

OFFICE OF PERSONNEL MANAGEMENT

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 approval of
demonstration project final plan.

SUMMARY: The National Defense
Authorization Act for Fiscal Year 1995
authorizes the Secretary of Defense,
with Office of Personnel Management
(OPM) approval, to conduct personnel
demonstration projects at Department of
Defense (DoD) laboratories designated as
Science and Technology Reinvention
Laboratories. 5 U.S.C. 4703 authorizes
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.

DATES: This demonstration project may
be implemented at the U.S. Army
Medical Research and Materiel
Command (MRMC) beginning June 3,
1998.

FOR FURTHER INFORMATION CONTACT:
MRMC: Carol Dick, US Army Medical
Research and Materiel Command,
ATTN: MCHD-CP, 810 Schreider Street,
Suite 120, Fort Detrick, Maryland
21702-5000, phone 301-619-2247.
OPM: Fidelma A. Donahue, U.S. Office
of Personnel Management, 1900 E
Street, NW, Room 7460, Washington,
DC 20415, phone 202-606-1138.

SUPPLEMENTARY INFORMATION:

1. Overview

On March 12, 1997, [62 FR 11676]
OPM published this proposed
demonstration plan and received 125
comments (one letter had 62 signatures
and another had 35 signatures). Seven
individuals commented on the **Federal
Register** notice at the Public Hearings.
These comments brought new and
different perspectives to the attention of
those responsible for implementing,
overseeing, and evaluating the project.
The comments highlighted instances of
either miscommunication and/or
misunderstanding of the present system
as well as the project interventions.
Further, the comments underscored the
importance of providing training to
employees and supervisors on the
demonstration project. In consideration
of the comments received, the
demonstration project has been

modified to remove the annual general
increase from the performance pay pool.
This change required modification,
clarification, and/or expanded text in
the plan to address technical provisions.
A summary of comments received,
along with accompanied responses, is
provided below:

A. Pay-for-Performance

1. *Comment:* There were 120
comments (one letter had 62 signatures
and another had 35 signatures) that
expressed concern over the inclusion of
the annual general increase (often
referred to as "cost-of-living allowance"
(COLA) by many commentors) in the
performance pay pool. Several indicated
they believed it was inappropriate and
may be illegal to deny their annual
general increase, which they believed
was provided to them by Congress to
off-set inflation. Several stated that the
annual general increase is not tied to
performance, therefore, it should not be
included in a pay-for-performance
experimental program. One commentor
stated this will be the first time a
demonstration project will include the
annual general increase in its "merit pay
pool," and another stated neither China
Lake nor the National Institute of
Standards and Technology included the
annual general increase in their
demonstrations, and that the China Lake
demonstration had ended because of
problems with the experimental
personnel system. Several commentors
stated they were never informed prior to
the proposed plan that the annual
general increase/COLA would be part of
the performance pay pool, while others
claimed they had raised objections to
the annual general increase/COLA being
part of the performance pay pool prior
to the publication of the **Federal
Register**, yet their objections were
ignored. Many expressed concern that
without sufficient safeguards to prevent
favoritism and abuse of power,
inclusion of the annual general increase
in the performance pay pool will result
in supervisors denying increases to
employees' base pay and/or bonuses
and will reduce teamwork, i.e., pit
employee against employee, and destroy
morale. One employee suggested that
because employees have no control over
inflation, but do control their
performance, that the awards budget
should be increased to reward
performance. Some commentors,
however, did agree with the pay-for-
performance concept.

Response: The comments on the
annual general increase demonstrated
both miscommunication and
misunderstanding of both the present
and proposed personnel systems.

Briefings were provided to all
employees at each subordinate activity
which included the fact that the
"annual general increase" would be
included in the performance pay pool.
During the 2½ years of project
development and design, many changes
occurred. Periodic updates were
provided to the activity Commanders
and Directors for dissemination to the
workforce. Commentors believed the
term "annual general increase" was a
cost of living allowance. For
clarification purposes, the General
Schedule (GS) pay adjustments
authorized under 5 U.S.C. 5303 are
based on the cost of labor, not the cost
of living. Pay adjustments are linked to
changes in the Employment Cost Index
(ECI). The ECI measures the overall rate
of change in employer's compensation
costs in the private and public sectors,
excluding the Federal Government. The
ECI does not measure the cost of
consumer goods and services.
Additionally, the Department of Navy's
"China Lake" demonstration project did
include the annual general increase in
its incentive pay pool for the purposes
of rewarding employees based on
performance. This compensation
mechanism was designed to send a clear
message that top performers are valued
in the organization. The evaluations
showed that a higher retention rate
among top performers resulted under
the China Lake demonstration project.
Based on its success, Congress made
permanent the China Lake
demonstration project under the same
authority that granted authorization of
the DoD laboratory demonstration
projects. We acknowledge concerns
expressed by employees and have
attempted to build a number of checks
and balances in the new personnel
system to ensure an equitably
administered program. The awards
program is separate from pay for
performance and does not impact the
performance pay pool. In light of the
comments received, the annual general
increase was removed from the
performance pay pool. This change
necessitated modification/revision in
various parts of the plan. These changes
are in Section III. C (Pay for
Performance Management System), (Pay
for Performance), and (Performance Pay
Increases and/or Performance Bonus).

2. *Comment:* Two commentors were
concerned that any type of performance
bonus, rather than an increase in base
pay, will have a negative effect on their
retirement (e.g., determination of high-
three salaries/matching funds for Thrift
Savings Plan).

Response: Employees will have the
potential for higher salaries (base pay

and performance bonus) than currently afforded in the GS system, based on their performance. The demonstration proposal clearly changes the methods of providing incentives to employees, including the provision of individual incentive bonuses or pay. Changing the method of determining base pay increases does not change any provision of the retirement system or any other benefit program. Under demonstration authority, retirement provisions cannot be changed.

