

DEPARTMENT OF THE INTERIOR**Bureau of Indian Affairs****Higher Education Workforce Project**

AGENCY: Bureau of Indian Affairs, Interior.

ACTION: Notice of Intent to Implement Demonstration Project.

SUMMARY: The Bureau of Indian Affairs is announcing the intent to implement a demonstration project. Public Law 105-337, Haskell Indian Nations University (HINU) and Southwestern Indian Polytechnic Institute (SIPI) Administrative Systems Act of 1998, Oct. 31, 1998, allows HINU to conduct a demonstration project to test the feasibility and desirability of new personnel management policies and procedures.

DATES: Implementation of this demonstration project will begin on October 1, 2000. To be considered, written comments must be submitted on or before April 10, 2000: an informal public hearing will be scheduled as follows: April 24, 2000 10 a.m. to 12 Noon in Lawrence, Kansas. At the hearing, parties may present their comments on the project. However, anyone wishing to testify should contact the person listed under the **FOR FURTHER INFORMATION CONTACT** section, so that HINU can plan the hearing and provide sufficient time for all parties to be heard. Priority will be given to those on the schedule, with others speaking during any remaining time. Each speaker will be limited to 10 minutes. Written comments may be submitted to supplement oral testimony during the public comment period.

ADDRESSES: You may send comments to Eddie Lehman, Haskell Indian Nations University, Office of the President, Lawrence, Kansas, 66046; e-mail address: elehman@ross1.cc.haskell.edu.

A public hearing will be held at the following location: Lawrence, Kansas—Haskell Indian Nations University, Haskell Auditorium, 155 Indian Ave., Lawrence Kansas 66046.

FOR FURTHER INFORMATION CONTACT: On proposed demonstration project and public hearings: Eddie Lehman, Haskell Indian Nations University, Lawrence, Kansas 66046, 785-749-8407; e-mail address: elehman@ross1.cc.haskell.edu.

SUPPLEMENTARY INFORMATION: Public Law 105-337 finds that the provision of culturally sensitive curricula for higher education programs at Haskell Indian Nations University is consistent with the commitment of the Federal Government to the fulfillment of treaty

obligations to Indian tribes through the principle of self-determination and the use of Federal resources. It further finds that giving a greater degree of autonomy to the institution while maintaining it as an integral part of the Bureau of Indian Affairs will facilitate the transition of Haskell Indian Nations University to a 4-year university.

This notice is published in accordance with authority delegated by the Secretary of the Interior to the Assistant Secretary—Indian Affairs by 209 DM 8.

Dated: March 2, 2000.

Kevin Gover,

Assistant Secretary—Indian Affairs.

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I. Executive Summary

The project was designed by an Alternative Personnel System (APS) Team, under the authority of the Interim President of HINU and the Office of Indian Education Programs, Bureau of Indian Affairs. There are three major areas of change: (a) Institution-controlled rapid hiring; (b) a contribution-based compensation system; (c) and a simplified assignment process. The project will cover all employees at HINU. The Department of

Interior will perform extensive evaluation of the project.

II. Introduction*A. Purpose*

The purpose of the project is to demonstrate that greater managerial control over personnel processes and functions at the worksite can enhance the effectiveness of a higher education workforce and, at the same time, expand the opportunities available to employees through a more responsive personnel system. This demonstration project will provide managers at the lowest practical level the authority, control, and the flexibility they need to provide quality educational opportunities for American Indian students. This project not only provides a system that recognizes, rewards, and retains employees for their personal and professional growth.

B. Problems With the Present System

Haskell Indian Nations University, a Federal higher education institution, provides post-secondary education to Native American students from across the United States. To do this effectively and efficiently, the institution must employ top-quality faculty, administrators, support staff, and technical/specialist workforce. The current personnel system must be re-engineered to provide incentives and rewards to employees who exhibit characteristics of educational mastery, enthusiasm, and innovation, and who increase their contribution to the higher education mission accordingly. Hiring restrictions and overly complex job classifications unduly exhaust valuable resources (staff, time, and budget), and unnecessarily detract attention from the institution's educational mission. Managers must be able to compete with the private sector for the best talent and be able to make timely and competitive job offers to potential employees. Those same managers need the tools to reward employees for continuing excellence so that the higher education system reflects a quality workforce. The current personnel system does not provide an environment that motivates employees to continue to increase their contribution to the institution and its mission. A contribution-based compensation system will help managers acquire motivational tools and provide a forum in which to apply them. The higher education process is continually changing and depends on shared expertise of a highly educated faculty and staff; therefore, managers can implement most effective strategies through local control of positions and

their classification. Managers need the ability to move employees freely within their institution to meet the educational mission and to provide developmental opportunities for employees. Managers at present have only limited tools to shape the workforce to ensure continued growth of new ideas, strategies, and state-of-the-art skills for the 21st century.

The inflexibility of many of today's personnel processes and the diffused authority, accountability, and approval chains throughout the system result in a workforce that cannot posture itself for a rapidly changing technological and academic environment. This demonstration is designed (1) to provide an encouraging environment that promotes the growth of all employees; and (2) to improve the local higher education manager's ability and authority to manage the workforce effectively.

C. Changes Required/Expected Benefits

This project will demonstrate that a human resources' system tailored to the mission and needs of a higher education institution will result in: (a) Increased quality in the higher education workforce and the educational outcomes produced; (b) increased timeliness of key personnel processes, especially hiring; (c) increased retention rates of "excellent contributors" and separation rates of "poor contributors"; (d) increased satisfaction of institutional customers with the higher education process and its outcome; and (e) increased satisfaction with the personnel management system by customers/students, employees and tribal communities.

The Higher Education Workforce Project (HEWP) builds on the features of demonstration projects at the Department of Defense Acquisition, Air Force Research Laboratory, Department of the Navy (China Lake), and National Institute of Standards and Technology (NIST). The long-standing Department of the Navy (China Lake) and NIST demonstration projects have produced impressive statistics on job satisfaction for their employees versus that for the Federal workforce in general. Therefore, in addition to the expected benefits mentioned above, it is anticipated that the HEWP will result in more satisfied employees as a consequence of the proposed demonstration project's hiring procedures, classification accuracy, pay equity, and fairness of performance management. A full range of measures will be collected during project evaluation.

D. Participating Institutions

The Higher Education Workforce Project (HEWP) will cover Haskell Indian Nations University, an institution of higher education of the Department of the Interior, Bureau of Indian Affairs. HINU is located in Lawrence, Kansas.

E. Participating Employees

In determining the scope of the demonstration project, primary consideration was given to the number and diversity of occupations within the Higher Education Workforce Project, which includes professional employees and the supporting personnel. The project provides for adequate development and testing of the Contribution-based Compensation and Assessment System (CCAS). The intent of this project is to provide the institution with increased control and accountability for the covered workforce. Therefore, the decision was made to include all General Schedule (GS) and Wage Grade System (WG) positions. Employees covered under the Performance Management and Recognition System Termination Act (pay plan code GM) are General Schedule employees and are covered under the demonstration project.

F. Bargaining Units

Of the 207 HINU employees, all except managerial employees are under union representation by the National Federation of Federal Employees union and are covered by a negotiated National Agreement. At the time of publishing the Indian Educators Federation union had been certified as the bargaining unit, but the certification had not become effective because of appeals by NFFE. The recent NFFE agreement will be recognized as the applicable agreement until such time as the appeal process is completed; a union is identified as the representative; and/or a new agreement is reached in accordance with the specific requirements under Public Law 105-337. All applicants for employment with, all eligibles and employees of, and all positions in or under HINU shall be included in this demonstration project. Any collective-bargaining agreement in effect on the day before this demonstration project commences shall continue to be recognized by HINU until such date of a new negotiated agreement, as may be determined by mutual agreement of the parties.

G. Project Design

In 1996, after several years of planning and research, HINU submitted legislation to Congress for developing a

different higher education personnel system. In 1997 SIPI submitted legislation to Congress proposing an alternative personnel system. In 1998, the two pieces of legislation were joined due to the similarity of the two higher education schools' missions and identification of similar problems with acquiring personnel. Public Law 105-337, Oct. 31, 1998, authorized each institution to carry out a demonstration project for developing a higher education alternative personnel system. A joint Steering Committee was established in September 1999 as the governing body for the project. Members on the Steering Committee represented both institutions and the Office of Indian Education Programs, BIA. An Alternative Personnel System Team was established in October 1999, made up of employees from SIPI and HINU to design and develop the demonstration project that would test a new personnel system for use at SIPI and HINU. The APS team presented recommendations for a new system to the Steering Committee in December 1999 for approval. BIA, OIEP subsequently determined that the two institutions could develop individual alternative personnel systems and the Steering Committee was disbanded. HINU continued to use its APS team to design this project. The APS team developed an alternative personnel system that represents sweeping changes in the entire spectrum of human resources management for HINU. Several of the initiatives are designed to assist the institution in hiring the best people to fulfill mission requirements. Others focus on developing, motivating, and equitably compensating employees based on their contribution to the mission. Initiatives to effectively manage workforce turnover and maintain institutional excellence were also developed.

Public Law 105-337 authorizes HINU to test alternative benefits systems. Though no changes have been made to the existing benefits systems in this publication, HINU reserves the right to test alternative benefits systems in the future in accordance with the provisions of Public Law 105-337.

A. Hiring and Appointment Authorities

1. Simplified, Accelerated Hiring

The complexity of the current system and various hiring restrictions create delays; hamper management's ability to hire, develop, realign, and retain a quality workforce that is reflective of the institution's mission statement; and inhibit a quick response to the technological, economic and

educational needs of tribal communities. Line managers, departmental and divisional managers find the complexity limiting as they attempt to accomplish timely recruitment of needed personnel with appropriate knowledge and skills. To compete with the private sector and institutions of higher learning for the best talent available and be able to make expeditious job offers, managers need a process that is streamlined and easy to administer. In order to create a human resources management system that facilitates meeting HINU's mission and institutional excellence, this demonstration project will respond to today's dynamic environment by obtaining, developing, motivating, and retaining high-performing employees. The project will provide a flexible system that can restructure or renew the workforce quickly to meet diverse mission needs, respond to workload needs, and contribute to quality educational infrastructure.

Specifically, this part of the demonstration project will provide simplified, accelerated hiring of quality personnel by providing HINU full authority to appoint individuals to positions. Appropriate recruitment methods and resources will include those that are likely to yield quality candidates with the knowledge, skills, and abilities necessary to perform the duties of the position.

