OFFICE OF PERSONNEL MANAGEMENT

Proposed Laboratory Personnel Management Demonstration Project; Department of the Army, U. S. Army Research Laboratory, Adelphi, MD

AGENCY: Office of Personnel Management.

ACTION: Notice of Intent to Implement Demonstration Project.

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

Public Law 103–337, October 5, 1994, permits the Department of Defense (DOD), with the approval of OPM, to carry out personnel demonstration projects at DOD Science and Technology (S&T) reinvention laboratories. These projects are to be similar to the demonstration project at China Lake. The Army is proposing a demonstration project initially to cover five of its S&T reinvention laboratories. Each of the laboratories vary in their approaches to classification and compensation, performance management, and reduction in force. This proposal is for the U.S. Army Research Laboratory (ARL).

DATES: To be considered, written comments must be submitted on or before May 20, 1997; public hearings will be scheduled as follows:

1. Thursday, April 17, 1997, at 10:00 a.m., in Adelphi, Maryland.
2. Friday, April 18, 1997, at 10:00 a.m., in Aberdeen Proving Ground, Maryland.

At the time of the hearings, interested persons or organizations may present their written or oral comments on the proposed demonstration project. The hearings will be informal. However, anyone wishing to testify should contact the person listed under **FOR FURTHER INFORMATION CONTACT,** and state the hearing location, so that OPM can plan the hearings and provide sufficient time for all interested persons and organizations to be heard. Priority will be given to those on the schedule, with others speaking in any remaining available time. Each speaker's presentation will be limited to ten minutes. Written comments may be submitted to supplement oral testimony during the public comment period.

ADDRESSES: Comments may be mailed to Fidelma A. Donahue, U. S. Office of Personnel Management, 1900 E Street, NW, Room 7460, Washington, DC 20415; public hearings will be held at the following locations:

1. Adelphi—U.S. Army Research Laboratory, Building 205 Auditorium, 2800 Powder Mill Road, Adelphi, Maryland.
2. Aberdeen Proving Ground—Post Theatre, Aberdeen Boulevard & Frankford Road, Building 3245, Aberdeen Proving Ground, Maryland.

FOR FURTHER INFORMATION CONTACT: (1) on proposed demonstration project: Mr. Jack R. Wilson, II, U.S. Army Research Laboratory Building 202, 2800 Powder Mill Road, Adelphi, MD 20783–1197, 301–394–1105; (2) on proposed demonstration project and public hearings: Fidelma A. Donahue, U.S. Office of Personnel Management, 1900 E Street, NW, Room 7460, Washington, DC 20415, 202–606–1138.

SUPPLEMENTARY INFORMATION: Since 1966, at least 19 studies of Department of Defense (DOD) laboratories have been conducted on laboratory quality and personnel. Almost all of these studies have recommended improvements in civilian personnel policy, organization, and management. The proposed project involves simplified job classification, broadbanding, a pay for performance (PFP) system, enhanced hiring flexibilities, modified reduction in force (RIF) procedures and expanded development opportunities.

Office of Personnel Management.

James B. King,

Director.

Table of Contents

I. Executive Summary
II. Introduction
A. Purpose
B. Problems with the Present System
C. Changes Required/Expected Benefits
D. Participating Organizations
E. Participating Employees and Union Representation
F. Project Design
G. Experimentation and Revision
III. Personnel System Changes
A. Broadbanding
B. Classification
C. Pay for Performance (PFP)
D. Hiring and Appointment Authorities
E. Internal Placements and Pay Setting
F. Employee Development
G. Reduction in Force (RIF)
H. Grievances and Disciplinary Actions
IV. Implementation Training
V. Conversion
VI. Project Duration
VII. Evaluation Plan
VIII. Demonstration Project Costs
IX. Required Waivers to Law and Regulation
Appendix A—ARL Employee Duty Locations
Appendix B—Occupational Series by Occupational Family
Appendix C—Demographics and Union Representation
Appendix D—Performance Management Forms
Appendix E—Project Evaluation

I. Executive Summary

The proposed project was designed by the Army Research Laboratory with participation and review by the Department of Defense (DOD) and the Office of Personnel Management (OPM). The purpose of the project is to achieve the best workforce for the laboratory mission, adjust the workforce for change, and improve workforce quality. The project framework addresses all aspects of the human resources life cycle model. There are six major areas of change: (a) Enhanced hiring flexibilities; (b) broadbanding; (c) automated classification, (d) a pay for performance system, (e) modified reduction in force procedures and (f) expanded developmental opportunities.

ARL managers will exercise cost discipline in the development and execution of this project, which will be tied to in-house costs and consistent with the Department of the Army (DA) plan to downsize laboratories. ARL will manage and control its personnel costs to remain within established in-house budgets. An in-house budget is a compilation of costs of the many diverse components required to fund the day-to-day operations of a laboratory. These components generally include pay of people (labor, benefits, overtime, awards), training, travel, supplies, non-capital equipment, and other costs depending on the specific function of the activity.

Extensive evaluation of the project will be performed by OPM, OSD, and Department of the Army. The Army has programmed a decision point 5 years into the project for continuance, modification, or rejection of the demonstration initiatives.

This plan represents a general description of the major interventions proposed for the demonstration project. Specific procedures and regulations will provide details on how the personnel demonstration project will be implemented.

II. Introduction

A. Purpose

The purpose of the project is to demonstrate that the effectiveness of Department of Defense (DOD) laboratories can be enhanced by allowing greater managerial control over personnel functions and, at the same

time, expanding the opportunities available to employees through a more responsive and flexible personnel system. The quality of DOD laboratories, their people, and products have been under intense scrutiny in recent years. The perceived deterioration of quality is believed to be due, in substantial part, to the erosion of control which line managers have over their human resources. This demonstration project, in its entirety, attempts to provide managers, at the lowest practical level, the authority, control, and flexibility needed to achieve a quality laboratory and quality products through an improved personnel management system.

B. Problems With the Present System

The ARL mission is to execute fundamental and applied research to provide the Army the key technologies and analytical support necessary to assure supremacy in future land warfare. The ARL vision is a laboratory preeminent in key areas of science, engineering, and analysis relevant to land warfare; a staff widely recognized as outstanding; a laboratory seen by Army users as essential to their missions; and an intellectual crossroads for the technical community. ARL products contribute to the readiness of U.S. forces. To achieve this vision, ARL must hire and retain enthusiastic, innovative, highly-educated scientists and engineers to meet mission needs; also required is the ability to hire and retain dynamic, committed technical, clerical and administrative support personnel.