B. Performance Pay Pool

1. *Comment:* Two comments received asked why employees rated at the "C" level in the lower half of the pay band receive an increase to their basic rate of pay while employees whose salary is beyond the mid-point with the same rating, will receive no increase to their basic rate of pay. They concluded that an employee who continues to perform at the "C" level could also end up in a lower pay band. Further, they felt that those employees who perform at the "A" or "B" level and have reached the top of their pay band may not move into the next pay band, and that the most these employees may receive is a performance bonus, which defeats the whole concept of rewarding outstanding performance.

Response: References to the mid-point of the pay bands (lower and upper half) no longer apply throughout the text of the proposed plan because of the change to remove the annual general increase from the performance pay pool (reference A1). Employees who are rated "C" will receive the annual general increase and locality adjustment, but will not be eligible for a performance based increase to their basic rate of pay or a performance bonus. Employees who perform at the "A" or "B" level will receive an adjustment in their basic rate of pay, a performance bonus, or a combination of both to reward them for performance, in addition to the annual general increase and locality adjustment. These changes are in Section III. C (Pay for Performance). Employees who have reached the top of their pay band may not move into the next pay band without a promotion. Movement into the next higher pay band constitutes a "promotion" which requires the employee to perform "higher level duties," not just continue to perform their current duties at the "A" or "B" level in their current pay band.

2. *Comment:* Two comments received requested clarification on the upper versus lower half of the pay bands and questioned why employees were compensated differently depending on

their performance and location within the pay band. A single comment was received on the size of the Engineers and Scientists (E&S) Pay Band II, specifically why it contains 8 pay bands when the proposed plan stated: "Each occupational family will be divided into three to five pay bands * * *"

Response: The decision to withdraw the annual general increase from the performance pay pool and continue granting the annual general increase to employees rated "A," "B," or "C" eliminates the need to determine upper and lower half of each pay band. The size of Pay Band II of the E&S Occupational Family encompasses 8 grades (not pay bands) under the current General Schedule (GS) system and was designed to allow progression from entry level to full-performance level of those positions. As illustrated in the proposed plan, the E&S Occupational Family is divided into 5 pay bands. The elimination of the distinctions between the upper and lower halves of the pay band and the mid-point principle have been removed in Section III. C (Performance Pay Pool).

C. Supervisory Bonus

Comment: Three commentors were concerned that no guidelines were established to avoid supervisory/managerial misuse of power, and one expressed concern that supervisors would be rewarded via supervisory bonuses, prior to demonstration of performance and that payment of the supervisory bonus from the performance pay pool was inappropriate.

Response: The supervisory bonus may be granted to recognize supervisory responsibilities required most often of those in the same pay band as non-supervisory subordinates. The Personnel Demonstration Project Standard Operating Procedures will delineate the criteria Commanders/Directors are to use when making a decision to grant these bonuses, which must be negotiated annually, and will not be treated as basic pay. The funds to pay supervisory bonuses are not a part of the pay-for-performance pool. It is anticipated that situations warranting supervisory bonuses will be minimal. Clarification has been added to Section III. C (Supervisory Bonus).

D. Revised Reduction-in-Force (RIF) Procedures

Comment: Five commentors expressed concerns about the proposed RIF procedures. Two were concerned that their rights during a RIF have been withdrawn or limited. One expressed concern that length of service was the last retention factor considered. Another

individual requested an explanation of the order of the retention factors and the definition of tenure. One individual requested a comparison of current versus proposed RIF procedures.

Response: The RIF rights and protections afforded to employees have not been removed. Current RIF procedures are covered under 5 CFR 351 and are complicated, costly, and relatively unresponsive to the needs of the organization. MRMC believes that flexible and responsive alternatives are needed that will place greater emphasis on performance rather than length of service. Only four elements in the RIF procedures have been modified: competitive areas, assignment rights, credit for performance ratings, and service computation date, as outlined below:

(1) Competitive areas have been modified to make each of the four occupational families a separate competitive area within each activity.

(2) Assignment rights have been modified to restrict bumping and retreating to positions within the employee's current occupational family, one pay band below the employee's current pay band. A preference eligible veteran with a compensable service-connected disability of 30% or more may retreat to positions, within the employee's current occupational family, two bands (or the equivalent of five (5) grades) below his/her current band.

(3) Credit for performance has been modified to be cumulative rather than averaged, and the number of years applied to specific ratings have been changed to A-10, B-7, C-3, and F-0. Cumulative performance ratings will serve as a stand alone retention determination in the RIF process after consideration of tenure and veterans preference.

(4) The service computation date (as determined by length of service) includes all creditable service (civilian and military) and will be used in situations where credit for performance results in equal standing of two or more individuals in a RIF situation. Tenure is the employee's type of appointment, i.e., career, career-conditional, temporary, term, excepted service, etc. Clarification has been provided in Section III. F (*Revised Reduction-in-Force (RIF) Procedures*) to explain when service computation date (length of service) will be applied.

E. Conversion

1. *Comment:* One comment concerned employees being adversely affected by receiving a lump sum bonus instead of an increase in their basic rate of pay if

the demonstration project ends or if employees transfer out of the project.

Response: The lump-sum bonus referred to by the commentator is the prorated within-grade increase (WGI) buyout as described in the conversion procedures in the project plan. However, the inclusion of pay banding, as outlined in the demonstration project, provides the potential for higher pay (base pay and performance bonus) than currently afforded in the GS system. Basic rates of pay attained during participation in the demonstration project will continue upon lateral conversion from the demonstration project to a GS position or if the demonstration project ends. (Except for Pay Band V positions in certain circumstances).