(a) Delegated Examining Authority

This demonstration project establishes a streamlined applicant examining process. This process will be used to fill all positions at HINU. Basic eligibility factors will be determined, using any and all available resources, linking applicants' knowledge, skills, and abilities to those required in each position. Minimum eligibility requirements will be those at the lowest equivalent GS or WG grade of the appropriate broadband level. Selective placement factors may be established when judged to be critical to successful job performance. These factors will be determined by the HINU selecting officials and communicated to applicants for basic eligibility. Qualified candidates who meet the basic "minimum" qualifications will be further evaluated based on Knowledge, Skills, and Abilities that are directly linked to the position(s) to be filled. Applicants who meet Indian Preference qualifications will receive preference in hiring. Based on assessment, other candidates will receive numerical scores of 70, 80 or 90. No intermediate scores will be granted except for those eligibles that are entitled to veterans' preference.

Veteran's preference eligibles meeting basic (minimum) qualifications will receive an additional five or ten points (depending on their preference eligibility) added to the minimum scores identified above. Applicants will be placed in one of the following quality groups based on their numerical score including any preference points: Basically Qualified (score of 70 to 79); Highly Qualified (score of 80 to 89); or Superior (score of 90 and above). The names of veterans' preference eligibles will be entered ahead of others having the same numerical score. The names of Indian preference eligibles will be placed at the top of the Superior quality group.

For professional positions at the basic rate of pay equivalent to GS-9 and above, applicants 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 professional positions at the equivalent of GS-9 and above), veterans' preference eligibles with a compensable service-connected disability of ten percent or more who meet basic (minimum) eligibility will be listed at the top of the highest group certified.

For GS-9 academic and administrative positions, hiring committees will convene to review the applications on the certification list. In accordance with academic procedures, hiring committees will recommend a ranked preference list to the hiring officials.

All applicants in the highest group will be certified. If there is an insufficient number of applicants in the highest group, applicants 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, applicants will be identified by quality group (*i.e.*, Superior, Highly Qualified, Basically Qualified) in the order of their numerical scores. Indian preference eligibles will be placed at the top of the Superior group. Passing over any veteran's preference eligible(s) to select a non-preference eligible requires approval under current pass-over or objection procedures.

The on-site Personnel Director will serve as a consultant during the hiring process, overseeing Indian and veterans' preference, timely processing of paperwork, and other procedures that ensure lawful and equitable procedures for all applicants. The hiring process will reflect the merit principles.

(b) Scholastic Achievement Appointment

This demonstration project establishes a Scholastic Achievement Appointment that provides the authority to appoint candidates with degrees to positions with positive education requirements. Candidates may be appointed under this procedure if: (1) They meet the minimum standards for the positions as published in OPM's Operating Manual "Qualification Standards for General Schedule Positions," plus any selective factors stated in the vacancy announcement; (2) the occupation has a positive education requirement; (3) the candidate has a cumulative grade point average (GPA) of 3.5 or better (on a 4.0 scale) in those courses in those fields of study that are specified in the Qualification Standards for the occupational series and an overall undergraduate GPA of at least 3.0 on a 4.0 scale; and (4) the appointment is into a position at a pay level lower than the top step of GS-7. Appointments may also be made at the equivalent of GS-9 through GS-11 on the basis of graduate education and experience, but with the requirement of a GPA of at least 3.7 on a scale of 4.0 for graduate courses in the field of study required for the occupation. Indian preference and veterans' preference procedures will apply when selecting candidates under this authority. Preference eligibles who meet the above criteria will be considered ahead of non-preference eligibles. Passing over any preference eligible(s) to select a non-preference eligible requires OPM approval under current objection procedures. This authority allows for competitive appointment to positions at the broadband level II.

2. Permanent and Contingent Appointment Authorities

The educational work environment is seriously affected by variable workload and mission changes that require flexibility not only in workforce numbers but required skills and knowledge. The current personnel system is unable to adapt the workforce rapidly to these changes. This demonstration project provides a method to adjust the workforce as needed. Under this demonstration project there are two appointment options: permanent and contingent appointments. The permanent appointment replaces the existing career and career-conditional appointments. The contingent appointment is a new appointment authority that is based roughly on the existing term

appointment to provide flexible hiring practices for HINU. All contingent appointments will be temporary. All employees under these two appointments will be eligible for benefits under the guidelines of the demonstration project, provided the appointment is the duration of at least one year. Benefits are the same as those currently afforded permanent employees. An academic year is considered equivalent to a calendar year for academic appointments.

Institutions may make a contingent appointment for a period that is expected to last up to a year, but not to exceed four years. Reasons for making a contingent appointment include, but are not limited to, carrying out special project work; staffing new or existing programs of limited duration; filling a position in activities undergoing review for reduction or closure; and replacing permanent employees who have been temporarily assigned to another position, are on extended leave, or have entered military service. Selections for contingent appointments for less than one year will be non-competitive. Selections for contingent appointments of one year or more will be made under competitive examining processes. Employees hired under a one-year or more, contingent appointment authority are temporary, but may be eligible for conversion to permanent appointment. To be converted, the employee must (1) have been selected for the 1 year or more contingent position under competitive procedures, with the announcement specifically stating that the individual(s) selected for the contingent position(s) may be eligible for conversion to permanent appointment at a later date; (2) must have participated in at least one cycle of the contribution-based assessment process; and (3) be selected under merit promotion procedures for the permanent position. Service under a contingent appointment immediately prior to a permanent appointment may be applied toward the probationary period at the discretion of the manager, provided contribution is adequate and the permanent position is in the same career path as the contingent appointment. The institution may place a contingent employee in any other contingent position, provided the employee meets the qualifying requirements of that position. However, such reassignment will not serve to extend the appointment beyond the original contingent appointment time period. Professional conversions will require review by appropriate peers. Contingent and permanent

appointments may be used for part-time and full-time purposes. The contingent appointment may not be used to replace or substitute for work performed by employees occupying regular positions required to perform the mission of the institution, but may be used to supplement regular positions work activities.

3. Modified Probationary Period

For employees in the Professional and Technical/Specialist career paths, the current one-year probationary period does not always provide managers the time needed to properly assess the contribution and conduct of new hires in the higher education environment. New hires may be involved in extended training, degree completion and/or educational assignments away from their normal institution. A means of extending the opportunity for management to review and evaluate the contribution and potential of new hires is needed. Expansion of the current one-year probationary period affords management better control over the quality of employees required to meet mission needs and provide sufficient opportunity to evaluate contribution during the beginning of a career. Permanent employees will fulfill a maximum of three years probation that may be decreased to not less than one year. All newly hired employees may be subject to an extension of their probationary period equal to the length of any educational/training assignment that places the employee outside normal supervisory review. The modified probationary period applies to new hires or those who do not have reemployment or reinstatement eligibility. Aside from extending the probationary period, all other features of the current probationary period are retained. Probationary employees will be terminated when they fail to demonstrate proper conduct, technical competency, and/or adequate contribution for continued employment. When a supervisor decides to terminate an employee serving a probationary period because his/her work contribution or conduct during that period fails to demonstrate fitness or qualifications for continue employment, the supervisor shall terminate the employee's services by written notification thirty days prior to the effective date of the action. Probationary employees will receive all the benefits of the non-probationary permanent employees, with the exception that they may be separated without due cause. After fulfilling the probationary requirements, an employee will not be

separated without full substantive and procedural rights.

4. Voluntary Emeritus Program

Under the demonstration project, the President of HINU has the authority to offer retired or separated individuals voluntary assignments in the institution and to accept the gratuitous services of those individuals. Voluntary Emeritus Program assignments are not considered employment by the Federal Government (except as indicated below). Thus, such assignments do not affect an employee's entitlement to buy-outs or severance payments based on earlier separation from Federal Service. This program may not be used to replace or substitute for work performed by employees occupying regular positions required to perform the mission of the institution.

The Voluntary Emeritus Program will ensure continued quality higher education by allowing retired employees to retain a presence in the HINU education community. Experienced workers will be available to enrich the institution's educational mission through mentorships and other service.

To be accepted into the Voluntary Emeritus Program, a volunteer must be recommended to the President by one or more HINU education managers. No one who applies is entitled to an emeritus position. The President must 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 volunteer's Federal retirement pay (whether military or civilian) will not be affected while the volunteer is serving in emeritus status. Retired or separated Federal employees may accept an emeritus position without a "break in service" or mandatory waiting period.

Voluntary Emeritus Program volunteers will not be permitted to monitor contracts on behalf of the Government but may participate on any contract if no conflict of interest exists. The volunteer may be required to submit a financial disclosure form annually and will not be permitted to participate on any contracts where a conflict of interest exists.

An agreement will be established by the volunteer, the President, and the Personnel/Human Resources Office. The agreement must be finalized before the assumption of duties and shall include:

(a) a statement that the service provided is gratuitous, does not constitute an appointment in the Civil

Service, is without compensation or other benefits except as provided for in the agreement itself, and that, except as provided in the agreement regarding work-related injury compensation, any and all claims against the Government because of the service are waived by the volunteer;

(b) a statement that the volunteer will be considered a Federal employee for the purposes of:

(i) Subchapter I of Chapter 81 of Title 5, U.S.C. (using the formula established in 10 U.S.C. 1588 for determination of compensation) (work-related injury compensation);

(ii) Chapter 171 of title 28, U.S.C. (tort claims procedure);

(iii) Section 552a of Title 5, U.S.C. (records maintained on individuals); and

(iv) Chapter 11 of title 18, U.S.C. (conflicts of interest).

(c) the volunteer's work schedule;

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

(e) support provided by the activity (travel, administrative, office space, supplies, etc.);

(f) a one-page statement of duties and experience; a statement specifying that no additional time will be added to a

volunteer's service credit for such purposes as retirement, severance pay, and leave as a result of being a member of the Voluntary Emeritus Program a provision allowing either party to void the agreement with ten days' written notice and;

(I) the level of security access required.

B. Broad banding

1. Broadband Levels

Broad banding system will replace the current General Schedule (GS) and Wage Grade structure. Currently, the 15 grades of the General Schedule are used to classify positions and, therefore, to set pay. The General Schedule covers all white-collar work—administrative, technical, clerical, and professional. The Wage Grade System covers all blue-collar work — mechanical, technical, and manual labor.

Occupations with similar characteristics will be grouped together into three career paths with broadband levels designed to facilitate pay progression and to allow for more competitive recruitment of quality candidates at differing rates.

Professional, Technical/Specialist and Support designate career paths as depicted in TABLE I. Competitive

promotions will be less frequent, and movement through the broadband levels will be a more seamless process than under current procedures. Like the broadband systems used at the Department of the Navy (China Lake) and the National Institute of Standards and Technology (NIST) permanent demonstration projects, advancement within the system is contingent on merit.