ARL finds the current Federal personnel system to be cumbersome, confusing, and unable to provide the flexibility necessary to respond to the current mandates of downsizing, restructuring, and possible closure while trying to maintain a high level of mission excellence. The present system—a patchwork of laws, regulations, and policies—often inhibits rather than supports the goals of developing, recognizing, and retaining the employees needed to realign the organization with its changing fiscal and production requirements.

The current Civil Service General Schedule (GS) system has 15 grades with 10 levels each and involves lengthy, narrative, individual position descriptions, which have to be classified by complex, OPM-mandated position classification standards. Because these standards have to meet the needs of the entire federal government, they are frequently obsolete and often not relevant to the needs of ARL. Distinctions between levels are often not meaningful. Currently, standards do not provide for a clear progression beyond the full performance level, especially for scientific/engineering occupations where career progression through technical as well as managerial occupational families is important.

Performance management systems require additional emphasis on continuous, career-long development in a work environment characterized by an ever-increasing rate of change. Since past performance and/or longevity are the factors on which pay raises are currently assessed, there is often no positive correlation between compensation and performance contributions nor value to the organization. These limited criteria do not take into account the future needs of the organization nor other culturally relevant criteria which an organization may wish to use as incentives.

Finally, current rules on training, retraining and otherwise developing employee competencies make it difficult to correct skills imbalances and to prepare current employees for new lines of work to meet changing mission needs.

C. Changes Required/Expected Benefits

The proposed demonstration project responds to problems in the classification system with a broadbanding classification system for GS employees; to problems in the current performance management system with a pay for performance system; to problems associated with downsizing with slightly modified reduction in force processes; and to problems of skills imbalances and rapidly changing missions with an enhanced developmental opportunities program.

D. Participating Organizations

The Army Research Laboratory (ARL) Director is located in Adelphi, Maryland. ARL employees assigned to the various laboratory directorates work at the locations shown in Appendix A.

E. Participating Employees and Union Representation

In determining the scope of the demonstration project, primary considerations were given to the number and diversity of occupations within the laboratory and the need for adequate development and testing of the Pay for Performance (PFP) System. Additionally, current DOD human resource management design goals and priorities for the entire civilian workforce were considered. While the intent of this project is to provide the Laboratory Director with increased control and accountability for the total workforce, the decision was made to initially restrict development efforts to General Schedule (GS/GM) positions.

To this end, the project will cover all ARL civilian employees under title 5, United States Code except members of the Senior Executive Service (SES), employees classified in the Scientific and Professional (ST) pay plan, and Federal Wage System (FWS) employees. A decision point has been programmed for the end of two and one half years of the demonstration project to expand coverage to include FWS. In the event of expansion to FWS employees, full approval of the expansion plan will be obtained from the Department of the Army, DOD, and OPM. Civilian Intelligence Personnel Management System (CIPMS) employees covered by Title X will be included for performance appraisal purposes only. They will not be eligible for performance payouts because they are not contributing funds to the pay pools. Performance awards for CIPMS employees will follow the procedures currently in place. Department of the Army and Major Subordinate Command centrally-funded interns are covered by the plan except for reduction in force (RIF) purposes. They will compete in a separate competitive area in the event of RIF. The series to be included in the project are identified in Appendix B.

The American Federation of Government Employees (AFGE), the National Federation of Federal Employees (NFFE), the International Association of Machinists and Aerospace Workers (IAM/AW), and the Fraternal Order of Police (FOP) represent many ARL employees. The laboratory continues to fulfill its obligation to consult or negotiate with the unions who represent both professional and nonprofessional employees in accordance with 5 U.S.C. 4703(f) and 7117. Union representatives have been separately notified about the project. Of the more than 2600 employees assigned to the laboratory, approximately 600 are represented by labor unions.

F. Project Design

In December 1993, the ARL Director decided the laboratory needed a personnel system more like the personnel demonstration project then in effect at the National Institute for Science and Technology (NIST). A preliminary plan patterned after the NIST Personnel Demonstration Plan was developed and shared with the Commanding General, Army Materiel Command and the Deputy Assistant Secretary of the Army for Research and

Technology where it received conceptual approval. The ARL Personnel Demonstration Project Office was then created and became the focal point for subsequent development efforts. In October 1994, the concept was briefed to representatives of DOD and other federal agencies. In November 1994 an Army Personnel Demonstration Team was formed with ARL designated as the lead. The team's charter was to develop the Army's Personnel Demonstration Concept Plan. In December 1994, this plan was approved by the Secretary of the Army.

In January 1995, ARL established a management structure designed to oversee the development of the demonstration proposal and to incorporate the workforce in the design efforts. This was accomplished by appointing an Executive Steering Committee, establishing a Staff Members Committee and discussing the project with unions. For most of 1995 various revisions were made to the ARL plan, many of which resulted from further DA and OSD staffing and coordination. In the Spring of 1996, the plan was ready for joint DOD and OPM review, which resulted in additional refinements. During this time, feedback was provided to ARL employees, through town hall meetings, electronic mail messages and memoranda, union briefings, and peer group review of draft implementing documents. The opinions and comments of the workforce have had a significant impact in the overall design of the demonstration project.

G. Experimentation and Revision

Many aspects of a demonstration project are experimental. Modifications may be made from time to time as experience is gained, results are analyzed, and conclusions are reached on how the system is working. ARL will make minor modifications without further notice; major changes will be published in the Federal Register.

III. Personnel System Changes

A. Broadbanding

The ARL demonstration project will use a broadbanding approach to compensation and classification. Such an approach overcomes some of the problems experienced with the current system. A broadbanding system will simplify the classification system by reducing the number of distinctions between levels of work which will facilitate delegating classification authority and responsibility to line managers.

The proposed broadbanding scheme will replace the current General Schedule (GS) grading structure. The broadband levels are designed to enhance pay progression and to allow for more competitive recruitment of quality candidates at differing rates within the appropriate pay band level(s). Competitive promotions will be less frequent and movement through the pay bands will be a more seamless process than today's procedure. Like the broadbanding systems used at China Lake and NIST, advancement within each pay band is based upon performance.