2. *Comment:* Two commentators asked exactly when the WGI buyout would be paid (either at the beginning of the demonstration project or on the one year anniversary date). Another commentator expressed concern over the fiscal burden of the lump-sum payment of the prorated WGIs.

Response: Clarification is provided under Part V of this plan. The funding required to pay employees for time served towards their WGI will be calculated/documented prior to implementation of the project and those funds will be set aside to be paid in a lump-sum at the one year anniversary of the demonstration project. These funds will be separate and apart from the performance pay pool for this one time payment.

F. Evaluation Plan

Comment: One commentator stated he did not see anything which listed an employee's increased satisfaction with pay, pay equity or performance awards or with the agency's understanding of personal or family issues as an expected or desired benefit.

Response: Part VII of the proposed plan provided information on the Evaluation Plan. Employee attitudes and feedback using surveys, structured interviews and focus groups, will be included in the evaluation methods used to assess the impact of the project and will be ongoing for the duration of the project. The personnel demonstration project will not be evaluating personal or family issues. Because these current policies and practices are not changed, these issues will not be evaluated by the proposal.

G. Personnel Management Board

Comment: Four comments expressed concerns regarding the Personnel Management Board (Board). Specifically, will the selection

procedures provide for a true representation of the civilian workforce, what are the qualifications to be on the board, and will there be checks and balances to ensure equitable treatment?

Response: The composition of the Personnel Management Board will be determined by the Commander, MRMC. We are sensitive to the concerns raised as to the composition of the Personnel Management Board. These concerns will be considered as the Commander, MRMC appoints members to the Personnel Management Board. The Personnel Management Board will be particularly sensitive to issues of fairness and equity, and is charged with the responsibility of providing oversight, policy, guidelines, and corrective action. Section II. H (Personnel Management Board) of the proposed plan spelled out the Board responsibilities which are delegated to the subordinate activity Commanders/Directors.

H. Miscellaneous Comments

1. *Comment:* A single comment stated that the proposed system violated the first principle of personnel management in that the people (i.e., military supervisors) administering the demonstration plan will not be subject to its provisions.

Response: It is true that military supervisors will not be covered by the demonstration project. However, it is also true that all supervisors (military and civilian) must comply with the rules and regulations set forth by the project. Project oversight will be provided by the Personnel Management Board and an executive steering committee made up of top level executives within the Department of Army.

2. *Comment:* A single commentator wanted to know why employees in the Senior Executive Service (SES), the Civilian Intelligence Personnel Management System (CIPMS), and the Federal Wage System (FWS) were not covered by the MRMC demonstration project.

Response: The SES, CIPMS, and FWS employees are all covered by personnel regulations, separate and apart from those governing General Schedule employees. The number of employees covered by these personnel systems were too small to attempt proposing changes and to realize any meaningful results at this time.

3. *Comment:* One commentator requested the demonstration project plan be written in terms that everyone understands.

Response: The comment is a good suggestion; however, the project plan

replaces many of the existing title 5 provisions, thus it must contain technical language. Wherever possible, we have tried to use language as simple as possible throughout the project plan.

4. *Comment:* One employee expressed concern that the Defense Finance and Accounting System (DFAS) can't handle formula driven payroll now, therefore, how can DFAS be expected to handle the new payroll system under the demo?

Response: Management from DFAS has been involved as DoD Research and Development Laboratories have moved towards implementing demonstration projects. Every effort is being made to allow for a smooth transition.

2. Demonstration Project System Changes

The following summarizes the changes and clarifications to the project plan that were of paramount interest to employees:

(1) Section II. E (Participating Employees). Deleted reference to ST employees following performance appraisal and awards provisions of the demonstration project.

(2) Section III. C (Pay for Performance Management System). Deleted the annual general increase from the funding for performance pay increases and/or bonuses, and to correct the computation in the example from "1,750,000" to "750,000"; adjusted shares to the following: "A"=2 shares, "B"=1 share, "C"=0; and reflected modifications required due to the withdrawal of the annual general increase from the performance pay pool funding. In addition, references to mid-point (upper/lower pay band) within a pay band have been deleted since they no longer apply.

(3) Section III. C (Pay for Performance Management System). Clarified the reason for granting a supervisory bonus and that funding for such will not be part of the performance pay pool.

(4) Section III. F (Revised Reduction in Force (RIF) Procedures). Clarified when service computation date (length of service) will be used in RIF procedures.

(5) Section V (Conversion). Provided for certain pay increases for non-competitive promotion equivalents during the first 12 months following conversion.

Dated: February 26, 1998.
Office of Personnel Management.

Janice R. Lachance,
Director.

Table of Contents

- I. Executive Summary
- II. Introduction
 - A. Purpose

- B. Problems with the Present System
- C. Changes Required/Expected Benefits
- D. Participating Organization
- E. Participating Employees
- F. Labor Participation
- G. Project Design
- H. Personnel Management Board
- III. Personnel System Changes
 - A. Broadbanding
 - B. Classification
 - C. Pay-for-Performance Management System
 - D. Hiring and Appointment Authorities
 - E. Expanded Developmental Opportunities Program
 - F. Revised Reduction-In-Force (RIF) Procedures
- IV. Training
- V. Conversion
- VI. Project Duration
- VII. Evaluation Plan
- VIII. Demonstration Project Costs
- IX. Required Waivers to Law and Regulation
- Appendix A: Occupational Series by Occupational Family
- Appendix B: Project Evaluation and Oversight
- Appendix C: Performance Elements
- Appendix D: Benchmark Performance Standards

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 MRMC strives to exceed the greatest expectations of its many customers. To achieve this, the MRMC must be able to balance customer requirements for near-term technical and scientific products and information with the evolving capabilities of the workforce. These purposes will be significantly enhanced by interventions such as expanded developmental opportunities, the contingent employee appointment authority, broadbanding, pay for performance, etc.