There will be five broadband levels in the demonstration project, labeled I, II, III, IV, and V. Levels I through IV will include the current grades of GS-01 through GS-15. These are the grades in which the workforce employees are currently found. Wage grade compensation levels were converted to GS grade, then the GS grades was used in setting the upper and lower dollar limits of the broadband levels; however, once the employees are moved into the demonstration project, GS and WG grades will no longer apply. Broadband level V is reserved for the position of President of HINU and is limited by compensation equivalent to Executive Level III. The three career paths and their associated broadband levels are shown in TABLE I.

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Professional			
I (GS 5-8)	II (GS 9-11)	III (GS 12-13)	IV (GS 14-15)
Technical/Specialist			
I (GS 5)	II (GS 6-8)	III (GS 9-11)	IV (GS 12-13)
Support			
I (GS 5)	II (GS 6-7)	III (GS 8-10)	

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Generally, employees will be converted into the broadband level that includes their permanent GS and WG grade of record. Each employee is assured an initial place in the system without loss of pay. As the rates of the General Schedule and/or Executive Schedule are increased due to general pay increases, the minimum and

maximum rates of the broadband levels will also move up. Individual employees receive pay increases based on their assessments under the Contribution-based Compensation and Assessment System (CCAS). Since pay progression through the levels depends on contribution, there will be no scheduled within-grade increases (WGs) or scheduled general pay

increases for employees once the Broad banding system is in place. Currently no special salary rates are in effect at HINU. However, if a position is created that falls under a special salary rate, that rate will be converted to a broadband level comparable to the special salary rate and that special salary rate will no longer be applicable to the demonstration project employee.

Employees will receive the locality pay of their geographical area.

Newly hired personnel entering the system will be employed at a level consistent with the expected basic qualifications for the level, as determined by rating against qualification standards. Salaries of individual candidates will be based on academic qualifications and/or work experience. The hiring official will determine the starting salary based upon available labor market considerations relative to special qualifications requirements, scarcity of qualified applicants, programmatic urgency, and education/experience of the new candidates. In addition to the flexibility available under the Broad banding system, the authorities for retention, recruitment, and relocation payments granted under the Federal Employees' Pay Comparability Act of 1990 (FEPCA) can also be used.

The use of Broad banding provides a stronger link between pay and contribution to the mission of the institutions. It is simpler, less time consuming, and less costly to maintain. In addition, such a system is more easily understood by managers and employees, is easily delegated to managers, coincides with recognized career paths, and complements the other personnel management aspects of the demonstration project.

2. Simplified Assignment Process

Today's environment of downsizing and workforce transition mandates that the institution has maximum flexibility to assign individuals. Broad banding enables the institution to have the maximum flexibility to assign an employee within broad descriptions, consistent with the needs of the institutions and the individual's qualifications. Assignments may be accomplished as realignments and do not constitute a position change. 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 institution consistent with that individual's qualifications. This flexibility allows broader latitude in assignments and further streamlines the administrative process and system.

C. Classification

1. Occupational Series

The present General Schedule classification system has 434 occupational series that are divided into 22 occupational groups. The present Federal Wage classification system has

39 key ranking jobs. The HEWP currently covers numerous series and key ranking jobs in the 22 occupational groups and Federal Wage System. These occupational series and key ranking jobs will be maintained throughout the demonstration project.

2. Classification Standards

The present system of OPM classification standards will be used for identification of proper series and occupational titles of positions within the demonstration project. References in the position classification standards to grade criteria will not be used as part of the demonstration project. Rather, the CCAS broadband level factors, as aligned in the three career paths, will be used for the purpose of broadband level determination. Under the demonstration project, each broadband level will be represented by a set of descriptors.

3. Classification Authority

Under the HEWP, the President (or equivalent) will have delegated classification authority and may re-delegate this authority to subordinate management levels. Re-delegated classification approval must be exercised at least one management level above the first-line supervisor of the position under review, except in the case of those employees reporting directly to the president or equivalent. First-line supervisors will provide classification recommendations. The Personnel Director will provide ongoing consultation and guidance to managers and supervisors throughout the classification process.

4. Statement of Duties and Requirements

Under the demonstration project's classification system, a new statement of duties and requirements (SDR) will replace the current position description. The SDR will combine the position information, staffing requirements, and contribution expectations into a single document. The new SDR will include a description of job-specific information, reference the CCAS broadband level descriptors for the assigned broadband level, and provide other information pertinent to the job. Supervisors may use a computer-assisted process to produce the SDR. The objectives in developing the new SDR are to: (a) Simplify the descriptions and the preparation process through automation; (b) provide more flexibility in work assignments; and " provide a more useful tool for other functions of personnel management, e.g., recruitment, assessment of contribution,

employee development, and reduction in force.

5. Fair Labor Standards Act

Fair Labor Standards Act (FLSA) exemption or non-exemption determinations will be made consistent with criteria found in 5 CFR (Code of Federal Regulations) part 551.

All employees are covered by the FLSA unless they meet criteria for exemption. Positions will be evaluated as needed by comparing the duties and responsibilities assigned the broadband level descriptors for each broadband level, and the 5 CFR part 551 FLSA criteria.

6. Classification Appeals

An employee may appeal the occupational series, title, or broadband level of his/her own 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 Haskell Classification Appeals Panel. Time periods for case processing under 5 CFR 511.605 apply.

An employee may not appeal the accuracy of the SDR document, 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 is based upon the demonstration project classification criteria. Case files will be forwarded for adjudication through the personnel/human resources office and will include copies of appropriate demonstration project criteria.

D. Contribution-Based Compensation and Assessment System

1. Overview

The purpose of the Contribution-based Compensation and Assessment System (CCAS) is to provide an equitable and flexible method for assessing and compensating the higher education workforce. CCAS allows for more employee involvement in the performance assessment process, increases communication between supervisors and employees, promotes a clear accountability of contribution by each employee, facilitates employee progression tied to institutional contribution, and provides an understandable basis for salary changes.

CCAS goes beyond a performance-based rating system. It measures the employee's contribution to the mission and goals of the institution, rather than how well the employee performed a job as defined by a performance plan. Past experience with the existing performance appraisal system indicates that performance plans are often tailored to the individual's level of previous performance. Hence, an employee may have been rewarded by salary step increases for accomplishing a satisfactory level of performance against a diminishing set of responsibilities. CCAS promotes salary adjustment decisions made on the basis of an individual's overall annual contribution when compared to all other employees and level of compensation. Therefore, larger-than-average salary increases are possible for employees who are determined to be "under compensated—below the rails" and smaller-than-average increases are permitted for employees who are deemed to be "over compensated—above the rails" in relationship to their institutional contributions.

An employee's performance is a synthesis of contributions that determines the overall contribution score (OCS). Contribution is measured by using a set of six factors, each of which is relevant to the success of the educational institution. The description for each factor will have five levels. Criteria for achieving these levels will be determined by each organizational unit, such as an academic department, within the school. Taken together, these factors capture the critical content of jobs in each career path. The factors may not be modified or supplemented. These factors are the same as those used to classify a position at the appropriate broadband level. Variable weights may be applied to the six factors for different job categories.

The total compensation or pay system is an important indicator of what an organization believes is important to its success. A well-designed compensation system provides a battery of tools to support organizational goals and outcomes. The design should be strategic, flexible, and customer-focused. The current compensation system, because it was implemented in a piecemeal fashion for a hierarchical organization, does not relate to educational needs and is cumbersome. The demonstration project will test a compensation system that is able to

change based on the needs of the entire organization, of the taxpayer, and of the student being served.

Employees in all five broadband levels will have the same factors, with applications relevant to the SDR. The six factors are: (1) Primary Duty and Requirements (defined in the SDR); (2) Customer/Student Service; (3) Department and Institutional Service; (4) Teamwork/Supervision; (5) Professional Development Activity; (6) Communications/Research and Publications. These factors were chosen for assessing the yearly contribution of HINU employees in the three career paths (1) Professional, (2) Technical/Specialist, and (3) Support. Each factor has multiple levels of increasing contribution corresponding to the broadband levels within the relevant career paths. These levels will be delineated in the Operations Manual.

Factor 1: Primary Duty and Requirements refers to the activities that relate to the position description title, such as "Carpenter" relating to levels of achievement of carpenter duties; or "Instructor" relating to achievement of levels related to classroom instruction. The individual factor will relate to the activity described by the title.

Factor 2: Customer/Student Service pertains to activities that relate to direct and indirect contact with customers/students, and will cover areas related to advising, tutoring, mentoring, club sponsorship, and other activities that serve the students outside the classroom.

Factor 3: Departmental and Institutional Service refers to committee work, curriculum development, institutional programs (graduation, powwows), public presentations, academic lectures, and other activities that contribute to the worker's organizational unit and the institution as a whole.

Factor 4: Teamwork/Supervision refers to non-managerial employees (Teamwork) or managers (Supervision and Teamwork). Teamwork is a factor that describes any worker's contribution to the mission and goals of the organizational unit, through interactions with other employees. Additional managerial criteria includes supervision of workers. Management of resources is also part of this factor for supervisors.

Factor 5: Professional Development Activity refers to any training, academic course work, instructional conferences, or activity that contributes to the

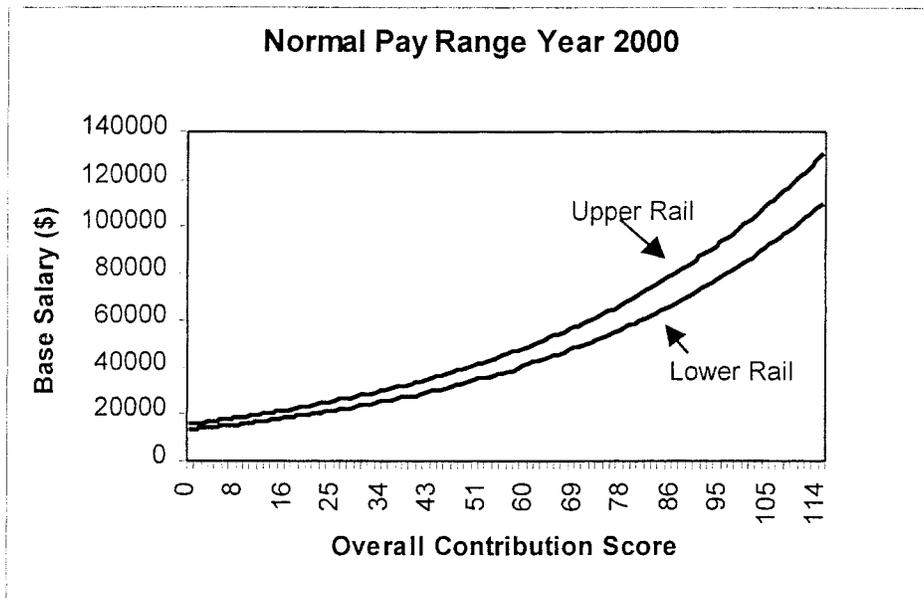
employee's ability to perform duties for the benefit of the institution of higher learning.

