

Employees whose CCS score would result in awarding of "I" money such that the salary exceeds the maximum salary for broadband level II would be eligible for one of the following: movement into level III if a high grade allocation exists (section III D 6), or salary adjustment to the maximum salary in level II and a "bonus" payout of the additional "I" funds warranted by the assessment. Employees whose CCS score would result in awarding of "I" money such that the salary exceeds the maximum salary for broadband level IV will receive salary adjustment to the maximum salary in level IV and a "bonus" payout of the additional "I" funds warranted by the assessment. This bonus payment will not permanently increase base salary.

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## OFFICE OF PERSONNEL MANAGEMENT

### Science and Technology Laboratory Personnel Management Demonstration Project, Department of the Army, Army Research Laboratory (ARL)

**AGENCY:** Office of Personnel Management (OPM).

**ACTION:** Notice of amendment of a demonstration project plan and inclusion of competitive examining and Distinguished Scholastic Achievement Appointment authorities (See 5 CFR 470.315). Clarification of plan regarding OPM's approval of the plan's performance appraisal system.

**SUMMARY:** 5 U.S.C. 4703 authorizes the OPM to conduct demonstration projects that experiment with new and different personnel management concepts to determine whether such changes in personnel policy or procedures would result in improved Federal personnel management.

Public Law 103-337, October 5, 1994, permits the Department of Defense (DoD), with the approval of the OPM, to carry out personnel demonstration projects at DoD Science and Technology (S&T) Reinvention Laboratories. This notice identifies the competitive examining and Distinguished Scholastic Achievement Appointment authorities for the ARL. Additionally, this notice makes explicit the intent of the demonstration project regarding OPM approval of the performance appraisal system already contained in the project plan.

**DATES:** This amendment to the demonstration project may be implemented at the ARL beginning on the date of publication of this notice.

**FOR FURTHER INFORMATION CONTACT:**

ARL: Mr. Jack R. Wilson, II, U.S. Army Research Laboratory, ATTN:

AMSRL-CS-HR, 2800 Powder Mill Road, Adelphi, MD 20783-1197, phone 301-394-1105.

OPM: Mr. Gary Hacker, U.S. Office of Personnel Management, ATTN: OP-OMSOE, 1900 E Street, NW, Room 7460, Washington, DC 20415, phone 202-606-2820.

**SUPPLEMENTARY INFORMATION:**

#### 1. Background

OPM approved and published the final plan in the **Federal Register** for the S&T Reinvention Laboratory Personnel Management Demonstration Project at the ARL on Wednesday, March 4, 1998, Volume 63, Number 42, Part II, with a correction published Thursday, March 19, 1998, Volume 63, Number 53, page 13458.

The demonstration project involves simplified job classification, pay banding, a performance-based compensation system, employee development provisions, and modified reduction-in-force procedures.

#### 2. Overview

At the beginning of the project, when asked what they would like to change in the existing personnel management system, managers at the laboratory overwhelmingly said, "Speed up the hiring process and allow us to hire the best people." The project development team at the laboratory included such initiatives in earlier versions of the demonstration project plan. However, the initiatives were not included in ARL's **Federal Register** notice referenced above. The ARL requires a process which will allow for the rapid filling of vacancies, is less labor intensive, and is responsive to its needs.

Office of Personnel Management.

**Janice R. Lachance,**

*Director.*

#### I. Executive Summary

The Department of the Army established the personnel management demonstration project to be generally similar to the system in use at the Navy personnel demonstration project known as China Lake. The project and this amendment were built upon the concepts of linking performance to pay for all covered positions; simplifying paperwork in the processing of classification and other personnel actions; emphasizing partnerships among management, employees, and unions; and delegating other authorities to line managers.

#### II. Introduction

The demonstration project at the ARL attempts to provide managers, at the

lowest practical level, the authority and flexibility needed to achieve a quality laboratory and quality products. The purpose of this amendment is to allow the ARL to compete more effectively for high quality personnel and strengthen the manager's role in personnel management. Restructuring the examining process and providing an authority to appoint candidates meeting distinguished scholastic achievements will help meet the purpose of this amendment and the goals of the demonstration project. Other basic provisions of the approved plan are unchanged.

### III. Personnel System Changes

#### A. Competitive Examining Authority

##### 1. Coverage

ARL proposes to demonstrate a streamlined examining process for both permanent and non-permanent positions. This authority will apply to all positions covered by the demonstration project with the exception of positions in the Senior Executive Service, Senior Level (ST/SL) positions, the Executive Assignment System or positions of Administrative Law Judge, and any examining process covered by court order. This authority will include the coordination of recruitment and public notices, the administration of the examining process, the administration of veterans' preference, the certification of candidates, and selection and appointment consistent with merit principles. ARL's implementing instructions will detail when this alternative examining process will be used versus the traditional examining process.

##### 2. Description of Examining Process

The primary change in the examining process to be demonstrated is the grouping of eligible candidates into three quality groups using numerical scores and the elimination of consideration according to the "rule of three."