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 1996 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. External 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). 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 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 1,000 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) pay system and DA Interns. The project plan does not cover Senior Executive Service (SES) employees, Scientific and Professional (ST) employees, Federal Wage System employees, and employees assigned to the GS-080 series and presently covered by the Civilian Intelligence Personnel Management System (CIPMS). Employees on temporary appointments 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.

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 will 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 was provided to subordinate activity Commanders/Directors 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, MRMC workforce, as well as critical and extensive reviews by Headquarters DA, the Office of the Secretary of Defense, and OPM since April 1995, led to the publication of the proposal in the March 12, 1997 **Federal Register**. Subsequently, Public Hearings were held, and comments from interested parties and the workforce were reviewed and considered, culminating in the publication of the final MRMC demonstration project plan.

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. The PMB will serve to provide oversight, policy, guidelines, corrective action, and evaluation 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.; and

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 MPMC 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 Scientific Technical Managers.

Current OPM guidelines of Senior Executive Service (SES) and Scientific and Professional (ST) positions do not fully meet the needs of MPMC. 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 reserved for bench research scientists and engineers; these positions require a very high level of technical expertise and they have little or no supervisory responsibility.

MPMC currently has many positions, typically division/directorate chiefs, that have characteristics of both SES and ST classifications. Most division/directorate chiefs in MPMC are

responsible for supervising other GS-15 positions, including branch chiefs, non-supervisory researcher scientists and engineers, and possibly ST positions. Most division/directorate chief positions are classified at the GS-15 level, although their technical expertise warrants classification beyond GS-15. Because of their management responsibilities, these individuals are excluded from the ST system. Because of management considerations, they cannot be placed in the SES. Management considers the primary requirement for division/directorate chiefs to be knowledge of, and expertise in, the specific scientific and technology areas related to the mission of their divisions/directorates. Historically, incumbents of these positions have been recognized within the community as scientific and engineering leaders, who possess primarily scientific/engineering credentials and are considered experts in their field. However, they must also possess strong managerial and supervisory abilities. Therefore, although some of these employees have scientific credentials that might compare favorably with ST criteria, classification of these positions as STs is not an option, because the managerial and supervisory responsibilities inherent in the positions cannot be ignored.

The purpose of Pay Band V (which will reinforce the equal pay for equal work principle) is to solve a critical classification problem. It will also contribute to an SES "corporate culture" by excluding from the SES positions for which technical expertise is paramount. Pay Band V proposes to overcome the difficulties identified above by creating a new category of positions, the Senior Scientific Technical Manager, which has both scientific/technical expertise and full managerial and 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. Other positions possibly meeting criteria for classification to Pay Band V will be reviewed on a case-by-case basis. The proposed salary range is a minimum of 120% of the minimum rate of basic pay for GS-15 with a maximum rate of basic pay established at the rate of basic pay (excluding locality pay) for SES level 4 (ES-4). Vacant positions in Pay Band V will be competitively filled to ensure that selectees are preeminent researchers and technical leaders in the specialty fields who also possess substantial

managerial and supervisory abilities. MPMC will capitalize on the efficiencies that can accrue from central recruiting by continuing to use the expertise of the Army Materiel Command SES Office as the recruitment agent. Panels will be created to assist in filling Pay Band V positions. Panel members will be selected from a pool of current MPMC senior military and SES members, ST employees, and later those in Pay Band V, and an equal number of individuals of equivalent stature from outside the activity to ensure impartiality, diversity, 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.

DoD will test the establishment of Pay Band V for a five-year period. Positions established in Pay Band V will be subject to limitations imposed by OPM and DoD. Pay Band V positions will be established only in an S&T Reinvention Laboratory which employs scientists, engineers, or both. Incumbents of Pay Band V positions will work primarily in their professional capacity on basic or applied research and secondarily perform managerial or supervisory duties. The number of Pay Band V positions within the DoD will not exceed 40. These 40 positions will be allocated by ASD (FMP), DoD, and administered by the respective Services. The number of Pay Band V positions will be reviewed periodically to determine appropriate position requirements. Pay Band V position allocations will be managed separately from SES, ST, and SL positions. An evaluation of the Pay Band V concept will be performed during the fifth year of the demonstration project.

The final component of Pay Band V is the management of all Pay Band V assets. Specifically, this authority will be exercised at the DA level, and includes the following: authority to classify, create, or abolish positions within limitations imposed by OPM and DoD; recruit and reassign employees in this pay band; set pay and to have their performance appraised under this project's Pay for Performance System. 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's definition of "high grade position" is a position where the base pay exceeds

that of a GS-13, Step 10. Unless 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.

FIGURE 1.—OCCUPATIONAL FAMILIES AND PAY BANDS

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

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.

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 basic 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 series or pay band level of his or her position at any time. An employee must formally raise the areas of concern to supervisors in the immediate chain of command, either verbally or in writing. If an employee is not satisfied with the supervisory response, he or she may then appeal to the DoD appellate level. If an employee is not satisfied with the DoD response, he or she may then appeal to the Office of Personnel Management, only after DoD has rendered a decision under the provisions of this demonstration project. Appellate decisions from OPM are final and binding on all administrative, certifying, payroll, disbursing, and accounting officials of the Government.

Time periods for case processing under Title 5 apply. An employee requesting a classification decision that would exceed the equivalent of a GS-15 level may not submit the appeal to OPM.

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

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

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. Absent agreement between employees and supervisors, final authority to establish performance objectives and element weights rests with line management. 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

(1) Employees rated "B" or higher will be eligible to receive performance-based pay increases and/or bonuses; and

(2) Retention years credit for RIF will be received by employees rated "C" or higher. (Note: except when a PIP does not result in an annual rating of "C" prior to the end of the rating cycle).