Factor 6: Communications/Research and Publications refers to ability to communicate, both receiving and transmitting information, in the workplace, through meetings, written documentation, electronic tools, and other appropriate means. Research and Publication refers to researching relevant sources for curriculum and instructional topic area purposes, and in some cases publishing the results of research.

2. Normal Pay Range (NPR)

The Contribution-based Compensation and Assessment System (CCAS) pay schedule provides a direct link between increasing levels of contribution and increasing salary. This is shown by the graph in Figure 1. The horizontal axis spans from 0 to the maximum overall contribution score (OCS) of 100, with a notional "very high" score of 115 for those employees who are capped at the top of their broadband level. The vertical axis spans from zero dollars to the dollar equivalent of Executive Schedule Level III. With the exception of the president's pay rate, this range encompasses the full salary (excluding locality pay) paid under this demonstration, from GS-1, step 1, through GS-15, step 10, for Calendar Year 2000 (CY00). The president's position is currently a GS-14/15. The salary range for the president's position has been extended to Executive Service Level III. The president's salary is the only salary that may increase beyond GS-15 step 10. Each year the rails for the NPR are adjusted upward on the general pay increase under 5 U.S.C. 5303.) The area between the upper and lower rail is considered the normal pay range (NPR). Employees whose annual overall contribution score (OCS) plotted against their base salary falls on or within the rails are considered "appropriately compensated." Employees whose salaries fall below the NPR for their overall contribution score (OCS) are considered "under compensated—below the rails (B)," and those falling above the NPR are considered "overcompensated—above the rails (A)." The goal of CCAS is to make pay consistent with employees' contributions to the HINU mission.

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**BILLING CODE 4310-02-C**

The NPR was established using the following parameters:

1. The lowest possible score is an OCS score of 0, which equates to the lowest base salary paid under this demonstration, GS-1, step 1.

2. The OCS of 100 equates to the highest base salary paid employees under the president, GS-15, step 10. A "very high" score of 115 may be awarded for employees in the Professional Career Path. There is not a point range in the "very high" category; 115 points are awarded or the individual is not rated "very high". The same is true for the other two career paths: Technical/Specialist with a "very high" score of 95; Support with a "very high" score of 70.

3. Changes in OCS correspond to a constant percentage change in salary along the rails.

4. The upper and lower rails encompass an area of ± 4.0 OCS points or ± 8.0 percent in terms of salary, relative to the points established in parameters 1 and 2, above.

Given these constraints, the formulae for the rails found in Figure 1 are:

Salary upper rail = (GS-1 Step 1) * (1.0800) * (1.020043) OCS;

Salary lower rail = (GS-1 Step 1) * (0.9200) * (1.020043) OCS.

Formula results were normalized using a 100 point scale. The pay schedule and the NPR are the same for all the career paths. What varies among the career paths are the beginnings and endings of the broadband levels. The minimum and maximum numerical OCS values and associated base salaries for each broadband level by career path are provided in TABLE II. These minimum and maximum breakpoints

represent the lowest and highest General Schedule (GS) salary rate for the grades banded together and, therefore, the minimum and maximum salaries possible for each level. Each year, the rails for the NPR are adjusted based on the General Schedule pay increase granted to the Federal workforce.

Employees will enter the demonstration project without a loss of pay and without a CCAS score. The first CCAS score will result from the first annual CCAS assessment process. Until then, no employee is inappropriately compensated. Employees, however, may determine their expect contribution range by locating the intersection of their salary with the rails of the NPR. Future CCAS assessments may alter an employee's position relative to these rails.

TABLE II – OCS and Salary Ranges by Broadband Level*

Support			
Broadband Level	GS Grades	Normal OCS Range	Salary Range
I	1-5	0-25	13,870 - 27,778
II	6-7	23-35	23,820 – 34,408
III	8-10	31-47	29,315 – 46,359

Technical Specialist			
Broadband Level	GS Grades	Normal OCS Range	Salary Range
I	5	18-25	21,370 – 27,778
II	6-8	23-39	23,820 – 38,108
III	9-11	36-51	32,380 – 50,932
IV	12-13	51-66	46,955 - 72,586

Professional			
Broadband Level	GS Grades	Normal OCS Range	Salary Range
I	5-8	18-39	21,370 – 38,108
II	9-10	34-49	32,380 – 46,359
III	11-13	42-68	39,178 – 72,586
IV	14-15	64-80	65,983 – 100,897

*Not including locality pay

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The pay schedule and the NPR are the same for all the career paths. What varies among the career paths are the beginnings and endings of the broadband levels. The minimum and maximum numerical OCS values and associated base salaries for each broadband level by career path are provided in TABLE II. These minimum and maximum breakpoints represent the lowest and highest General Schedule (GS), Wage Grade (WG), and Executive Level III salary rates for the grades banded together and, therefore, the minimum and maximum salaries possible for each level. Locality salary adjustments are not included in the NPR but are incorporated in the demonstration participants' pay.

Employees will enter the demonstration project without a loss of pay (see section V, Conversion) and without a CCAS score, or OCS. The first CCAS score will result from the first annual CCAS assessment process. Until the first CCAS assessment process is completed no employee is over or under compensated. However, employees may

determine their expected contribution range by locating the intersection of their salary with the rails of the NPR. Future CCAS assessments may alter an employee's position relative to these rails.

3. CCAS Assessment Process

The annual CCAS assessment cycle begins on August 1 and ends on July 30 of the following year, with the exception of the first year of the demonstration project, which will begin at the project's inception on October 1, 2000, and end July 30, 2001. At the beginning of the annual assessment cycle, the broadband level descriptors will be provided to employees so that they know the basis on which their contribution will be assessed for their pay pool. (A pay pool is a group of employees among whom the CCAS dollars are calculated and distributed. The President of the institution determines the pay pool structure (see Section III D 04). At that time, employees will be advised that all factors are critical and weights will be established, if appropriate. Key terms

will be defined or clarified. Supervisor and employee discussion of specific work assignments, standards, objectives, and the employee's contributions within the CCAS framework should be conducted on an ongoing basis.

Near the end of the annual (August 1 to July 30) assessment cycle, the immediate supervisor (rating official) meets with employees, requesting them to summarize their contributions for each factor. They will complete the rating of individual employees by September 30.

From employees' inputs and his/her own knowledge from all available sources, the rating official identifies for each employee the appropriate contribution level (1, 2, 3, 4, or 5) for each factor.

HINU will establish a performance feedback system using a 360-degree feedback process. The system will use 360-degree feedback from: (a) An employee's manager, (b) peers, and (c) customers. Performance feedback will provide all employees with information on their contribution to the

organization's performance. It will also help them identify their training and developmental needs for the yearly cycle by pinpointing areas of strength and items needing improvement. This information contributes to Learning Contracts. Every employee will have a Learning Contract that will consider needs identified by employee development measures, the performance feedback system, and a certification/recertification system.

The results of the 360-degree performance feedback will go only to the employee, with group or area results being summarized for the manager. In areas with a single employee, the results will be provided to the manager. If an employee appeals his/her rating, the employee may use 360-degree supporting information in the appeal of the original assessment. Training in the use of the performance feedback system will be provided to all employees.

The rating officials within each pay pool (including second-level supervisors) meet together to ensure consistency and equity of the contribution assessments. Then the rating officials calculate the final overall contribution score (OCS) and inform employees of OCSs by October 30. Payout occurs the first full pay period of January. The project's first payout will be the first full pay period of January 2002.

To determine the OCS, numerical values are assigned based on the contribution levels of individuals, using the ranges shown in TABLE II. Generally, the OCS is calculated by averaging the numerical values assigned for each of the six factors. (All OCS values will be rounded to the nearest whole number.) However, at the discretion of the rating official, different weights may be applied to the factors to produce a weighted average, provided that the weights are applied uniformly across the pay pool and employees are advised in advance, *i.e.*, at the beginning of the rating period. Weighting may not result in any factor becoming zero.

The rating officials (including second-level supervisors) meet again to review the OCS for all employees, correcting any inconsistencies identified and making the appropriate adjustments in the factor assessments, and placing the employees in rank order.

The pay pool panel (pay pool manager and the rating officials in the pay pool who report directly to him/her) conducts a final review of the OCS and the recommended compensation adjustments for pay pool members. The pay pool panel has the authority to make OCS adjustments, after discussion with the initial rating officials, to ensure

equity and consistency in the ranking of all employees. Final approval of OCS rests with the pay pool manager. The OCS approved by the pay pool manager becomes the final OCS. Rating officials will communicate the factor scores and OCS to each employee and discuss the results by November 30.

If on August 1, the employee has served under CCAS for less than six months, the rating official will wait for the subsequent annual cycle to assess the employee. The first CCAS assessment must be rendered within 18 months after entering the demonstration project.

When an employee cannot be evaluated readily by the normal CCAS assessment process due to special circumstances that take the individual away from normal duties or duty station (*e.g.*, long-term full-time training, active military duty, extended sick leave, leave without pay, union activities, etc.), the rating official will document the special circumstances on the assessment form. The rating official will then determine which of the following options to use:

(a) Re-certify the employee's last OCS; or

(b) Presume the employee is contributing consistently with his/her pay level and will be given minimally the full general increase.

Pay adjustments will be made on the basis of the CCAS assessment (OCS) or substitute determination and the employee's rate of basic pay. Pay adjustments are subject to payout rules discussed in section III D 4. Final pay determinations will be made by the pay pool manager. CCAS scores can only be adjusted after discussion with the rating official.

Pay adjustments will be documented by SF-50, Notification of Personnel Action. For historical evaluation and analytical purposes, dates on the effective date of CCAS assessments, actual assessment scores, the actual salary increases, amounts contributed to the pay pool, and applicable "bonus" amounts will be maintained for each demonstration project employee.

4. Pay Pools

The pay pool structure and allocated funds are under the authority of the President of HINU. The following minimal guidelines will apply to pay pool determinations: (a) A pay pool(s) is based on the institution's organizational structure and should include a range of salaries and contribution levels; (b) a pay pool must be large enough to include a second level of supervision, since the CCAS process uses a group of supervisors in the pay pool to determine OCS and recommended salary

adjustments; and—neither the pay pool manager nor the supervisors within a pay pool will recommend or set their own individual pay levels.

