To amend title 5, United States Code, to authorize the continuation of the performance management and recognition system through March 31, 1991, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Performance Management and Recognition System Reauthorization Act of 1989".

SEC. 2. REAUTHORIZATION.

Section 5410 of title 5, United States Code, is amended by striking "September 30, 1989" and inserting "March 31, 1991".

SEC. 3. AMENDMENTS RELATING TO MERIT INCREASES.

(a) Amendments.—Section 5404 of title 5, United States Code, is amended—

(1) in subsection (a)—

(A) by striking "applicable" in paragraph (1) and inserting "first";

(B) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively; and

(C) by inserting after paragraph (1) the following:

"(2) the term 'second reference rate', as used with respect to the rate of basic pay of an employee, means the rate equal to the sum of—

"(A) the minimum rate of basic pay provided under section 5332 of this title for the grade of the position held by such employee; and

"(B) two-thirds of the difference between the maximum rate of basic pay provided for such grade under such section and the minimum rate of basic pay so provided"; and

(2) in subsection (c)—

(A) by striking "applicable" in paragraph (1)(A) and inserting "first"; and

(B) by striking subparagraph (B) of paragraph (1) and inserting the following:

"(B) If, on the day before the effective date of an increase under this section, the rate of basic pay of the employee equals or exceeds the first reference rate but does not equal or exceed the second reference rate, and the performance of such employee is rated—

"(i) at the level 2 levels above the fully successful level, the rate of basic pay of the employee shall be increased by an amount equivalent to one-half of a merit increase; or

"(ii) at the fully successful level or the level 1 level above the fully successful level, the rate of basic pay of the employee shall be increased by an amount equivalent to one-half of a merit increase."
“(C) If the rate of basic pay of the employee equals or exceeds the second reference rate on the day before the effective date of an increase under this section, and the performance of such employee is rated—

“(i) at the level 2 levels above the fully successful level, the rate of basic pay of the employee shall be increased by an amount equivalent to a merit increase;

“(ii) at the level 1 level above the fully successful level, the rate of basic pay of the employee shall be increased by an amount equivalent to one-half of a merit increase; or

“(iii) at the fully successful level, the rate of basic pay of the employee shall be increased by an amount equivalent to one-third of a merit increase.”

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on October 1, 1989, and shall apply with respect to any pay increase which becomes effective during the 18-month period beginning on that date.

SEC. 4. AMENDMENTS RELATING TO PERFORMANCE AWARDS.

Section 5406(c) of title 5, United States Code, is amended—

(1) by striking subclause (III) of paragraph (2)(A)(i) and inserting the following:

“(III) shall be 1.15 percent for each of fiscal years 1989, 1990, and 1991.”;

(2) in paragraph (2)(A)(ii) by striking “of the 5 fiscal years” and inserting “fiscal year”; and

(3) by adding at the end the following:

“(3) The estimate under paragraph (1)(A)(ii) for fiscal year 1991 shall not take into account any period following March 31 of that year.”

SEC. 5. PERFORMANCE IMPROVEMENT PLANS.

(a) IN GENERAL.—Section 4302a(b) of title 5, United States Code, is amended by striking paragraphs (5) and (6) and inserting the following:

“(5) procedures under which any employee whose performance has been rated below fully successful shall be given a performance improvement plan (which shall include, along with such other matters as the agency may consider appropriate, a description of the types of improvements that the employee must demonstrate to attain the fully successful level of performance) and a reasonable period of time to attain that level; and

“(6) reassigning, reducing in grade, or removing any employee who fails to attain at least the fully successful level once afforded the period under paragraph (5).

The provisions of section 4303, relating to the reduction in grade or removal of an employee for unacceptable performance, shall apply with respect to any reduction in grade or removal under paragraph (6).”

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on October 1, 1989, and shall apply with respect to any performance determination (under section 4302a(b)(4) of title 5, United States Code) given on or after that date.
SEC. 6. TEMPORARY CONTINUATION OF PROVISION RELATING TO THE SCHEDULE FOR PAYING THE LUMP-SUM CREDIT TO CERTAIN ANNUITANTS.

Section 6001(a) of the Omnibus Budget Reconciliation Act of 1987 (5 U.S.C. 8343a note) is amended by striking "October 1, 1989" and inserting "December 3, 1989".

Approved September 30, 1989.