. Provides or exchanges oral/written ideas and information in a manner that is timely, accurate and cogent. Listens effectively so that resultant actions show understanding of what was said. Coordinates so that all relevant individuals and functions are included in, and informed of, decisions and actions. (Weight Range: 5 to 15)

d. *Resource Management*. Meets schedules and deadlines, and accomplishes work in order of priority; generates and accepts new ideas and methods for increasing work efficiency; effectively utilizes and properly controls available resources; support organization's resource development and conservation goals. (Weight Range: 15 to 50)

e. *Customer Relations*. Demonstrates care for customers through respectful, courteous, reliable and conscientious actions. Seeks out and develops solid

working relationships with customers to identify their needs, quantifies those needs, and develops practical solutions. Keeps customers informed and prevents surprises. Within the scope of job responsibility, seeks out and develops new programs and /or reimbursable customer work. (Weight Range: 10 to 50)

f. *Management/Leadership*. Actively furthers the mission of the organization. As appropriate, participates in the development and implementation of strategic and operational plans of the organization. Develops and implements tactical plans. Exercises leadership skill within the environment. Mentors junior personnel in career development, technical competence, and interpersonal skills. Exercises due responsibility to oversee technical/acquisition/organizational positions assigned to them. (Weight Range: 0 to 50)

g. *Supervision/EEO*. Works toward recruiting, developing, motivating, and retaining quality team members; takes timely/appropriate personnel actions, applies EEO/merit principles; communicates mission and organizational goals; by example, creates a positive, safe, and challenging work environment; distributes work and empowers team members. (Weight Range: 15 to 50)

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**Appendix D. Benchmark Performance Standards**

**ELEMENT POINT-RANGES AND PERFORMANCE STANDARDS**

THESE BENCHMARK PERFORMANCE STANDARDS ARE USED TO EVALUATE AND SCORE PERFORMANCE AGAINST THE WEIGHTED PERFORMANCE ELEMENTS. THIS SHEET MUST BE USED IN CONJUNCTION WITH BENCHMARK JOB DESCRIPTION AND PERFORMANCE OBJECTIVES.

	ELEMENT WEIGHTS									
	50	45	40	35	30	25	20	15	10	5
100% Performance elements were attained demonstrating exceptional initiative, versatility, originality, and creativity. This individual demonstrates the ability to grasp, understand, organize, and convey complex issues to others and carry the job assignment to successful completion with minimum direct supervision. Performance elements were effectively achieved utilizing cooperation, responsiveness, conflict avoidance, or conflict resolution. Written and oral communications were appropriately demonstrated effectively and efficiently. Performance elements were achieved with demonstrated leadership, integrity, competency, commitment, candor, and sense of duty.	49	44	39	34	29	24	19	14	9	4
70% Performance elements were attained effectively and efficiently with consistently high quality and quantity of work. This individual has demonstrated the ability to complete the job assignments in an efficient, orderly sequence that culminated in results that were timely, correct, thorough and cost effective. Performance elements were attained with consistently above average quality and reliability while effectively utilizing accepted procedures and resolving problems with skill and resourcefulness. Performance elements were attained with consistently productive cooperative efforts and with clear, precise, and convincing written and oral communication.	35	31	27	24	21	17	14	10	7	3
50% Performance elements were accomplished, were mostly reliable, and delivered without unacceptable delays. Procedures were minimally correct and problems were dealt with satisfactorily. Attained performance elements, using work methodology that demonstrated a reasonable degree of cooperation with other with clear and concise written and oral communications.	25	22	19	17	15	12	10	7	5	2
<b>UNSATISFACTORY</b>	24	22	19	17	14	12	9	7	4	2
Performance elements were not successfully completed because of failure in quality, quantity, completeness, responsiveness, or timeliness of work. Performance elements products were deficient, because they were contrary to direction or guidelines; did not meet minimum specifications; were inconsistent with organizational procedures; were significantly flawed or substandard in quality; demonstrated insufficient technical knowledge or skill; were incomplete; were unacceptably late; lacked essential cooperative involvement or support; or problems that arose during performance of performance elements activities were not satisfactory resolved.										