Occupations at ARL have been grouped into four occupational families according to similarities in type of work and customary requirements for formal training or credentials. The common patterns of advancement within the occupations as practiced at ARL and in the private sector were also considered. The current occupations and grades have been examined, and their characteristics and distribution were used to develop the four occupational families described below:

1. *Engineers and Scientists.* This path includes all technical professional positions, such as engineers, physicists, chemists, psychologists, metallurgists, mathematicians, and computer scientists. Ordinarily, specific course work or educational degrees are required for these occupations. (Pay Plan DB)

2. *E&S Technicians.* This path consists of positions that directly support the various scientific and engineering activities of the laboratory. Employees in these positions are not required to have college course work. However, practical, quasi-professional training and skills in the various aspects of electronic, electrical, mechanical, chemical or computer engineering are generally required. (Pay Plan DE)

3. *Administrative.* This occupational family contains specialized functions in such fields as finance, procurement, personnel, public information, computing, supply, library science, and management analysis. Special skills in specific administrative fields or special degrees are normally required. (Pay Plan DJ)

4. *General Support.* This occupational family is composed of positions for which minimal formal education is needed, but for which special skills, such as office automation, typing, or shorthand may be required. Clerical work usually involves the processing and maintenance of records. Assistant work requires knowledge of methods and procedures within a specific administrative area. Other support functions include the work of secretaries, guards, and mail clerks. (Pay Plan DK)

Each occupational family will be composed of discrete pay bands (levels) corresponding to recognized advancement within the occupations. These pay bands will replace grades. They will not be the same for all occupational families. Each occupational family will be divided into three to five pay bands, each pay band covering the same pay range now covered by one or more GS grades. A salary overlap, similar to the current overlap between GS grades, will be maintained. The salary range of each band begins with step 1 of the lowest grade in that band and ends with step 10 of the highest grade in the band.

The specific grouping of GS grades into a particular pay band was based on a careful examination of grade levels that have proven difficult for managers, employees and classifiers to distinguish; current performance levels within occupations; and traditional laboratory training and career development practices.

The proposed pay bands for the occupational families and how they relate to the current GS framework are shown in Figure 1.

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Occupational Families	Bands															
Corresponding GS Grades	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Above 15
Engineers and Scientists	I				II							III		IV		V
E&S Technicians	I								II			III				
Administrative	I				II						III			IV		
General Support	I				II			III								

Figure 1 - Broadbanding

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Administrative Pay Band III includes two full performance levels because not all work assignments in band III will support movement to the top of the band. Positions that typically support the higher salaries perform non-supervisory work associated with formulating programs and policies with laboratory-wide scope and impact. Other positions perform supervision of operating level programs in one or more administrative fields. In order to move beyond the equivalent of the GS–12 Step 10 salary, duty and work assignments must satisfy the highest level of the criteria in the classification standard for this pay band.

Employees will be converted into the occupational family and pay band which correspond to their GS/GM series and grade. Each employee is assured an initial place in the system without loss of pay. As the rates of the General Schedule are increased due to general pay increases, the minimum and maximum salaries of the pay band levels will also move up. All employees will receive the general pay increases given in January of each year. In addition, all employees will be eligible for future locality pay increases of their geographic area. (See Section III.E.4. for special provisions for employees in special rate categories.) Employees can receive additional pay increases based on their evaluations under the Pay for Performance Management System. Since pay progression through the pay bands is based on performance, there will be no scheduled Within-Grade Increases (WGIs) or Quality Step Increases (QSIs) for employees once the broadbanding system is in place.

There are several advantages to broadbanding. 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 occupational families, and complements the other personnel management aspects of the demonstration project.

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

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

ARL currently has many division chief positions that have characteristics of both SES and ST classifications. Most division chiefs in ARL are responsible for supervising other GS–15 positions, including branch chiefs, non-supervisory researcher engineers and scientists and in some cases ST positions. Most division chief positions are classified at the GS–15 level, but some have been established at the SES level. ARL management considers the primary requirement for division chiefs to be knowledge of and expertise in the specific scientific and technology areas related to the mission of their divisions. The ability to manage, while important, is considered secondary. Historically, these positions have been filled by employees who possess primarily scientific/engineering credentials and who are considered experts in their field by the scientific community. While it is clear these positions warrant classification beyond the GS–15 level, attempts to classify most of the positions as SES have been difficult because the size of the divisions and their location in the organization are not competitive with other SES level positions. Classification of the positions as ST is also not an option because the supervisory responsibilities inherent in division chief positions cannot be ignored.

As preeminent scientists and engineers, incumbents of ST positions are responsible for specific research and development efforts that are continuing and long range, generally requiring the efforts of a team. These ST positions usually serve as team leaders which means there is some responsibility for assigning work, coordinating results, and redirecting efforts. It is administratively convenient for these research team leaders to also participate in performance management. The restriction of including supervisory authorities in ST jobs has forced ARL to exclude any mention of the team leader responsibilities in these position descriptions for fear that they will be interpreted as characteristic of SES

rather than ST positions. Consequently, ARL has some positions that do not strictly conform to OPM definitions of either the SES or ST.

The purpose of Pay Band V is to overcome the difficulties identified above by creating a category for two types of positions—the senior technical manager (with full supervisory authority) and the senior scientist/engineer (less than full supervisory authority). Current GS–15 division chiefs will convert into the demonstration project at Pay Band IV. After conversion they will be reviewed against established criteria to determine if they should be reclassified to Pay Band V. Other positions possibly meeting criteria for classification to Pay Band V will be reviewed on a case by case basis. The proposed salary range is the same as currently exists for ST positions (minimum of 120% of the minimum rate of basic pay for GS–15 with a maximum of the basic rate of pay established for level IV of the Executive Schedule). Vacant positions in Pay Band V will be competitively filled to ensure that selections are made from among the world's preeminent researchers and technical leaders in the specialty fields. ARL will capitalize on the efficiencies that can accrue from central recruiting by continuing to use the expertise of the Army Materiel Command SES Office as the recruitment agent. Panels will be created to assist in filling Pay Band V positions. Panel members will be selected from a pool of current ARL SES members, ST employees and those in Pay Band V, and an equal number of individuals of equivalent stature from outside the laboratory to ensure impartiality, breadth of technical expertise, and a rigorous and demanding review. The panel will apply criteria developed largely from the current OPM Research Grade Evaluation Guide for positions exceeding the GS–15 level. The same procedure will be used for evaluating senior technical manager positions except the rating criteria will be adjusted to account for the differences in the positions, such as greater emphasis on technical program management and supervisory abilities.

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

B. Classification

1. Occupational Series

The present General Schedule classification system has 434 occupational series which are divided into 22 occupational families. ARL currently has positions in 119 series which fall into 20 families. The occupational series, which frequently provide well-recognized disciplines with which employees wish to be identified, will be maintained. This will facilitate movement of personnel into and out of the proposed demonstration project. New series, established by OPM, may be added as needed to reflect new occupations in the workforce.