The amount of money available in the pay pool fund is determined by (1) the amount of the annual general pay increase (G); And an Incentive amount (I), made up of money that would have been available for quality step increases, within grade in creases, promotions between grades encompassed in the same broadband level, and other appropriate factors. The amount of I will be determined each year by the President, and will be 2.4 percent for the first year. The amount of I may be adjusted as necessary each year to maintain cost discipline. The dollar amount of I will be computed each year based on a percentage of the base pay. Salaries of employees in the pay pool as of September 30. Though not all funds within a pay pool must be distributed each year as pay or bonuses a pool of funds are to be set aside for pay purposes and may not be used for other purposes before annual pay calculations are made.

5. Salary Adjustment Guidelines

After the initial conversion into the CCAS, employees' yearly contributions will be determined by the CCAS process described above, and their overall contribution scores versus their current rate of basic pay will be plotted on a graph along with the NPR. Refer back to Figure 1. The position of those points relative to the upper and lower rails of the NPR gives a measure of the employee's compensation (salary) versus contribution (OCS). Employees fall into one of three categories: Overcompensated—above the upper rail; appropriately compensated—between the rails; or inappropriately compensated—below the lower rail. Depending on the category into which an employee falls, he/she may be eligible for up to three forms of additional compensation. The pay pool panel has the option of awarding the employee up to the full general pay increase (as authorized by Congress and the President), a contribution rating increase (an increase in base salary), and/or a contribution award (a lump-sum payment that does not affect base salary). Employees on retained rate in the demonstration plan will receive pay adjustments in accordance with 5 U.S.C. 5363 and 5 CFR part 536. An employee receiving a retained rate is not eligible for a contribution rating increase, since such increases are limited by the maximum salary rate for the employee's broadband level.

An employee designated as overcompensated, above-the-upper-rail, could have his/her general pay increase reduced or denied and would not be eligible for a contribution rating increase. An employee designated as appropriately compensated, between-the-rails, will receive the general increase and a contribution rating increase provided the increase does not exceed the upper rail of the NPR for the employee's OCS or maximum salary for current broadband level. An employee designated as inappropriately compensated, below-the-lower-rail, would be eligible for the general pay increase and a contribution rating increase. The contribution rating increase may not exceed 6% above the lower rail of the maximum salary for the current broadband level.

A contribution rating increase greater than 20% requires the president's approval. Employees in the categories (1) appropriately compensated and (2) inappropriately compensated, below-the-lower-rail, are eligible for contribution awards up to \$10,000 with the approval of the pay pool manager. Amounts exceeding \$10,000 require the president's approval.

Basic pay plus locality pay may not exceed Executive Level III basic pay; upper rail of NPR for employee's OCS; or maximum salary for current broadband level. A pay adjustment may not exceed 6% above the lower rail, or the maximum salary for current broadband level. A pay adjustment over 20% requires the President's approval. The pay pool manager approves any increase up to \$10,000. Amounts exceeding \$10,000 require the president's approval.

In general, those employees who fall in the inappropriately compensated (B, below-the-rails) category of the NPR should expect to receive greater percentage salary increases than those who fall in the inappropriately compensated (A, above-the-rails) category. Over time, all employees outside the rails will migrate closer to the normal pay range and receive a salary appropriate for their level of contribution.

Employees whose OCS would result in a base pay increase such that the salary exceeds the maximum salary for their current broadband level may receive a contribution bonus equaling the difference. This bonus will be paid as a lump sum payment, and will not add to base pay.

HINU will establish Total Awards Budget (TAB) for the institution. The TAB will be set at not less than one percent of the institution's total salary budget calculated on September 30 of

each year. The awards budget is separate from Pay Pool funds. Awards budget includes funds formerly spent for performance awards and incentive awards. The awards budget will be available for use as contribution awards and all other incentive awards. Not more than 90 percent of the TAB may be spent for contribution awards each year. This will allow funds for incentive awards not related to CCAS contributions. TAB funds will be paid as lump sum amounts and will not add to base pay. For the first year of the project, the total awards budget will be set at 1.3 percent of total salaries.

Each pay pool manager will set the necessary guidelines for pay adjustments in the pay pool. Decisions will be consistent within the pay pool, reflect cost discipline over the life of the demonstration project, and be subject to Administrative review. The maximum available pay rate under this demonstration project will be the rate for a Executive Level III. Notwithstanding any other provision of this demonstration project, if General Schedule employees receive an increase under 5 U.S.C. 5303 that exceeds the amount otherwise required by that section on the date of this notice, the excess portion of such increase shall be paid to demonstration project employees in the same manner as to General Schedule employees. The excess portion of such increase shall not be distributed through the pay pool process.

6. Movement Between Broadband Levels

It is the intent of the demonstration project to have career growth accomplished through the broadband levels. Movement within a broadband level will be determined by contribution and salary increases following the CCAS process. Movement to a higher broadband level is a competitive action. Movement to a lower broadband level may be voluntary or involuntary.

Broadband levels derive from salaries of the banded GS grades and equivalent Wage Grades. The lowest salary of any given broadband level is that for step 1 of the lowest GS grade in that broadband level. Likewise, the highest salary of any given broadband level is that for step 10 of the highest GS grade in that broadband level. There is a natural overlap in salaries in the GS grades that also occurs in the broadband system. Since the OCS is directly related to salaries, there is also an overlap between OCS across broadband levels.

Under the demonstration project, managers are provided greater flexibility in assigning duties by moving

employees among positions within their broadband level. If there are vacancies at higher levels, employees may be considered for promotion to those positions in accordance with competitive selection procedures.

Under competitive selection procedures, the selecting official(s) may consider candidates from any source based on job-related, merit-based methodology. Similarly, if there is sufficient cause, an employee may be demoted to a lower broadband level position according to the contribution reduction-in-pay or removal procedures discussed in section III E 2.

7. Implementation Schedule

The 2000 employee annual appraisal will be done according to the performance plan rules in effect at the time of the 2000 close-out. Employees will be moved by personnel action into the demonstration project and into the appropriate broadband level on October 1, 2000, or as specified in the institution's implementation plan. The first CCAS assessment cycle will run from October 1 2000 to July 30, 2001. Overall assessment scores and pay adjustments resulting from the 2001 assessment cycle will be paid out the first full pay period of January 2002.

8. CCAS Grievance Procedures

Bargaining unit employees who are covered under a collective bargaining agreement may grieve CCAS pay determinations under the grievance-arbitration provisions of the agreement. Other employees not included in a bargaining unit may utilize the appropriate administrative grievance procedures to raise a grievance against CCAS pay decisions (5 CFR Part 771), with supplemental instructions as described below.

An employee may grieve the OCS (rating of record) If an employee is covered by a negotiated grievance procedure that includes grievances over appraisal scores, then the employee must use that procedure. If an employee is not in a bargaining unit, or is in a bargaining unit but grievances over assessment scores are not covered under a negotiated grievance procedure, then the employee may use the administrative grievance procedure (5 CFR Part 771) with supplemental actions described in the following below.

The employee will submit the grievance initially to the first line supervisor, the rating official, who will submit a recommendation to the pay pool panel. The pay pool panel may accept the rating official's recommendation or reach an

independent decision. In the event that the pay pool panel's decision is different from the rating official's recommendation, appropriate justification will be provided. The pay pool panel's decision is final unless the

employee requests reconsideration by the next higher official to the pay pool manager. The pay-pool manager will render the final decision on the grievance.

Table IV will be used for the CCAS rating, which will determine additional years of retention service credit during Reduction in Force, according to BIA procedures.

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TABLE IV - RETENTION SERVICE CREDIT ASSOCIATED WITH ASSESSMENT RESULTS

Professional

Broadband	OCS	OCS Range			
		Years of Retention Service Credit			
Level	Normal Range	20	16	12	0
I	21 - 48	41 or above	31 - 40	21 - 30	20 or lower
II	41 - 60	53 or above	48 - 52	41 - 47	40 or lower
III	51 - 84	75 or above	63 - 74	51 - 82	50 or lower
IV	79 - 100	94 or above	86 - 93	79 - 85	78 or lower

Technical/Specialist

Broadband	OCS	OCS Range			
		Years of Retention Service Credit			
Level	Normal Range	20	16	12	0
I	22 - 30	27 or above	24 - 26	22 - 24	21 or lower
II	44 - 63	42 or above	35 - 41	28 - 34	27 or lower
III	44 - 63	58 or above	51 - 57	44 - 50	43 or lower
IV	63 - 81	77 or above	70 - 76	63 - 69	62 or lower

Support

Broadband	OCS	OCS Range			
		Years of Retention Service Credit			
Level	Normal Range	20	16	12	0
I	0 - 30	21 or above	11 - 20	1 - 10	0
II	28 - 42	40 or above	35 - 39	23 - 34	28 or lower
III	38 - 58	53 or above	46 - 52	39 - 45	38 or lower

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9. Contribution-Based Reduction-in-Pay or Removal Actions

CCAS is an assessment system that goes beyond a performance-based rating system. Contribution is measured against the CCAS factors for the three career paths, each having multiple levels of increasing contribution. (For the purposes of this section, these factors are considered critical and are synonymous with critical elements as referenced in 5 U.S.C. Chapter 43.) This section applies to reduction-in-pay or removal of demonstration project employees based solely on inadequate contribution. Inadequate contribution in any one factor at any time during the assessment period is considered grounds for initiation of reduction-in-pay or removal action. The following procedures replace those established in 5 U.S.C. 4303 pertaining to reductions in grade or removal for unacceptable performance except with respect to appeals of such actions. 5 U.S.C. 4303(e) provides the statutory authority for appeals of contribution-based actions. As is currently the situation for performance-based actions taken under 5 U.S.C. 4303, contribution-based actions shall be sustained if the decision is supported by substantial evidence and the Merit Systems Protection Board shall not have mitigation authority with respect to such actions. The separate statutory authority to take contribution-based actions under 5 U.S.C. 75, as modified in the waiver section of this notice (section IX), remains unchanged by these procedures.

When an employee's contribution in any factor is at or less than the mid-point of the next lower broadband level (or a factor score of zero for broadband level I employees), the employee is considered to be contributing inadequately. In this case, the supervisor must inform the employee, in writing, that unless the contribution increases to a score above the midpoint of this next lower broadband level (thereby meeting the standards for adequate contribution) and is sustained at this level, the employee may be reduced in pay or removed. For broadband level I employees, a factor score that increases to the midpoint and is sustained at that level is determined to be adequate.