(3) Employees rated "F" will not receive the general increase, retention years credit for RIF, or be eligible to receive performance based pay increases and/or bonuses.

A rating of "A" will be assigned for cumulative scores of 85 to 100 points, "B" for cumulative scores of 70 through 84, and "C" for cumulative scores of 50 through 69. An overall rating of "F" indicates failure to perform at the 50 percent level for any one of the assigned weighted elements. (In such a case, even though the cumulative score may exceed 49, the employee will nonetheless receive an overall rating of "F". 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	Com-pensation (shares)	RIF Reten-tion years added	General in-crease ²
"A"	2	10	YES
"B"	1	7	YES
"C"	0	3	YES
"F"	0	0	NO

¹ Employees rated "B" or higher will be eligible to receive performance-based pay increases and/or bonuses. Retention years credit for RIF will be received by employees rated "C" or higher, except when a PIP does not result in an annual rating of "C" prior to the end of the rating cycle.

² The maximum pay rate for pay band V cannot exceed rate for ES-4. Therefore, employees at or near the top pay band V may not receive the full general increase if it is not authorized for SES employees.

Performance Based Actions

MRMC will implement a two step process to deal with poor performers. This process may lead to involuntary separations if the employee receives a score of less than 50 percent of the points for any weighted element.

The process will begin with the recognition that an employee's

performance is unacceptable (any element that would be rated at less than the 50 percent level of its assigned benchmark weight). The two steps are as follows: (1) Performance improvement plan (PIP), and (2) separation.

When the employee is determined to be performing below the 50% level for 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 during 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. If employees are separated, they will have due process recourse as a former employee.

(Note: Performance based adverse actions may be taken under 5 U.S.C., Chapter 75 or Chapter 43).

Actions taken under Chapter 75 do not require a PIP.

If a PIP ends prior to the end of the annual performance cycle and the employee's performance improves to the 50% or above level in all assigned elements, the employee is appraised again at the end of the annual performance cycle.

If, in conjunction with the completion of the PIP, the employee attains an annual rating of "C" or higher, they will receive the annual general increase and RIF retention years credit will be earned. In addition, employees attaining an annual rating of "B" or higher will also be eligible for an increase to base pay and/or bonus.

If a PIP ends after the end of the annual performance cycle and the employee's performance has improved to the 50% or above level in all assigned elements, employment continues but no retroactive annual general increase, performance bonus, or RIF retention years credit is granted for that performance cycle period.

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.

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.

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 (as applicable) when they occur, regardless of performance. The funding for performance pay increases and/or bonuses is composed of money previously available for within-grade increases, quality step increases, and promotions from one grade to another

when the grades are now in the same pay band.

Performance Pay Pool

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

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 higher performance pay increase/performance bonus than is generated by the compensation formula to recognize an employee's extraordinary achievement or to provide accelerated compensation for local interns.

A performance payout 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 2.4 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 performance payout for an individual will be determined as follows:

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

Where:

Pool Value = 0.024 * SUM (SAL_k); K = 1 to n

n = number of employees in pay pool

N = Number of Shares (0-2) earned by an employee based on their performance rating

SAL = An individual's basic rate of pay

SUM = The summation of the entities in parenthesis over the range indicated

i = individual

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 15 shares based on their

ratings (5 individuals earned an "A" rating, and 5 individuals earned a "B" rating). The pay pool value is then 2.4 percent of the sum of \$500,000, or \$12,000. The individual performance payout being determined is for an individual who earns \$50,000 per year and receives an "A" on the appraisal, thus earning 2 shares. Using the formula, the individual performance payout is calculated by multiplying the pay pool value, \$12,000, 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 750,000. The resulting individual performance payout is \$1,600.00 for the year.

An annual performance base pay increase could be all, none, or part of the compensation formula depending on the current basic rate of pay of the employee. Annual performance base 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. An employee receiving a retained rate whose performance rating is "F" at the time of a general pay increase will receive no increase in the retained rate. All other employees receiving a retained rate will receive a general pay increase equal 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. 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 supervisory bonus is to recognize supervisory responsibilities required of supervisors most often receiving the

same pay as non-supervisory subordinates. There are two situations in which a supervisory bonus may be warranted:

(1) Supervisors may be granted up to 10 percent of the basic rate of pay if they supervise employees within the same pay band or,

(2) Up to 5 percent of the basic rate of pay for those supervising employees in lower or other pay bands.

Note: Pay band V employees in the E&S occupational family are excluded.

Bonuses, which must be negotiated annually, will not be treated as basic pay and are not a part of the performance pay pool.

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 rate of pay paid in level I of the Executive Schedule consistent with 5 U.S.C. 5307 and 5 CFR Part 530, Subpart B.

In addition, each pay band will have its own pay ceiling, just as grades do in the current system. Pay rates for the various pay bands will be directly keyed to the GS rates, except the maximum rate for pay band V of the engineer and scientist occupational family which cannot exceed ES-4. Basic pay will be limited to the maximum rates payable for each pay band, except for retained rates as previously described.

Pay Setting for Promotion

The minimum basic pay increase upon promotion to a higher pay band will be 6 percent or the minimum rate of the new pay band. 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 who receive 50 percent or less of an assigned benchmark score in any element or who are on a performance improvement plan at the time pay determinations are made, do not receive performance payouts or the general increase. This action may result in a base salary that is identified in a lower pay band. This occurs because the minimum rates of basic pay in a pay band increase as the result of the general 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 OPM's 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. As a general rule, pay will be set at the lowest level in a pay band. Appointments made above the minimum level will be based upon superior qualifications of the candidate. A candidate appointed toward the higher end of a pay band should have qualifications approaching the lowest General Schedule grade incorporated into the next higher pay band. For example, a person appointed at the higher end of Pay Band II in the Engineers and Scientists Occupational Family would have education, experience, or a combination of the two approaching the qualifications of the GS-13 level, which is the lowest General Schedule grade incorporated into Pay Band III. 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. 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 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 Engineers and Scientists 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 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 basic 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 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.