2. Classification Standards

The present system of OPM classification standards will be used for the identification of proper series and occupational titles of positions within the demonstration project. Current OPM Position Classification Standards will not be used to grade positions in this project. However, the grading criteria in those standards will be used as a framework to develop new and simplified standards for the purpose of occupational family and pay band determinations. The objective is to record the essential criteria for each pay band within each occupational family by stating the characteristics of the work, the responsibilities of the position, and the knowledges, skills, and abilities required. ARL will continue its current practice of using peer reviews to facilitate the classification process and in some cases will expand its use to meet the needs of the laboratory.

3. Classification Authority

The Director, ARL will have delegated classification authority and may, in turn, redelegate this authority to subordinate management levels, and ultimately to the lowest level of full supervision in each organizational segment. Personnel specialists will provide ongoing consultation and guidance to managers and supervisors throughout the classification process.

4. Position Descriptions

Under the proposed classification system, a new position description will replace the current DA Form 374, Department of the Army Job Description. The classification standard for each pay band will serve as an important component in the new position description, which will also include position-specific information, and provide data element information pertinent to the job. Laboratory supervisors will follow a computer-assisted process to produce position descriptions. The objectives in developing the new descriptions are to: (1) Simplify the descriptions and the preparation process through automation; (2) minimize the amount of writing and time required to create new position descriptions; and (3) make the position descriptions more useful and accurate tools for other functions of personnel management, such as recruitment, reduction in force, performance assessment, and employee development. Because there is little writing required in the automated system, supervisory writing style and ability as a hidden consideration in position classification are eliminated.

5. Specialty Work Codes

Specialty work codes will be used to further differentiate types of work and the skills and knowledges required for particular positions within an occupational family and pay band. Each code represents a specialization or type of work within the occupation. Supervisors will select appropriate specialty work codes to describe the work of each employee through the automated classification process.

6. Automated Classification Process

Writing the position description is accomplished by completion of the following steps using an automated system.

(a) The supervisor enters, by typing free-form, the organizational location and the employees name. From the menu, the supervisor selects the appropriate occupational series and title, occupational family, and pay band corresponding to the level of duties and responsibilities desired. The user will then select whether the position is a non-supervisor, team leader or supervisor,

(b) The supervisor enters a brief description of the primary purpose of the position by typing free-form at the appropriate point. From a menu, the supervisor will choose statements pertaining to operation of a motor vehicle; any unusual physical and travel

requirements; required financial disclosure statements; and the position's sensitivity. The system will produce standardized statements of supervisory or team leader duties and responsibilities. The system will also produce a statement pertaining to positive education requirements, or their equivalencies, based on the occupational series selected.

(c) From a menu, the supervisor selects up to three specialty work codes which are appropriate to the job. The specialty work codes are subsets of the disciplines and describe particular skills and knowledges related to the kinds of work performed at ARL.

(d) The supervisor has the option of providing additional position information by typing free-form at an appropriate point at the end of the document. This area is to be used when the information addressed by the purpose of the position, specialty work codes, and functional classification codes are not completely adequate. The information will be used primarily to supplement skill and knowledge requirements and to refine competitive level decisions.

7. Fair Labor Standards Act (FLSA)

Fair Labor Standards Act exemption and nonexemption 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 the criteria for exemption. The duties and responsibilities outlined in the classification standards for each pay band will be compared to the FLSA criteria and the tentative conclusions programmed into the automated classification system so that the system will be able to generate the FLSA coverage based upon the user's selection of occupational family, pay band, and supervisory responsibility.

As a general rule, the FLSA status can be matched to occupational family and pay band. For example, positions classified in Pay Band I of any occupational family are typically nonexempt, meaning they are covered by the overtime entitlements prescribed by the FLSA. An exception to this guideline includes supervisors/managers who meet the definitions outlined in the OPM General Schedule Supervisory Guide and who spend 80% or more of the work week on supervisory duties. Therefore, supervisors/managers in any of the pay bands who meet the foregoing criteria are exempt from the FLSA.

The generic position descriptions will not be the sole basis for the FLSA determination. Each position will be evaluated on a case-by-case basis by comparing the duties and responsibilities assigned, the classification standards for each pay band, and the 5 CFR part 551 FLSA criteria. The final review of the FLSA status will be made by the Civilian Personnel Operations Center (CPOC) based upon the above-mentioned material and any supplemental information such as that contained in established performance objectives.

The automated classification system will annotate the position description with a preliminary FLSA determination in accordance with Figure 2 below.

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OCCUPATIONAL FAMILY	I	II	III	IV	V
E&S	N	N	E	E	E
E&S Technicians	N	N	E		
Administrative	N	N	E	E	
General Support	N	N	N		

Figure 2 - FLSA

BILLING CODE 6325–01–C

8. Classification Appeals

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

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

C. Pay for Performance

1. Overview

The purpose of the Pay For Performance (PFP) System is to provide an effective, efficient, and flexible method for assessing, compensating, and managing the laboratory workforce. It is essential for the development of a highly productive workforce and to provide management, at the lowest practical level, the authority, control, and flexibility needed to achieve a quality laboratory and quality products. PFP allows for more employee involvement in the assessment process, increases communication between supervisor and employee, promotes a clear accountability of performance, facilitates employee career progression, provides an understandable basis for salary changes, and delinks awards from the annual performance appraisal process. The funds previously allocated for performance-based awards will be reserved for distribution under a separate laboratory awards program.

PFP creates a method to more directly link pay and performance. The system combines goal setting, tied to corporate objectives, with a letter grading system. The performance evaluations made under the demonstration project will ensure that top performers receive pay increases commensurate with their achievements. The PFP System uses a

four level summary pattern (Pattern E) under 5 CFR 430.208(d) where a rating of C is equivalent to fully successful.

Employees within the laboratory will be placed into pay pools. Base pay adjustment decisions (i.e., decisions regarding the amounts of salary increase) are based on the relationship between performance ratings and present salaries. The maximum base pay rate under this demonstration project will be the unadjusted base pay rate of GS–15/Step 10, except for employees in Pay Band V of the E&S Occupational Family. In this case, the maximum rate of base pay will be the basic rate of pay for level IV of the Executive Schedule.