The written notice informing the employee that he/she may be reduced in pay or removed, affords the employee a reasonable opportunity (a minimum of 60 days) to demonstrate acceptable contribution with regard to identifiable factors. As part of the employee's opportunity to demonstrate adequate contribution, he or she will be placed on a Contribution Improvement Plan (CIP). The CIP will state how the employee's contribution is inadequate, what improvements are required, recommendations on how to achieve adequate contribution, assistance that the agency shall offer to the employee in improving inadequate contribution, and consequences of failure to improve.

Additionally, when an employee's contribution plots in the area above the upper rail of the normal pay range, the employee is considered to be contributing inadequately. In this case, the supervisor has two options. The first

is to take no action but to document this decision in a memorandum for the record. A copy of this memorandum will be provided to the employee and to higher levels of management. The second option is to inform the employee, in writing, that unless the contribution increases to, and is sustained at, a higher level, the employee may be reduced in pay or removed.

These provisions also apply to an employee whose contribution deteriorates during the year. In such instances, the group of supervisors who meet during the CCAS assessment process may reconvene any time during the year to review the circumstances warranting the recommendation to take further action on the employee.

Once an employee has been afforded a reasonable opportunity to demonstrate adequate contribution but fails to do so, a reduction-in-pay (which may include a change to a lower broadband level and/or reassignment) or removal action may be proposed. If the employee's contribution increases to an acceptable level and is again determined to deteriorate in any factor within two years from the beginning of the opportunity period, actions may be initiated to effect reduction in pay or removal with no additional opportunity to improve. If an employee has contributed acceptably for two years from the beginning of an opportunity period, and the employee's overall contribution once again declines to an inadequate level, the employee will be afforded an additional opportunity to demonstrate adequate contribution before it is determined whether or not

to propose a reduction in pay or removal.

An employee whose reduction in pay or removal is proposed is entitled to a 30-day advance notice of the proposed action that identifies specific instances of inadequate contribution by the employee on which the action is based. The employee will be afforded a reasonable time to answer the notice of proposed action orally and/or in writing.

A decision to reduce in pay or remove an employee for inadequate contribution may be based only on those instances of inadequate contribution that occurred during the two-year period ending on the date of issuance of the proposed action. The employee will be issued written notice at or before the time the action will be effective. Such notice will specify the instances of inadequate contribution on which the action is based and will inform the employee of any applicable appeal or grievance rights.

All relevant documentation concerning a reduction in pay or removal that is based on inadequate contribution will be preserved and made available for review by the affected employee or a designated representative. At a minimum, the records will consist of a copy of the notice of proposed action; the written answer of the employee or a summary when the employee makes an oral reply; and the written notice of decision and the reasons thereof, along with any supporting material including documentation regarding the opportunity afforded the employee to demonstrate adequate contribution.

E. Special Situations Related to Pay

1. Change in Assignment

The CCAS concept, using the Broadbanding structure, provides flexibility in making changes in assignments. In many cases an employee can be reassigned, without change in their rate of basic pay, within broad descriptions, consistent with the needs of the institution, and commensurate with the individual's qualifications. Subsequent institutional assignments to projects, tasks, or functions requiring the same level and area of expertise and the same qualifications would not constitute an assignment outside the scope or coverage of the current level descriptors. In most cases, such assignments would be within the factor descriptors and could be accomplished without the need to process a personnel action. Assignment resulting in series change, broadband level change, or change to KSAs shall be accomplished by official

personnel action. Thus, this approach allows for broader latitude in institutional assignments and streamlines the administrative process. Rules for specific types of assignments under CCAS follow:

(a) Promotions. When an employee is promoted to a higher broadband level, the salary upon promotion will be at least six percent, but not more than 20 percent, greater than the employee's current salary. However, if the minimum rate of the new broadband level is more than 20 percent greater than the employee's current salary, then the minimum rate of the new broadband level is the new salary. The employee's salary may not exceed the salary range of the new broadband level. When an employee receiving a retained rate is promoted to a higher broadband level, at a minimum, the employee's salary upon promotion will be set in the higher broadband level at six percent higher than the maximum rate of the employee's existing broadband level; or at the employee's existing retained rate, whichever is greater.

(b) Competitive Selection for a Position with Higher Potential Salary. When an employee is competitively selected for a position with a higher target broadband level than previously held (*e.g.*, Upward Mobility), upon movement to the new position the employee will receive the salary corresponding to the minimum of the new broadband level or the existing salary, whichever is greater.

(c) Voluntary Change to Lower Broadband Level/Change in Career Path (except RIF). A provision exists today for an employee to request a change to lower grade. If that request is totally the employee's choice, then the employee's salary is lowered accordingly. To handle these special circumstances, employees must submit a request for voluntary pay reduction or pay raise declination during the 30-day period immediately following the annual payout, and show reasons for the request. All actions will be appropriately documented. Although the rationale behind such a voluntary request varies under CCAS, a voluntary request for a pay reduction or a voluntary declination of a pay raise would effectively put an overcompensated employee's pay closer to or within the normal pay range. Since an objective of CCAS is to properly compensate employees for their contribution, the granting of such requests is consistent with this goal. Under normal circumstances, all employees should be encouraged to advance their careers through increasing contribution rather than trying to be under compensated at a fixed level of

contribution. When an employee accepts a voluntary change to lower broadband level or different career path, salary may be set at any point within the broadband level to which appointed, except that the new salary will not exceed the employee's current salary or the maximum salary of the broadband level to which assigned, whichever is lower.

(d) Involuntary Change to Lower Broadband Level Without Reduction in Pay Due to Contribution-based Action. Due to inadequate contribution, an employee's salary may fall below the minimum rate of basic pay for the broadband level to which he/she is assigned. When an employee is changed to a lower broadband level due to such a situation, this movement is not considered an adverse action.

(e) Involuntary Reduction in Pay, to Include Change to Lower Broadband Level and/or Change in Career Path Due to Adverse Action. An employee may receive a reduction in pay within his/her existing broadband level and career path; be changed to a lower broadband level; and/or be moved to a new position in a different career path due to an adverse action. In these situations, the employee's salary will be reduced by at least 6 percent, but will be set no lower than the minimum salary of the broadband level to which assigned. Employees placed into a lower broadband due to adverse action are not entitled to pay retention.

(f) Reduction-in-Force (RIF) Action (including employees who are offered and accept a vacancy at a lower broadband level or in a different career path). The employee is entitled to pay retention if all Title 5 conditions are met.

(g) Return to Limited or Light Duty from a Disability as a Result of Occupational Injury to a Position in a Lower Broadband Level or to a Career Path with Lower Salary Potential than Held Prior to the Injury. The employee is entitled indefinitely to the salary held prior to the injury and will receive full general and locality pay increases.

2. Academic Ethics

According to the Ethics Reform Act of 1989, Federal employees may not accept outside salaries, stipends, and/or honoraria directly related to work duties. This prevents conflict of interest for employees who would use information acquired through federal employment to seek outside gain. However, normal academic activities fall outside the restrictions of usual government employment. The 1991 Ethics Manual for federal employees (<http://www.house.gov/Ethics/>

ethicschap3.html) clarifies acceptable guidelines for outside employment: "The Committee has determined that the following types of compensation are not honoraria: Compensation for activities where speaking, appearing, or writing is only an incidental part of the work for which payment is made (e.g., conducting research) * * * " Haskell employees, like other Federal employees, may engage in outside activities that follow the guidelines of the 1991 Ethics Manual.

F. Revised Reduction-In-Force (RIF) Procedures

RIF shall be conducted according to the provisions of 5 CFR part 351 and BIA procedures except as otherwise specified below.

Displacement means the movement via RIF procedures of an employee into a position held by an employee of lower retention standing.

Employees are entitled to additional years of retention service credit in RIF, based on assessment results. This credit will be based on the employee's three most recent annual overall contribution scores (OCSs) of record received during the four-year period prior to the issuance of RIF notices. However, if at the time RIF notices are issued, three CCAS cycles have not yet been completed, the annual performance rating of record under the previous performance management system will be substituted for one or more OCSs, as appropriate. An employee who has received at least one but fewer than three previous ratings of record shall receive credit for performance on the basis of the value of the actual rating(s) of record divided by the number of actual ratings received. Employees with three OCS or performance ratings shall receive credit for performance on the basis of the value of the actual ratings of record divided by three. In cases where an individual employee has no annual OCS or performance rating of record, an average OCS or performance rating will be assigned and used to determine the additional service credit for that individual. (This average rating is derived from the current ratings of record for the employees in that individual's career path and broadband level within the competitive area affected by a given RIF.) See TABLE IV, Retention Service Credit Associated with Assessment Results.

When a competing employee is to be released from his/her position, the activity shall establish separate master retention lists for the competitive and excepted services, by type of work schedule and (for excepted service master retention lists) appointing

authority. Within the above groups, competing employees shall be listed on the master retention list in compliance with 5 CFR part 3551 and BIA procedures.

Employees will be ranked in order of their retention standing, beginning with the most senior employee. This employee may displace an employee of lower retention standing occupying a position that is at the same or lower broadband level and that is in a series for which the senior employee is fully qualified, to include a series in a different career path. The undue interruption standard of 5 CFR 351.403(a)(1) shall serve as the criterion to determine if an employee is fully qualified. In addition, to be fully qualified. (However, statutory waivers shall continue to apply) The displaced employee must be appointed under the same authority, if excepted service, and in the same work schedule. Offer of assignment shall be to the position that requires no reduction or the least possible reduction in broadband. Where more than one such position exists, the employee must be offered the position encumbered by the employee with the lowest retention standing.

Displacement rights are normally limited to one broadband level below the employee's present position. However, a preference-eligible employee with a compensable service-connected disability of 30 percent or more may displace up to the two broadband levels below the employee's present position (or the equivalent of five General Schedule grades) below the employee's present level.

Employees covered by the demonstration are not eligible for grade retention. Pay retention will be granted to employees downgraded by reduction in force whose rate of basic pay exceeds the maximum salary range of the broadband level to which assigned. Such employees will be entitled to retain the rate of basic pay received immediately before the reduction, not to exceed 150% of the maximum salary of the lower broadband level.

Under the demonstration project, all employees affected by a reduction-in-force action, other than a reassignment, maintain the right to appeal to the Merit Systems Protection Board (MSPB) if they believe the process/procedures were not properly applied.

Prior to RIF, employees may be offered a vacant position in the same broadband as the highest broadband available by displacement. Employees may also be offered placement into vacant positions for which management has waived the qualifications requirements. If the employee is not

placed into a vacant position and cannot be made an offer of assignment via displacement, the employee shall be separated.