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.

An expanded developmental opportunity period will not result in loss of (or reduction in) basic pay, leave to which the employee is otherwise entitled, or credit for 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.

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/approval 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.

An employee accepting an Expanded Developmental Opportunity must sign a continuing service agreement. If the employee voluntarily leaves the MRMC before the service obligation is completed, the employee is liable for repayment. However, the MRMC Director has the authority to waive this agreement.

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 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. (Competitive service and excepted service employees will compete separately within a competitive area.) 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 either an average of the ratings actually on record or if no actual ratings, modal rating (most common) given within the employee's competitive area. When an employee is missing a rating of record, the credit assigned for the actual ratings received will be averaged, and the result thus derived will be used as the credit for the missing rating. For an employee who has no ratings of record, all credit will be based on the repeated use of a single modal rating from the most recently completed appraisal period on record.

An employee who has received a written decision 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 either an average of the ratings actually on record or if no actual ratings, modal rating (most common) given within the employee's competitive area.

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 or conduct will be placed at the bottom of the retention register for their competitive level.

Link Between Service Computation Date (Length of Service) and Retention

Service computation date (length of service) will be used in RIF procedures when performance retention procedures result in two or more employees with the same standing. When this occurs, all creditable service (both civilian and military) will be used to determine which employee(s) will be separated.

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 at a minimum:

(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 MPMC 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

a. Initial entry into the demonstration project will be accomplished through a full employee protection approach that ensures each employee an initial place in the appropriate pay band without loss of pay. Employees serving under regular term appointments at the time of the implementation of the demonstration project will be converted to the contingent employee appointments so long as the original term appointment was made under competitive procedures. An automatic conversion from current GS/GM grade and pay into a new broadband system will be accomplished. Each employee's initial total salary under the demonstration project will equal the total salary received immediately before conversion. If conversion into the demonstration project is accomplished by a geographic move, the employee's GS pay entitlements in the new geographic area must be determined before performing the pay conversion.

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 which corresponds to the grade of record. When a temporary promotion is terminated, the employee's pay entitlements will be determined based on the employee's position of record, with appropriate adjustments to reflect pay events during the temporary promotion, subject to the specific policies and rules established by the MPMC. In no case may those

adjustments increase the pay for the position of record beyond the applicable pay range maximum rate. The only exception will be if the original competitive promotion announcement stipulated that the promotion could be made permanent; in these cases, actions to make the temporary promotion permanent will be considered, and if implemented, will be subject to all existing priority placement programs.

c. Employees who are covered by special salary rates, prior to the demonstration project, will no longer be considered a special rate employee under the demonstration project. These employees will, therefore, be eligible for full locality pay. The adjusted salaries of these employees will not change. Rather, the employees will receive a new basic pay rate computed by dividing their adjusted basic pay (higher of special rate or locality rate) by the locality pay factor for their area. A full locality adjustment will then be added to the new basic pay rate. Adverse action and pay retention provisions will not apply to the conversion process as there will be no change in total salary.

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

e. Under the current pay structure, employees progress through their assigned grade in step increments. Since this system is being replaced under the demonstration project, employees will be awarded that portion of the next higher step based upon the portion of the waiting period they have completed prior to the date of implementation. Payment will be lump sum in nature (not added to base pay) and will be paid at the one-year anniversary of the date of implementation of the demonstration project. Those employees added to the MRMC by actions such as transfer of function, BRAC, etc., after initial implementation, will be awarded that portion of the next higher step based upon the portion of the waiting period they have completed at the time they convert into the demonstration project. This lump sum payment will be made upon conversion but no earlier than one year after the implementation of the project. Rules governing within-grade increases under the current Army

performance plan will continue in effect until the implementation date. Employees at step 10, or receiving retained rates, on the date of implementation will not be eligible for a prorated lump sum buyout of the WGI since they are already at or above the top of the step scale.

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 rate will become the employee's actual GS grade and rate after leaving the demonstration project (before any other action). For transfers, promotions, and other actions, the converted GS grade and rate will be used in applying any GS pay administration rules applicable in connection with the employee's movement out of the project (e.g., promotion rules, highest previous rate rules, pay retention rules), as if the GS converted grade and rate were actually in effect immediately before the employee left the demonstration project.

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 rate 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 rate of the second highest grade, the employee is converted to that grade.

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

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

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

Pay-Setting Provisions

An employee's pay within the converted GS grade is set by converting the employee's demonstration project rate of pay to GS rate 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).

E&S Pay Band V Employees

An employee in Pay Band V of the E&S Occupational Family will convert out of the demonstration project at the GS-15 level. The MRMC, in consultation with the CPOs/CPACs/CPOCs, will develop a procedure to ensure that employees entering Pay Band V understand that if they leave the demonstration project and their adjusted pay exceeds the GS-15, step 10 rate, there is no entitlement to retained pay; their GS-equivalent rate will be deemed to be the rate for GS-15, step 10. For those Pay Band V employees paid below the adjusted GS-15, step 10 rate, the converted rates will be set in accordance with Pay-Setting Provisions above.

Employees With Band or Pay Retention

If an employee is retaining a band level under the demonstration project, apply the procedures in the Grade-Setting and Pay-Setting Provisions above, using the grades encompassed in the employee's retained band to determine the employee's GS-equivalent retained grade and pay rate. The time in a retained band under the demonstration project counts toward the 2-year limit on grade retention in 5 U.S.C. 5382.