Cost discipline is assured within each pay pool by limiting the total base pay increases to the funds available in the base pay fund in the pay pool, based on what would have been available in the General Schedule system from within-grade increases, quality step increases and within-band promotions. The ARL Director may adjust the amount of funds assigned to each pay pool as necessary to ensure equity and to meet unusual circumstances. No changes will be made to locality pay under the demonstration project and all employees continue to receive general pay increases.

The PFP system being proposed differs from the current system in that all the supervisors in a pay pool will meet to reconcile the scores given to each employee in the pay pool, with the purpose being to reach consensus on the type of achievements that warrant particular scores. After this reconciliation process is completed, final letter grades are assigned and payout proceeds according to each employee's final letter rating, score, and current salary.

The PFP System eliminates within-grade increases, quality step increases, in band promotions and awards, and replaces them with pay for performance payouts described above. Other awards such as special acts will continue to be awarded. The new system also provides the ability to give bonuses to employees who are at the top of the range in their pay band. Bonuses differ from pay increases in that they are not added to base salary but rather are given as a lump sum payment.

Interns in recognized DA career programs will be appraised semi-annually until they complete their internships. The second appraisal in each annual cycle will be considered the rating of record.

2. The PFP Assessment Process

At the beginning of the assessment cycle, the employee and rater will collaborate on the development of the employee's performance objectives, designation of the performance elements and which of these elements are critical, and their associated weights. An objective is defined as a statement of specific job responsibilities expected of the employee during the rating period. These are to be based on the work unit's mission and goals and should be consistent with the employee's job description. Performance objectives may be modified and/or changed as appropriate during the rating cycle. As a general rule, performance objectives should only be changed when circumstances outside the employee's control prevent or hamper the accomplishment of the original objectives. It is also appropriate to change objectives when mission or workload changes occur. Performance objectives will be tailored to each individual employee. Use of generic one size fits all objectives will be avoided.

The supervisor and employee will discuss the performance objectives, which elements are critical, and what weight each carries in an attempt to reach agreement whenever possible. Disagreements will be handled through the normal chain of command. Management retains the right to establish objectives, identify which elements are critical, and their relative weights. Employees retain their right to grieve any element they believe is inappropriate through Alternative Dispute Resolution processes or grievance procedures. It is encouraged that disagreements be resolved at the beginning of the appraisal period.

How well work objectives are performed will be measured by a series of weighted performance elements. Performance elements are defined as generic critical attributes of job performance that are of sufficient importance that performance below the minimum standard requires remedial action and may be the basis for removing the employee from the position. Specific information on the interrelationships between objectives and elements will be included in the implementing procedures for this plan.

Eight elements have been developed for evaluating the yearly performance of all laboratory personnel covered by this initiative: Technical Competence, Cooperation, Communication, Management of Time and Resources, Customer Relations, Technology Transition, Management/Leadership, and Supervision/EEO.

All employees will be rated against the first five performance elements. Element 6 is optional and is intended for those positions involving technology transition. Element 7 is optional and is intended for non-supervisory team leaders or program managers. Elements 7 and 8 are required for all supervisory positions. These eight elements are described below.

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

(2) *Cooperation.* Accepts personal responsibility for assigned tasks. Considerate of others views and open to compromise on areas of difference. Exercises tact and diplomacy and maintains effective relationships, particularly in immediate work environment and teaming situations. Readily/willingly gives assistance. Shows appropriate respect and courtesy. (Weight Range: 5 to 25)

(3) *Communication.* Provides or exchanges oral/written ideas and information in a manner that is timely, accurate and easily understood. Listens effectively so that resultant actions show understanding of what was said. Coordinates so that all relevant individuals and functions are included in, and informed of, decisions and actions. (Weight Range: 5 to 25)

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

(5) *Customer Relations.* Demonstrates care for customers through respectful, courteous, reliable and conscientious actions. Seeks out, develops and/or maintains solid working relationships with customers to identify their needs, quantifies those needs, and develops practical solutions. Keeps customer informed. Within the scope of job responsibility, seeks out and develops new programs and/or reimbursable customer work. (Weight Range: 10 to 50)

(6) *Technology Transition.* Seeks out and incorporates outside technology within internal projects. Implements partnerships for transition or transfer of technology to other internal working groups, other government agencies, and/

or commercial activities. (Weight Range: 5 to 50)

(7) *Management/Leadership.* Actively furthers the mission of the organization. As appropriate, participates in the development and implementation of strategic and operational plans of the organization. Exercises leadership skills within the environment. Mentors junior personnel in career development, technical competence, and interpersonal skills. Exercises appropriate responsibility for positions assigned. (Weight Range: 5 to 50)

(8) *Supervision/EEO.* Works toward recruiting, developing, motivating, and retaining quality employees; initiates timely/appropriate personnel actions, applies EEO/merit principles; communicates mission and organizational goals; by example, creates a positive, safe, and challenging work environment; distributes work and empowers employees. (Weight Range: 25 to 50)

The performance element titled Technical Competence is a mandatory critical element for all employees. In addition, all supervisors must be evaluated against the element titled Supervision/EEO and this must be identified as critical.

Other elements may be identified as critical as agreed upon between the rater and the employee. Generally any performance element that has been given a weight of 25 or higher should be identified as critical. Some elements weighted less than 25 (e.g., Communication or Cooperation) may also be critical; for instance, those that are considered so important to a particular job that failure to perform at an acceptable level would result in an overall performance evaluation of unsatisfactory. Weights on elements must add up to 100.

Appendix D contains the Performance Objective Worksheet and the Performance Appraisal form accompanied by a guidance form entitled, Point Ranges and Performance Element Benchmarks.

Pay pool managers will review objectives, critical element designations and weights prior to their implementation to ensure these are reasonable and fair and in keeping with expectations for each employee. As a general rule, essentially identical positions will have the same critical elements and the same weights.

The rater will provide periodic feedback to the employee on how well he/she is performing. If the rater judges that the employee is not performing at an acceptable level on one or more elements, the rater must alert the employee and document the problem. This feedback will be provided any time during the rating cycle especially if there is a problem. A mid-point counseling session is required. Deficiencies identified will be accompanied by a plan to correct them.

Employees will provide information on their accomplishments to the rater at both the mid-point and end of the rating period, similar to the current Army process. Employees may self-rate their performance elements and/or they may solicit input from team members, customers, peers, supervisors in other units, subordinates and other sources which will permit the rater to fully evaluate the contributions during the rating period. As a minimum, employees will provide the rater with an itemized list of their accomplishments during the rating period.