G. Academic and Certificate Training

Trained and educated personnel are a critical resource in a higher education institution. This demonstration recognizes that training and development programs are essential to improving the performance of individuals in the higher education workforce, and thereby raising the overall level of performance of the higher education workforce, and that a well-developed training program is a valuable tool for recruiting and retaining motivated employees. The HEWP authorizes degree and certificate training for HINU employees, and authorizes payment for these degree and certificate training programs. This authorization will facilitate continuous acquisition of advanced, specialized knowledge essential to the higher education workforce, and provide a capability to assist in the recruiting and retaining of personnel critical to the present and future requirements of the higher education workforce. Funding for training is the responsibility of the institution.

H. Sabbaticals

The president of HINU will have the authority to grant sabbaticals without application to higher levels of authority. These sabbaticals will permit employees to engage in study, research, or work experience that contributes to their development and effectiveness. The sabbatical provides opportunities for employees to acquire knowledge and expertise that cannot be acquired in the normal working environment. These opportunities should result in enhanced employee contribution. The spectrum of available activities under this program is limited only by the constraint that the activity contribute to the institution's mission and to the employee's development. The program can be used for advanced education; employee development; or training with industry or on-the-job work experience with public, private, or nonprofit organizations. It enables an employee to spend time in an academic or work environment or to take advantage of the opportunity to devote full-time effort to technical, academic, or managerial research.

The HEWP sabbatical program will be available to all demonstration project employees who have seven or more years of service in the institution. Each sabbatical will be of three to twelve months' duration and must result in a

product, service, report, or study that will benefit the higher education community as well as increase the employee's individual effectiveness. A process for application for a sabbatical will be established by the mechanism to recommend sabbaticals to the president or equivalent, who has final approval authority, and who must ensure that the program benefits both the higher education workforce and the individual employee. Funding for the employee's salary and other expenses of the sabbatical is the responsibility of the institution.

IV. Training

The key to the success or failure of the proposed demonstration project will be the training provided for all involved. This training will provide not only the necessary knowledge and skills to carry out the proposed changes, but will also lead to participant commitment to the program.

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

The elements to be covered in the orientation portion of this training will include: (1) A description of the personnel system; (2) how employees are converted into and out of the system; (3) the pay adjustment and/or bonus process; (4) the new position requirements document; (5) the new classification system; and (6) the contribution-based compensation and assessment system.

A. 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, as well as skills training in using the classification system, position requirements document, and contribution assessment software developed for use in the project.

B. Administrative Services Staff

The Vice President for Administration, the Director of Personnel and the HEWP administrative staff will play a key role in advising, training, and coaching supervisors and

employees in implementing the demonstration project. This staff will receive training in the procedural and technical aspects of the project.

C. Employees

Prior to implementation, all employees covered under the demonstration project will be trained through various media. This training is intended to fully inform all affected employees of all significant project policies, procedures, and processes.

V. Conversion

A. Conversion to the Demonstration Project

Initial entry into the demonstration project for covered employees will be accomplished through a full employee-protection approach that ensures each employee's initial placement into a broadband level without loss of pay. Automatic conversion from the permanent GS grade and step of record at time of conversion into the new broadband system will be accomplished.

Adjustments to the employee's base pay for step increase and non-competitive career ladder promotion will be computed based on the current value of the step or promotion increase and a prorated share based upon the number of weeks an employee has completed towards the next higher step or grade, per paragraph VIII A. This conversion process "buy-in" is applicable to employees only at the initial entry into the demonstration project in accordance with the approved implementation plan. All HEWP employees will be eligible for the future locality pay increases of their geographic area.

Adverse action and pay retention provisions will not apply to the conversion process, as there will be no change in total salary. If the employee's rate of basic pay exceeds the maximum rate of basic pay for the broadband level corresponding to the employee's GS grade, the employee will remain at that broadband level and will receive a retained rate. Employees who enter the demonstration project later by lateral reassignment or transfer will enter at their current basic pay with no loss or gain due to transfer, and will not receive the "buy-in" applied during the initial conversion process of their institution into the demonstration project.

B. Conversion Back to the Former System

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 procedure will be used to convert the employee's project pay band to a GS grade and the employee's demonstration rate of pay to a GS rate of pay. The converted GS grade and GS rate of pay must be determined before movement or conversion out of the demonstration project and any accompanying geographic movement, promotion, or other simultaneous action. For conversions upon termination of the project and for lateral assignments, the converted GS grade and rate will become the employee's actual GS grade and rate after leaving the demonstration project (before any other action). For transfers, promotions, and other actions, the converted GS grade and rate will be used in applying any GS pay administration rules applicable in connection with the employee's movement out of the project (e.g., promotion rules, highest previous rate rules, pay retention rules) as if the GS-converted grade and rate were actually in effect immediately before the employee left the demonstration project.

1. Grade-Setting Provisions

An employee is converted to one of the grades in their current broadband level according to the following rules:

(i) The employee's adjusted rate of pay under the demonstration project (including any locality payment) is compared with the 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.

(ii) If the employee's adjusted demonstration 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.

(iii) If the employee's adjusted demonstration 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 the step 4 rate of the second-highest grade, the employee is converted to that grade.

(iv) This process is repeated for each successively lower grade in the band until a grade is found in which the employee's adjusted demonstration

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.

(v) Exception: If the employee's adjusted demonstration 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.

(vi) Exception: An employee will not be converted to a lower grade than the grade held by the employee immediately preceding a conversion, lateral assignment, or lateral transfer into the demonstration project, unless since that time the employee has undergone a reduction in broadband level, reduction in pay based upon an adverse action, a contribution-based action, a reduction-in-force action, or a voluntary change to lower broadband level.

2. 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 a GS rate of pay in accordance with the following rules:

(i) 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.

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

(iii) 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.

(iv) If the highest applicable GS rate range is a special rate range, the employee's adjusted demonstration 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).

3. Employees Receiving a Retained Rate Under the Project

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 broadband level. The institution will confer with the Office of Personnel Management (OPM) to prescribe a procedure for determining GS-equivalent pay rates for employees receiving retained rates.

4. Years of Retention Service Credit and Contribution Provisions

Employees leaving the demonstration project will be assigned ratings of record that conform with pattern E of 5 CFR 430.208(d) based on the years of credit accumulated for the 3 most recent years during the last 4 years while under the demonstration project. Since the demonstration project does not make use of summary level designators (*e.g.*, Outstanding, Level 5; Highly Successful, Level 4; Fully Successful, Level 3; or Unacceptable, Level 1) used in the appraisal system and programs constructed under 5 U.S.C. Chapter 43 and 5 CFR part 430, the retention service credit that is based on the employee's OCS. Employees receiving a Medium or Higher OCS score will convert to a satisfactory rating in the current Federal appraisal system.

5. 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. CCAS base salary 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).

VI. Project Duration

The project evaluation plan addresses how each intervention will be comprehensively evaluated for at least the first five years of the demonstration project. Major changes and modifications to the interventions can be made through announcement in the

Federal Register. At the five-year point, the entire demonstration project will be reexamined for: (a) Permanent implementation; (b) modification and additional testing; (c) extension of the evaluation period; or (d) termination.

VII. Evaluation Plan

Demonstration-authorizing legislation (Public Law 105-337) mandates evaluation of the demonstration project to assess the effects of project features and outcomes. The overall evaluation will consist of three phases—baseline, formative, and summary evaluations. The evaluation for the HEWP will be overseen by the Secretary, Department of the Interior, and Office of Indian Education Programs (OIEP). The main purpose of the evaluation is to determine the effectiveness of the personnel system changes to be undertaken. To the extent possible, strong direct or indirect relationships will be established between the demonstration project features, outcomes, and mission-related changes and personnel system effectiveness criteria. The evaluation approach uses an intervention impact model that specifies each personnel system change as an intervention, the expected effects of each intervention, the corresponding measures, and the data sources for obtaining the measures.

The specific measures to be collected using the different methods are determined from the goals and objectives stated for each intervention. Both qualitative and quantitative measures will be obtained. Most of the potential measures can be grouped around three major effectiveness criteria: speed, cost, and quality. Collectively, the outcomes of the interventions are hypothesized to lead to institution personnel management improvements, as reflected by timeliness, cost effectiveness, and quality.

Baseline measures will be taken prior to project implementation. Then, repeated post-implementation measurements will be taken to allow longitudinal comparisons by intervention within HINU. A comparison group will be selected and compared to the demonstration project group to determine the effects and outcomes of the project.

The effectiveness of each intervention and of the demonstration project as a whole in meeting stated objectives will be addressed using a multi-approach method. Some methods will be unobtrusive in that they do not require reactions to inputs from employees or managers. These methods include analysis of archival workforce data and

personnel office data, review of logs maintained by site historians documenting contextual events, and assessments of external economic and legislative changes. Other methods, such as periodic attitude surveys, structured interviews, and focus groups, will be used to assess the perceptions of employees, managers, supervisors, and personnel regarding the personnel system changes and the performance of their institutions in general. Evaluation activities will also take into account the unique nature of this project in terms of institutional diversity.

In addition to the intervention impact model, a general context model will be used to determine the effects of potential intervening variables (*e.g.*, downsizing, regionalization of the personnel function, and the state of the economy in general). Potential unintended outcomes will also be monitored, and an attempt will be made by the evaluation team to link the outcomes of demonstration project interventions to institutional effectiveness. In addition to assessing the impact of the individual demonstration project features, the evaluation will also assess the impact of the project as a whole, along with possible context effects and effects of intervening variables.

The evaluation will also monitor impact on veterans and EEO groups, adherence to the merit systems principles and avoidance of prohibited personnel practices. In addition, the evaluation will attempt to link the demonstration project effects and outcomes to institutional outcomes such as mission accomplishment and productivity.

The initial evaluation effort will consist of three main phases—baseline, formative, and summary evaluation covering five (5) years. Baseline will collect workforce data to determine the “as-is” state. The formative evaluation phase will include baseline data collection and analyses, implementation evaluation, and interim assessments. Periodic reports and annual summaries will be prepared to document the findings. The summary evaluation phase will focus on an overall assessment of the demonstration project outcomes, looking initially at the first four (4) years, with a follow-on report covering the first five (5) years. The rationale for summary evaluation after the first four years is to assess whether the demonstration will continue after the fifth year. If the analysis indicates that the interventions show a positive effect towards meeting the goals of the demonstration, then documentation will be generated to support a request that

the demonstration progress further. If the analysis indicates that the interventions do not meet the stated objectives, or if HINU does not wish to continue in the demonstration, then documentation and planning for conversion back to the existing personnel system must be prepared. The fifth-year summary evaluation, used in reporting to Congress, will provide overall assessment of all initiatives individually and as a whole. It will also provide recommendations on broader Federal Government application.