If an employee is receiving a retained rate under the demonstration project, the employee's GS-equivalent grade is the highest grade encompassed in his or her band level. MRMC will coordinate with OPM to prescribe a procedure for determining the GS-equivalent pay rate for an employee retaining a rate under the demonstration project.

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)
[Thousands]

	Baseline	FY97	FY98	FY99	FY00	FY01
Training		\$99	\$19	\$19	\$19	\$19
Project Eval	\$17	28	60	60	60	60
Automation	80	10	10	10	10	10
Totals	97	137	89	89	89	89

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 in addition to student volunteers.

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

Chapter 33, 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 43, Sections 4302 and 4303: To the extent necessary to (1) substitute “pay band” for “grade” and (2) provide that moving to a lower pay band as a result of not receiving the full amount of a general pay increase because of poor performance is not an action covered by the provisions of section 4303.

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 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 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 not receiving the general increase due to an annual performance rating of “F”; (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 receiving a retained rate whose performance rating is “F” at the time of a general pay increase will receive no increase in the retained rate; (6) ensure that, for employees in Pay Band V of the E&S Occupational Family, pay band retention is not applicable and pay retention provisions are modified so that no rate established under these provisions may exceed the rate of basic pay for GS-15, step 10 (i.e., there is no entitlement to a retained rate).

Chapter 53, Section 5371: Health Care Positions—This waiver applies only to the extent necessary to allow demonstration project employees to be treated as if they 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.

Chapter 57, Sections 5753, 5754, and 5755: Recruitment and Relocation Bonuses; Retention Allowances and Supervisory Differentials—This waiver applies only to the extent necessary to allow (1) employees and positions under the demonstration project to be treated as employees and positions under the General Schedule and (2) employees in Pay Band V of the Engineers and Scientists Occupational Family to be treated as ST employees.

Chapter 59, Section 5941: Allowances based on living costs and conditions of environment; employees stationed outside continental U.S. or Alaska. This waiver applies only to the extent necessary to provide that COLA's paid to employees under the demonstration project are paid in accordance with regulations prescribed by the President (as delegated to OPM).

Chapter 59, Section 5948(1): Physicians Comparability Allowances—This waiver applies only to the extent necessary to allow (1) physicians under the demonstration project to be treated as employees paid under the General Schedule and (2) physicians in Pay Band V of the Engineers and Scientists Occupational Family who are performing research and technology assignments to be treated as ST positions.

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 rate of basic pay being exceeded by the minimum rate of basic pay for 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 in addition to student volunteers.

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 to career/career-conditional appointments.

Part 316.305: Eligibility for within-grade increases—Demonstration employees no longer receive WGs.

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 430.201 thru 210: 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, and reduced in pay without a reduction in band level based on unacceptable performance. For employees who are reduced in band level without a reduction in pay as a result of non-receipt of a general increase, Sections 432.105 and 432.106 (a) and (c) 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 band level, or pay, or removed" if performance does not

improve to acceptable levels after a reasonable opportunity.

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 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.

Part 536: 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 not receiving the general increase due to an annual performance rating of "F"; (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 receiving a retained rate whose performance rating is "F" at the time of a general pay increase will receive no increase in the retained rate; (6) ensure that, for employees in Pay Band V of the E&S Occupational Family, pay band retention is not applicable and pay retention provisions are modified so that no rate established under these provisions may exceed the rate of basic pay for GS-15, step 10 (i.e., there is no entitlement to a retained rate).

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.

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.

Part 591, subpart B: Cost-of-Living Allowances and Post Differential-Non-foreign 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.

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 rate of basic pay being exceeded by the minimum rate of basic pay for 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
- 0505 Financial Management

- 0510 Accounting
- 0511 Auditing
- 0560 Budget Analysis
- 0905 General Attorney
- 1020 Illustrating
- 1035 Public Affairs
- 1040 Language Specialist
- 1060 Photography
- 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
- 1740 Education Services
- 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
- 0204 Military Personnel Technician
- 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
- 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

Intervention	Expected effects	Measures	Data source
1. Compensation			
a. Broad banding	—Increased organizational flexibility. —Reduced administrative workload, paperwork reduction. —Advanced in-hire rates	—Perceived flexibility	—Attitude survey
	—Slower pay progression at entry levels.	—Actual/perceived time savings ... —Starting salaries of banded v. non-banded employees. —Progression of new hires over time by band, career path.	—Personnel office data, PME results, attitude survey —Workforce data —Workforce data

APPENDIX B: PROJECT EVALUATION AND OVERSIGHT—INTERVENTION IMPACT MODEL—DOD LAB DEMONSTRATION PROGRAM—Continued

Intervention	Expected effects	Measures	Data source
b. Conversion buy-in	<ul style="list-style-type: none"> —increased pay potential —increased satisfaction with advancement. —Increased pay satisfaction —Improved recruitment —No change in high grade (GS-14/15) distribution. —Employee acceptance 	<ul style="list-style-type: none"> —mean salaries by band, career path, demographics. —total payroll cost —employee perceptions of advancement. —Pay satisfaction, internal/external equity. —Offer/acceptance ratios —Percent declinations —Number/percentage of high grade salaries pre/post banding. —Employee perceptions of equity, fairness. —Cost as a percent of payroll 	<ul style="list-style-type: none"> —Workforce data —Personnel office data —Attitude survey —Attitude survey —Personnel office data —Workforce data —Workforce data