Employees may also provide information and input to the rater's supervisor for consideration in the supervisor's appraisal. This material may go directly to the rater's supervisor but a copy must be furnished to the rater.

At the end of the rating period, the rater will score each of the performance elements by assigning a value between 0 and 100 percent of the weighted value assigned to each of the elements. The rater arrives at this score by referring to the performance element benchmarks found on the reverse of the performance appraisal form. The benchmark performance standards are written so they describe performance at 100 percent of the element; 70 percent; 50 percent and the Unsatisfactory level of performance. Using these benchmarks, the rater decides where on a continuum the performance of the employee fits and assigns a point value according to that determination. The chart to the right of the performance element benchmarks will be used to assign the specific point value. Scores will be summed and a letter rating assigned; i.e., 85–100 = A, 70–84 = B, 50–69 = C. This rating will become the rating of record. A total score of 49 or below will result in an unsatisfactory rating. Failure to achieve at the 50% level of any critical element will also result in an overall unsatisfactory rating.

The letter ratings will be used to determine pay or bonus values and to award additional RIF retention years as shown in Figure 3 below.

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RATING	COMPENSATION	RIF RETENTION YEARS ADDED
A	3 or 4 shares	10
B	2 or 3 shares	7
C	0 or 1 share	3
U	0 shares	0

Figure 3 - RIF Retention

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After a rating has been assigned, the rater recommends the number of shares that should be granted. This decision is based on an evaluation of the employee's current salary and level of performance (e.g., high B or low A) in

comparison to similarly situated employees within the pay pool and overall funding availability. For example, an employee who receives a score of 84 and a final rating of B, but whose current salary is at the lower end of his/her pay band might receive the maximum number of shares (3) permitted for a B rating. In contrast, an employee who received a score of 85 which warrants a final rating of A, but whose salary is comparable to or above similar positions in the pay pool might receive 3 rather than 4 shares. A third example is that an employee who receives a score of 84 might receive the maximum number of shares based on the fact that it is a very high B or one point away from an A. The methods available for determining shares will allow ARL managers to adjust basic pay by considering differences in performance levels among employees in terms of comparability within ARL and the pay pool for similarly situated employees.

Upon approval of this plan, implementing procedures and regulations will provide details on this process to employees and supervisors.

3. Performance Which Fails To Meet Expectations

a. Continuing Performance Evaluation

Informal employee performance reviews will be a continuous process so that corrective action, to include a Performance Improvement Plan (PIP), may be taken at any time during the rating cycle. At least one review will be documented as a formal progress review. Whenever a supervisor recognizes that an employee's performance is at a level that could put him/her in danger of receiving an unsatisfactory rating, the supervisor will discuss the situation with the employee in an effort to identify the possible reasons for the poor performance.

b. End of Rating Cycle Performance Evaluation

Employee performance will be formally reviewed at the end of the rating cycle. If an employee's rating score is below 50 points, or if the employee fails a critical element, the employee will receive an unsatisfactory rating. Immediately upon assigning an unsatisfactory rating, the supervisor will take steps to correct the problem.

c. Improving Performance

In recognition that personality conflicts sometimes occur between a supervisor and an employee, or that an employee might be better suited to another type of work, the supervisor and employee may explore a temporary assignment to another unit in the organization. The supervisor is under no obligation to explore this option prior to taking more formal action.

If the temporary assignment is not possible or has not worked out, and the employee continues to perform at an unsatisfactory level or has received an unsatisfactory rating, written notification will be provided of the unsatisfactory performance in the element(s) at issue, and an opportunity to improve will be structured in a Performance Improvement Plan (PIP). The supervisor will identify the items/actions which need to be corrected or improved; will outline required time frames for such improvement; and will provide the employee with any available assistance, references, training and the like which might facilitate needed improvements. Progress will be intensively monitored during this PIP period; all counseling sessions will be documented.

If the PIP results in a score of 50 or above and/or the critical element which was failed is now acceptable, no further action is necessary. If the PIP does not improve performance to an acceptable level, the supervisor may propose to institute a Last Chance Agreement (LCA) with the employee. A Last Chance Agreement stipulates that if performance does not rise to the required level within a specified time frame the employee will be changed to a lower pay band, reduced in salary, or released from Federal service. The employee agrees to this last chance arrangement with the understanding that there are no grievance or appeal rights if the adverse action eventually has to be taken. The decision to enter into a last chance agreement is entirely voluntary on the part of the employee.

If the PIP does not improve performance to the acceptable level and the employee elects not to enter into the LCA, the supervisor will take the appropriate follow-on action, such as change to lower pay band/occupational family, reduction in pay within the same pay band, or removal, as indicated by the circumstances of the situation. For the most part, employees with an unsatisfactory rating will not be permitted to remain at their current pay band or salary. Reductions in salary within the same pay band or changes to a lower pay band will be accomplished with a minimum of a 5% decrease in employee base pay. If the employee is reduced to a lower pay band, the salary will not exceed the highest level in that pay band.

4. Pay Pools

Pay pool structure is under the authority of the laboratory director. A pay pool must be large enough to constitute a reasonable statistical sample, i.e., 50 or more. The pay pool manager (for instance, a directorate or division chief) is delegated yearly pay adjustment authority. However, a pay pool manager's final decision may still be subject to higher management review. Supervisors will be placed in a pay pool separate from their employees.

The pay pool manager makes final decisions on pay increases and/or bonuses to individuals based on rater recommendation, the final score and letter rating, the value of the pay pool resources available, and the individual's current salary within a given pay band. Pay pool managers will not prescribe a distribution of rating levels. A pay pool manager may request approval from the Personnel Management Board (PMB) (described in VIII.C.) or its designee to grant a pay increase to an employee that is higher than the compensation formula for that employee. Examples of employees who might warrant such consideration are those making extraordinary achievements or those serving as interns.

The amount of money available for performance payouts is divided into two components. The amount of money which can be used for salary increases within a pool is based upon the money that would have been available for within-grade increases, quality step increases, and grade level promotions that are now within the band. In the first year of the project, this amount will be set at 2.4% of the total of base salaries in the pay pool. The amount of money to be used for bonus payments is separately funded within the constraints of the overall awards budget. In the first year of the project, this amount will be set at 1.1% of the total of base salaries in the pay pool which reflects the funds previously available for performance awards. The sum of these two factors is referred to as the pay pool percentage factor. The Personnel Management Board will annually review and adjust the pay pool funding formula, to ensure cost discipline over the life of the demonstration project.