VIII. Demonstration Projects Costs

A. Step and Promotion Buy-Ins

Under this demonstration project, implementation of the broad banding pay structure eliminates the step increments of the current GS pay structure. To facilitate conversion to this system without loss of pay, employees will receive a basic pay increase for that portion of the next step corresponding to the time in-step they have completed up to the effective date of the employee conversion. As under the current system, supervisors will be able to withhold these partial increases (step) if the employee’s performance has fallen below fully successful.

Rules governing within-grade increases (WGI) within DOI will remain in effect until the employee conversion date. Adjustments to employees’ base pay for WGI equity will be computed effective the first pay period in which the employee is reassigned into the demonstration project. WGI equity shall be acknowledged by increasing base salaries by a prorated share based upon the actual number of weeks an employee has completed towards the next higher step. Employees at step 10, or receiving retained pay at the time of conversion, will not be eligible for this equity adjustment. For those employees in career-ladder promotion programs who are scheduled to be promoted to a higher grade and whose performance is at least fully successful, base pay will be increased by a prorated share of the current value of the next scheduled promotion increase based upon the actual number of weeks the employee has completed towards the next scheduled promotion. No WGI equity adjustment will be made if the employee’s pay is adjusted for a promotion that would be effective before the next scheduled WGI.

B. Out-Year Project Costs

The overall demonstration cost strategy will be to balance projected costs with benefits of the demonstration to bring about the projected

improvements to the institution. The project evaluation results will be used to ensure that out-year project costs will not outweigh the derived benefits to the demonstration. A baseline will be established at the start of the project, and salary expenditures will be tracked yearly. Implementation costs, including the step and grade buy-in costs detailed above, will not be included in the cost evaluations, but will be accounted for separately.

The amount of money available for contribution increases in the out-years will be determined as part of the annual project evaluation process, starting with a review of the prior year’s data for HINU by the Personnel Policy Board, and then will be reported to the president of the institution. The funds determination will be based on a balancing of appropriate factors, including the following: (1) Historical spending for WGI, quality step increases, and in-level career promotions; (2) labor market conditions and the need to recruit and retain a skilled workforce to meet the business needs of the institution; and (3) the fiscal condition of the institution. Given the implications of base pay increases for long-term pay and benefit costs, the compensation levels will be determined after cost analysis with documentation of the mission-driven rationale for the amount. As part of the evaluation of the project, HINU will track the base pay costs (including average salaries) under the demonstration project and compared to the base pay costs under similar demonstration projects and under a simulation model that replicates General Schedule spending. These evaluations will balance costs incurred against benefits gained, so that both fiscal responsibility and project success are given appropriate weight.

C. Personnel Policy Boards

It is envisioned that HINU shall establish a Personnel Policy Board for the demonstration project that will be representative of the employee population and chaired by the president of the institution or delegated representative. The board is tasked with the following:

- (a) Overseeing the pay budget;
- (b) Determining the composition of the CCAS pay pool in accordance with the established guidelines and statutory constraints;
- (c) Reviewing operation of the Institution’s CCAS pay pools;
- (d) Providing guidance to pay pool managers;
- (e) Administering funds to CCAS pay pool managers;

(f) Reviewing hiring and promotion salaries;
 (g) Monitoring award pool distribution by pay pool; Assessing the need for changes to the demonstration project, procedures or policies.

D. Developmental Costs

Costs associated with the development of the demonstration

system include software automation, training, and project evaluation. Site-specific costs for follow-on training, employee salary conversion, and any in-house software automation will be borne by the institution from such additional sums as may be necessary for the operation of HINU pursuant to Public Law 105-337. The projected

annual expenses for each area are summarized in TABLE V. Project evaluation costs will continue for at least the first five (5) years and may continue beyond that point. TABLE V is an example of the format used. Costs will be determined once an actual plan is selected.

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**TABLE V - PROJECTED DEVELOPMENTAL COST
 (THEN YEAR DOLLARS (\$K))**

	FY00	FY01	FY02	FY03	F704	FY05	FY06
Training	285	3465	0	0	0	0	0
Project Evaluation	310	449	308	307	534	378	378
Automation	25	70	25	25	25	25	25
Data Systems	100	350	0	0	0	0	0
Total	720	4334	308	307	534	378	378

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IX. Required Waivers to Law and Regulations

A. Waivers to Title 5, United States Code

Chapter 5, Section 552a: Records maintained on individuals. This section is waived only to the extent required to clarify that volunteers under the Voluntary Emeritus Program are considered employees of the Federal Government for purposes of this section.

Chapter 31, Section 3111: Acceptance of volunteer service. This section is waived only to the extent required to allow volunteer service under provisions of the voluntary emeritus program.

Chapter 33, Section 3308: Competitive service; examinations; education requirements prohibited; exceptions (to the extent necessary to accommodate the Scholastic Achievement Appointment's requirement for a college degree).

Chapter 33, Section 3317 (a): Competitive service; certification from registers (insofar as "rule of three" is eliminated under the demonstration project).

Chapter 33, Section 3318 (a): Insofar as "rule of three" is eliminated under the demonstration project. Veterans' preference provisions remain unchanged.

Chapter 41, Section 4107 (a): Prohibition of training for academic degrees.

Chapter 43, Sections 4301-4305 except for 4303 (e) and (f): Related to performance appraisal. In turn, 4303 (3) and (f) are waived only to the extent necessary to (a) substitute "broadband" for "grade" and (2) provide that moving to a lower broadband as a result of not receiving the full amount of a general pay increase because of inadequate contribution is not an action covered by the provisions of section 4303.

Chapter 51, Sections 5101-5102 and Sections 5104-5107: Related to classification standards and grading.

Chapter 53, Sections 5301; 5302 (8) and (9); and 5303-5305 and 5331-5336: Related to special pay and pay rates and systems (Sections 5301, 5302 (8) and (9), and 5304 are waived only to the extent necessary to allow demonstration project employees to be treated as General Schedule employees and to allow basic rates of pay under the demonstration project to be treated as scheduled rates of basic pay).

Chapter 53, Section 5362: Grade retention.

Chapter 53, Section 5363: Pay retention. This waiver applies only to the extent necessary to: (1) allow demonstration project employees to be treated as General Schedule employees; (2) provide that pay retention provisions do not apply to conversions from General Schedule special rates to demonstration project pay, as long as total pay is not reduced; and (3) replace the term "grade" with "broadband level."

Chapter 71, to the extent its provisions (e.g. 5 U.S.C. 7103(a)(12) and 7116) would prohibit management or the union from unilaterally terminating negotiations over whether the project will apply to employees represented by the union.

Chapter 75, Sections 7512(3): Related to adverse action (but only to the extent necessary to exclude reductions in broadband level not accompanied by a reduction in pay and replace "grade" with "broadband level") and 7512(4): Related to adverse action (but only to the extent necessary to exclude conversions from a General Schedule special rate to demonstration project pay that do not result in a reduction in the employee's total rate of pay).

B. Waivers to Title 5, Code of Federal Regulations

Part 300, Sections 300.601 through 300.605: Time-in-grade restrictions.

Part 308, Volunteer service: Waived to allow volunteer service under the provisions of the voluntary emeritus program.

Part 315, Sections 315.801 and 315.802: Probationary period.

Part 316, Section 316.301: Term appointment (the extent that modified term appointments may cover a maximum period of 6 years).

Part 316, Section 316.303: Tenure of term employees (to the extent that term employees may compete for permanent status through local merit promotion plans).

Part 316, Section 316.305: Eligibility for within-grade increases.

Part 332, Section 332.402: "Rule of three" will not be used in the demonstration project.

Part 332, Section 332.404: Order of selection is not limited to highest three eligible.

Part 351, Sections 351.402 through 351.403: Competitive Area and Competitive Levels; Section 351.504 (a) and (c): Credit for Performance; and Section 351.601 through .608: References to competitive levels are eliminated.

Part 351, Sections 351.701 (b) and (c): Assignment rights (bump and retreat): To the extent that the distinction between bump and retreat is eliminated and the placement of demonstration project employees is limited to one broadband level below the employee's present level, except that a preference-eligible employee with a compensable service-connected disability of 30 percent or more may displace up to the two b broadband levels below the employee's present position (or the equivalent of five General Schedule grades) below the employee's present level.

Part 410, Section 410.308(a): Prohibition of training for academic degrees.

Part 430, Subpart A and Subpart B: Performance management; performance appraisal.

Part 432, Sections 432.101, 432.102, 432.106 and 432.107: (Only to the extent necessary to (a) substitute "broadband" for "grade" and (2) provide that moving to a lower broadband as a result of not receiving the full amount of a general pay increase because of inadequate contribution is not an action covered by the provisions of section 4303).

Part 432, Section 432.103 through 432.105: Performance-based reduction-in-grade and removal actions.

Part 451, Sections 451.106(b) and 451.107(b): Awards.

Part 511, Section 511.201: Coverage of and exclusions from the General Schedule (To the extent that professional positions are covered by broad banding.)

Part 511, Subpart A; Subpart B; subpart F, Sections 511.601 through 511.612: Classification within the General Schedule; and Subpart G: Effective Dates of Position Classification Actions or Decisions.

Part 530, Subpart C: Special salary rates.

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

Part 536, Grade and Pay Retention (only to the extent necessary to eliminate grade retention and to provide that, for the purposes of applying pay retention provisions: (1) Demonstration project employees are to be treated as

General Schedule employees; (2) grade is replaced by "Broadband level"; and (3) 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).

Part 550, Sections 550.703: Severance Pay, definition of "reasonable offer" (by replacing "two grade or pay levels" with "one broadband level" and "grade or pay level" with broadband level").

Part 575, Sections 575.102(a)(1), 575.202(a)(1), 575.302(a)(1), and Subpart D: Recruitment and relocation bonuses, and retention allowances, and supervisory differentials (only to the extent necessary to allow employees and positions under the demonstration project to be treated as employees and positions under the General Schedule positions).

Part 752, Sections 752.401(a)(3): Reduction in grade and pay (but only to the extent necessary to exclude reductions in broadband level not accompanied by a reduction in pay and to replace "grade" with "broadband level") and 752.401(a)(4) (but only to the extent necessary to exclude conversions from a General Schedule special rate to demonstration project pay that do not result in a reduction in the employee's total rate of pay).

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