2. Performance Management

a. Cash awards/bonuses	<ul style="list-style-type: none"> —Reward/motivate performance .. —To support fair and appropriate distribution of awards. 	<ul style="list-style-type: none"> —Perceived motivational power ... —Amount and number of awards by career path, demographics,. —Perceived fairness of awards —Satisfaction with monetary awards. 	<ul style="list-style-type: none"> —Attitude survey —Workforce data —Attitude survey —Attitude survey
b. Performance/contribution based pay progression.	<ul style="list-style-type: none"> —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. 	<ul style="list-style-type: none"> —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 	<ul style="list-style-type: none"> —Attitude survey —Attitude survey —Attitude survey —Attitude survey —Workforce data —Workforce data —Performance expectations, strategic plans —Attitude survey/focus groups —Attitude survey/focus groups
c. New appraisal process	<ul style="list-style-type: none"> —Reduced administrative burden 	<ul style="list-style-type: none"> —Performance management procedures. —Employee and supervisor perception of revised procedures. 	<ul style="list-style-type: none"> —Personnel regulations —Attitude survey
d. Performance development	<ul style="list-style-type: none"> —Improved communication —Better communication of performance expectations. —Improved satisfaction and quality of workforce. 	<ul style="list-style-type: none"> —Perceived fairness of process ... —Feedback and coaching procedures used. —Time, funds spent on training by demographics. —Organizational commitment —Perceived workforce quality-attitude survey. 	<ul style="list-style-type: none"> —Focus group —Focus group —Personnel office data —Training records —Attitude survey Attitude survey

3. Classification

a. Improved classification systems with generic standards.	<ul style="list-style-type: none"> —Reduction in amount of time and paperwork spent on classification. —Ease of use —Improved recruitment of employees with appropriate skills. 	<ul style="list-style-type: none"> —Time spent on classification procedures. —Reduction of paperwork/number of personnel actions (classification/promotion). —Managers' perceptions of time savings, ease of use, improved ability to recruit. —Quality of recruits —Perceived quality of recruits —GPAs of new hires, educational levels. —Perceived authority 	<ul style="list-style-type: none"> —Personnel office data —Personnel office data —Attitude survey —Attitude survey —Focus groups/interviews —Personnel office data
b. Classification authority delegated to managers.	<ul style="list-style-type: none"> —Increased supervisory authority/accountability. 	<ul style="list-style-type: none"> —Perceived authority 	<ul style="list-style-type: none"> —Attitude survey

APPENDIX B: PROJECT EVALUATION AND OVERSIGHT—INTERVENTION IMPACT MODEL—DOD LAB DEMONSTRATION PROGRAM—Continued

Intervention	Expected effects	Measures	Data source
c. Dual career ladder	<ul style="list-style-type: none"> —Decreased conflict between management and personnel staff. —No negative impact on internal pay equity. —Increased flexibility to assign employees. —Improved internal mobility —Increased pay equity —Flatter organization —Improved quality of supervisory staff. 	<ul style="list-style-type: none"> —Number of classification disputes/appeals pre/post. —Management satisfaction with service provided by personnel office. —Attitude survey. —Internal pay equity —Assignment flexibility —Supervisory/non-supervisory ratios. —Perceived internal mobility —Perceived pay equity —Supervisory/non-supervisory ratios. —Employee perceptions of quality of supervisors. 	<ul style="list-style-type: none"> —Personnel records —Attitude survey —Focus groups, survey —Workforce data —Attitude survey —Attitude survey —Workforce data —Attitude survey
4. RIF			
Modified RIF	<ul style="list-style-type: none"> —Prevent loss of high performing employees with need skills. —Contain cost and disruption 	<ul style="list-style-type: none"> —Separated employees by demographics, performance. —Satisfaction with RIF process —Cost comparisons of traditional v. modified RIF. —Time to conduct RIF —Number of appeals/reinstatements. 	<ul style="list-style-type: none"> —Workforce data —Attitude survey/focus groups —Attitude survey/focus groups —Personnel office/budget data —Personnel office data —Personnel office data
5. Combination of all Interventions			
All	<ul style="list-style-type: none"> —Improved organizational effectiveness. —Improved management of R&D workforce. —Improved planning —Improved cross functional coordination. —Increased product success —Cost of innovation 	<ul style="list-style-type: none"> —Combination of personnel measures. —Employee/management job satisfaction (intrinsic/extrinsic). —Planning procedures —Perceived effectiveness of planning procedures. —Actual/perceived coordination ... —Customer satisfaction —Project training/development cost (staff salaries, contract cost, training hours per employee). 	<ul style="list-style-type: none"> —All data sources —Attitude survey —Strategic planning documents —Organizational charts —Attitude survey —Customer satisfaction surveys —Demo project records —Contract documents
6. Context			
a. Regionalization	<ul style="list-style-type: none"> —reduced servicing ratios/cost —No negative impact on service quality. 	<ul style="list-style-type: none"> —HR servicing ratios —Average cost per employee served. —Service quality, timeliness 	<ul style="list-style-type: none"> —personnel office data, workforce data —Workforce data/personnel office data —Attitude survey/focus groups
b. GPRA	<ul style="list-style-type: none"> —Improved organizational performance. 	<ul style="list-style-type: none"> —Other measures to be developed. 	<ul style="list-style-type: none"> —As established

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)

BILLING CODE 6325-01-P

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					
	48		43	38		24		19		
	47	42		37	33	28			14	
	46		41		32		23			
	45	40		36	31	27		18		9
	44		39		35		22			
	43	38		34	30	26			17	
	42		38		34					
	41	37		33	29	25	21			
	40	36	32	28	24	20	16	12	8	4
	39	35		31		23				
	38	34		30	27		19			
			30					15		
	37	33		29	26	22			11	
	36		29		25		18			
		32		25						

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		28		21		14		7	
		31		24						
	34		27			17				
	33	30		23	20			10		
			26				13			
	32	29		22		16				
	31	28	25		19					
	30	27	24	21	18	15	12	9	6	3
	29	26		23						
	28			20	17	14				
			25	22				11		
	27	24		19	16					
	26		21							
		23		18		13				

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		20		15		10		5	

UNSATISFACTORY	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.										