Performance pay increases (i.e., base pay increases) will not be granted to employees at the top of their pay band or in a pay retention status. In these cases, payouts earned as a function of performance will be paid as a bonus. In addition, a portion of the projected pay increase may be paid as bonus instead of base pay if required to keep the base pay portion of the pay pool from

exceeding its maximum value (initially 2.4%).

In making the annual performance payouts under the PFP system, it will be necessary to determine the amount of that year's pay pool and share value. As explained above, the amount of the pay pool is the pay pool percentage (initially 3.5 percent) multiplied by the sum of the combined base salaries of covered employees. The share value will be calculated so that a pay pool manager will not exceed the resources that are available in the pay pool. The value of a share cannot be exactly determined until the rating and reconciliation process described below is complete. The estimated share value is about 1% of salary, but inflated ratings (if they occur) will reduce the value of the share. (Conversely, lower average ratings will increase the value of a share.) The share value is expressed as a fraction of base salary. It is computed by dividing the amount of the pay pool by the sum of each pay pool member's salary multiplied by his/her earned shares, or

share value = (pay pool value)/(sum of (salary * shares) for each member).

Each individual's performance payout is calculated by multiplying the individual's base salary by the total value of his/her earned shares expressed as a percentage of base salary, or

Individual performance payout = salary * (earned shares * share value).

In summary, an individual's performance payout is computed as follows:

Individual performance payout = SALi * Ni * SV,
where: SV = share value = (pay pool value) / SUM (SALk * Nk); k = 1 to n
pay pool value = (pay pool percentage factor) * SUM (SALk), k = 1 to n
n = number of employees in pay pool
i = an individual employee
N = Number of shares earned by an employee based on his/her performance rating (0 to 4)
SAL = An individual's base salary and
SUM = The summation of the entities in parentheses over the range indicated.

This formula ensures that a share represents a fixed percentage salary increase for all employees in a pay pool.

After the payout and share value calculations have been completed, the pay pool manager must calculate the proportion of payouts to be paid as base pay vs bonus. If base pay increases would exceed the authorized percentage, shares must be paid out as base pay increases up to the limit, and the remainder paid as a bonus. This base/bonus proportion will be constant for all uncapped employees. This process will preserve the principle that all shares maintain equal (percentage) value, and will ensure that all of the allocated funds are disbursed as intended.

Pay pool managers will establish and chair a panel to review supervisors preliminary ratings and make any necessary adjustments. The panel will comprise all rating supervisors below the pay pool manager. The reconciliation process gives raters the opportunity to verify that their preliminary evaluations and approach to scoring conform with that of other raters within the pay pool and assures that performance assessments of employees are comparable and equitable across organizational lines. In this step, each employee's preliminary performance element scores are compared and through discussion and consensus building, final ratings are determined. The reconciliation process is aimed at determining the relative worth of employee accomplishments.

The rationale behind reconciliation is that supervisors within a pay pool will reach a consensus on the types of achievements that warrant particular scores. Each panel will develop operating procedures that will provide for fair and equitable conclusions. If the panel cannot reach consensus, the pay pool manager makes final decisions.

A midpoint principle will be used to determine performance pay increases. This principle is that employees must receive a B rating or higher in order to cross the midpoint of the pay band range and, once the midpoint is crossed, the employee must receive a B or better rating in order to receive a base pay increase. This applies to all employees in every occupational family and pay band. Any amount of an employee's performance payout not paid in the form of a base pay increase because of the midpoint principle will be paid as a bonus.

5. Awards

While not linked to the pay for performance system, awards will continue to be given for special acts and other categories as they occur. Awards may include, but are not limited to, special acts, patents, suggestions, on-the-spot, and time-off.

In an effort to foster and encourage team work among its employees, ARL often gives group awards for special acts or significant achievement. Under the demonstration project, if such an award is given a team may elect to distribute the award among themselves. Thus, a team leader or supervisor may allocate a sum of money to a team for outstanding completion of a special task, and the team may decide the individual distribution of the total dollars among themselves.

D. Hiring and Appointment Authorities

1. Qualifications

The qualifications required for placement into a position in a pay band within an occupational family will be determined using the OPM Qualification Standards Handbook for General Schedule Positions. Since the pay bands are anchored to the General Schedule grade levels, the minimum qualification requirements for a position will be the requirements corresponding to the lowest General Schedule grade incorporated into that pay band. For example, the minimum eligibility requirements for a position in Pay Band II in the Engineers and Scientist Occupational Family will be the GS–05 qualification requirements for the series.

Selective factors may be established for a position in accordance with the OPM Qualification Standards Handbook when determined to be critical to successful job performance. These factors become part of the minimum requirements for the position and applicants must meet them in order to be eligible. If used, selective factors will be clearly stated as part of the qualification requirements in vacancy announcements and recruiting bulletins.

2. Competitive Examining

Current OPM regulations state that appointment registers will list the names of eligibles in accordance with their numerical ratings. However, preference eligibles with a compensable service-connected disability of 10 percent or more shall be entered at the top of the register ahead of all others unless the register is for professional and scientific positions GS–9 and above.

ARL professional and scientific positions in the demonstration project have been placed into two occupational families, the Engineers and Scientists Occupational Family and the Administrative Occupational Family. The broadbanding concept adopted by ARL groups scientific positions in grades GS–5 through GS–11 into one pay band (DB–II). Similarly, GS–5 through GS–10 positions in the Administrative Occupational Family (DJ–II) have been grouped into one pay band.

As a result of the ARL broadbanding method, the exception authorized by OPM for professional and scientific positions will not be used for DB–II and

DJ–II pay bands and will only be used for the bands that include professional and scientific positions at GS–12 and above. Otherwise, appointment registers for all positions, regardless of occupational family, will follow the normal practice for listing eligibles in order of their numerical ratings and observing the existing rules for preference eligibles.

3. Revisions to Term Appointments

The laboratory conducts many research and development projects that range from three to six years. The current four-year limitation on term appointments imposes a burden on the laboratory by forcing the termination of some term employees prior to completion of projects they were hired to support. This disrupts the research and development process and reduces the laboratory's ability to serve its customers.

Under the demonstration project, ARL will have the authority to hire individuals under modified term appointments. These appointments will be used to fill positions for a period of more than one year but not more than five years when the need for an employee's services is not permanent. The modified term appointments differ from term employment as described in 5 CFR part 316 in that they may be made for a period not to exceed five, rather than four years. The ARL Director is authorized to extend a term appointment one additional year.