For each candidate, minimum qualifications will be determined using OPM's operating manual, "Qualification Standards Handbook for General Schedule Positions," including any selective placement factors identified for the position. Candidates who meet basic (minimum) qualifications will be further evaluated based on knowledge, skills, and abilities which are directly linked to the position(s) to be filled. Based on this assessment, candidates will receive a numerical score of 70, 80, or 90. No intermediate scores will be granted except for those eligibles who

are entitled to veterans' preference. Preference eligibles meeting basic (minimum) qualifications will receive an additional 5 or 10 points (depending on their preference eligibility) which is added to the minimum scores identified above. Candidates will be placed in one of three quality groups based on their numerical score, including any veterans' preference points: Basically Qualified (score of 70 and above), Highly Qualified (score of 80 and above), or Superior (score of 90 and above). The names of preference eligibles shall be entered ahead of others having the same numerical rating.

For engineering/scientific and professional positions at the equivalent of GS-9 and above, candidates will be referred by quality groups in the order of the numerical ratings, including any veterans' preference points. For all other positions, i.e., other than engineering/scientific and professional positions at the equivalent of GS-9 and above, preference eligibles with a compensable service-connected disability of 10 percent or more who meet basic (minimum) eligibility will be listed at the top of the highest group certified.

In making their selections, selecting officials should be provided with a reasonable number of qualified candidates from which to choose. All candidates in the highest group will be certified. If there is an insufficient number of candidates in the highest group, candidates in the next lower group may then be certified. Should this process not yield a sufficient number, groups will be certified sequentially until a selection is made or the qualified pool is exhausted. When two or more groups are certified, candidates will be identified by quality group (i.e., Superior, Highly Qualified, Basically Qualified) in the order of their numerical scores. In making selections, to pass over any preference eligible(s) in order to select a nonpreference eligible requires approval under current pass-over or objection procedures.

#### *B. Distinguished Scholastic Achievement Appointment*

ARL further proposes to establish a Distinguished Scholastic Achievement Appointment using an alternative examining process which provides the authority to appoint undergraduates and graduates through the doctoral level to professional positions at the equivalent of GS-7 through GS-11, and GS-12 positions.

At the undergraduate level, candidates may be appointed to positions at a pay level no greater than the equivalent of GS-7, step 10, provided that: they meet the minimum

standards for the position as published in OPM's operating manual, "Qualification Standards for General Schedule Positions," plus any selective factors stated in the vacancy announcement; the occupation has a positive education requirement; and the candidate has a cumulative grade point average of 3.5 or better (on a 4.0 scale) in those courses in those fields of study that are specified in the Qualifications Standards for the occupational series.

Appointments may also be made at the equivalent of GS-9 through GS-12 on the basis of graduate education and/or experience for those candidates with a grade point average of 3.5 or better (on a 4.0 scale) for graduate level courses in the field of study required for the occupation.

Veterans' preference procedures will apply when selecting candidates under this authority. Preference eligibles who meet the above criteria will be considered ahead of nonpreference eligibles. In making selections, to pass over any preference eligible(s) to select a nonpreference eligible requires approval under current pass-over or objection procedures. Priority must also be given to displaced employees as may be specified in OPM and DoD regulations.

Distinguished Scholastic Achievement Appointments will enable the ARL to respond quickly to hiring needs with eminently qualified candidates possessing distinguished scholastic achievements.

#### **IV. Required Waivers to Law and Regulations**

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 amendment of the demonstration project. Additional waivers in the area of performance management make explicit the intent of the demonstration project regarding OPM approval of the performance appraisal system already contained in the project plan.

##### *A. Waivers to Title 5, U.S. Code*

Section 3317(a), Competitive Service; certification from registers (insofar as "rule of three" is eliminated under the demonstration project).

Section 3318(a), Competitive Service; selection from certificates (insofar as "rule of three" is eliminated under the demonstration project).

Section 4304(b)(1) and (3), Inasmuch as OPM approval of the final demonstration project plan enumerated

in paragraph 1 of the **SUPPLEMENTARY INFORMATION**, above, also constitutes OPM approval of the performance appraisal system contained in that plan.

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

Part 332.401 (b), Only to the extent that for non-professional or non-scientific positions equivalent to GS-9 and above, preference eligibles with a compensable service-connected disability of 10 percent or more who meet basic (minimum) qualification requirements will be entered at the top of the highest group certified without the need for further assessment.

Part 332.402, "Rule of three" will not be used in the demonstration project.

Part 332.404, Order of selection is not limited to highest three eligibles.

Part 430.210, Inasmuch as OPM approval of the final demonstration project plan enumerated in paragraph 1 of the **SUPPLEMENTARY INFORMATION**, above, also constitutes OPM approval of the performance appraisal system contained in that plan.

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## **SECURITIES AND EXCHANGE COMMISSION**

### **Request Under Review by Office of Management and Budget**

Upon written request, copies available from: Securities and Exchange Commission, Office of Filings and Information Services, Washington, D.C. 20549.

Extension:

Rule 12a-5, Form 26, SEC File No. 270-85, OMB Control No. 3235-0079

Rule 12f-1, SEC File No. 270-139, OMB Control No. 3235-0128

Rule 12f-3, SEC File No. 270-141, OMB Control No. 3235-0249

Rule 15Ajensp;1, Forms X-15AJ-1 and X-15AJ-2 SEC File No. 270-25, OMB Control No. 3235-0044

Rule 15c2-1 SEC File No. 270-418, OMB Control No. 3235-0485

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget requests for extension of the previously approved collections of information discussed below.

Rule 12a-5 of the Securities Exchange Act of 1934 (the "Act") generally makes it unlawful for any security to be traded on a national securities exchange unless such security is registered on the exchange in accordance with the