Employees hired under the modified term appointment authority may be eligible for conversion to career-conditional appointments. To be converted, the employee must (1) have been selected for the term position under competitive procedures, with the announcement specifically stating that the individual(s) selected for the term position(s) may be eligible for conversion to career-conditional appointment at a later date; (2) served two years of continuous service in the term position; (3) be selected under merit promotion procedures for the permanent position and (4) have a current rating of B or better.

Employees serving under regular term appointments at the time of conversion to the demonstration project will be converted to the new modified term appointments provided they were hired for their current positions under competitive procedures. These employees will be eligible for conversion to career-conditional appointment if they have a current rating of B or better and are selected under merit promotion procedures for the permanent position after having completed two years of continuous service. Time served in term positions prior to conversion to the modified term appointment is creditable, provided the service was continuous. Employees serving under modified term appointments under this plan will be covered by the plan's pay for performance system.

4. Voluntary Emeritus Corps

Under the demonstration project, the laboratory director will have the authority to offer retired or separated employees voluntary positions in the laboratory. Voluntary Emeritus Program assignments are not considered employment by the Federal Government (except for purposes of injury compensation). Thus, such assignments do not affect an employee's entitlement to buy-outs or severance payments based on an earlier separation from Federal Service. The Voluntary Emeritus Corps will ensure continued quality research while reducing the overall salary line by allowing higher paid employees to accept retirement incentives with the opportunity to retain a presence in the scientific and technical communities. The program will be beneficial during manpower reductions as senior scientists, engineers, and technicians accept retirement and return to provide a continuing source of corporate knowledge and valuable on-the-job training or mentoring to less-experienced employees.

To be accepted into the emeritus corps, a volunteer must be recommended by laboratory managers to the directorate chief. Everyone who applies is not entitled to an emeritus position. The directorate chief must clearly document the decision process for each applicant (whether accepted or rejected) and retain the documentation throughout the assignment. Documentation of rejections will be maintained for two years.

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

Voluntary Emeritus Corps volunteers will not be permitted to monitor contracts on behalf of the government. The volunteers 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. The same rules that currently apply to source selection members will apply to volunteers.

An agreement will be established between the volunteer, the directorate chief, and the Civilian Personnel Operations Center. The agreement must be finalized before the assumption of duties and shall include:

(a) A statement that the voluntary assignment does not constitute an appointment in the Civil Service, is without compensation, and any and all claims against the Government because of the voluntary assignment are waived by the volunteer,

(b) A statement that the volunteer will be considered a federal employee for the purpose of injury compensation,

(c) Volunteer's work schedule,

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

(e) Support provided by the laboratory (travel, administrative, office space, supplies),

(f) A one page statement of duties and experience,

(g) A statement providing 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 corps,

(h) A provision allowing either party to void the agreement with ten working days written notice, and

(i) The level of security access required (any security clearance required by the position will be managed by the laboratory while the volunteer is a member of the emeritus corps).

5. Extended Probationary Period

A new employee appointed to a nonsupervisory/non-managerial position in the Engineers and Scientists occupational family must demonstrate adequate contribution during all cycles of a research effort for a laboratory manager to render a thorough evaluation. The current one year probationary period will be extended to three years for all newly hired permanent career-conditional employees appointed to positions in that occupational family. The purpose of extending the probationary period is to allow supervisors an adequate period of time to fully evaluate an employee's contributions and conduct. The three year probationary period will apply only to new hires subject to a probationary period.

If a probationary employee's performance is determined to be satisfactory at a point prior to the end of the three year probationary period, a supervisor has the option of ending the

probationary period at an earlier date, but not before the employee has completed one year of continuous service. If the probationary period for an employee is terminated before the end of the three year period, the supervisor will develop written rationale for his/her decision and will elevate it at least one level for review prior to implementing the action.

All other existing provisions pertaining to probationary periods are retained, including limited notice and appeal rights and crediting prior service. Prior Federal civilian service (including NAF service and service in temporary or term positions) counts toward completion of probation when the service is in the Department of Army, is in the same line of work, and contains or is followed by no more than a single break in service that does not exceed 30 calendar days.

In the case of modified-term employees who are converted to permanent status, the time served under the term appointment counts toward the required probationary period as long as it is in the same line of work. If the permanent position is in a different line of work, the full three-year probationary requirement applies.

6. Supervisory Probationary Period

Supervisory probationary periods will be made consistent with 5 CFR part 315, subchapter 315.901 except references to grade will be indicated as pay band. New supervisors will be required to complete a one year probationary period for the initial appointment to a supervisory position. If, during the probationary period, the decision is made to return the employee to a nonsupervisory position for reasons solely related to supervisory performance, the employee will be returned to a comparable position of no lower pay band and pay than the position from which promoted. Pay will not exceed the maximum rate of the lower pay band.

New supervisors who are hired into the E&S occupational family will only serve under a single one-year probationary period and are not subject to the three-year probationary period described above. The reason for this is that the position for which they were hired is primarily supervisory in nature and performance can adequately be measured in the one year probationary period.

E. Internal Placement and Pay Setting

1. Promotions

A promotion is the movement of an employee to a higher pay band within the same occupational family or to a pay band in a different occupational family which results in an increase in the employee's salary. Supervisors may consider promoting employees at any time since promotions are not tied to the pay for performance system. Progression within a pay band is based upon performance pay increases; as such, these actions are not considered promotions and are not subject to the provisions of this section.

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

(a) Re-promotion to a position which is in the same pay band and occupational family as the employee previously held on a permanent basis within the competitive service.

(b) Promotion, reassignment, demotion, transfer or reinstatement to a position having promotion potential no greater than the potential of a position an employee currently holds or previously held on a permanent basis in the competitive service.

(c) A position change permitted by reduction in force procedures.

(d) Promotion without current competition when the employee was appointed through competitive procedures to a position with a documented career ladder.

(e) A temporary promotion or detail to a position in a higher pay band of 180 days or less.

(f) Reclassification to include impact of person in the job promotions.

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

(h) Consideration of a candidate not given proper consideration in a competitive promotion action.

Upon promotion to a higher pay band, an employee will be entitled to a 6% increase in base pay or the lowest level in the pay band to which promoted, whichever is greater. The maximum amount of pay increase upon promotion will not exceed $5,000. However, on a case-by-case basis, the Personnel Management Board will approve requests for promotion beyond the $5,000 limit. Highest previous rate also may be considered in fixing pay in accordance with the laboratory's pay fixing policies.

2. Demotions

A demotion is a placement into a lower pay band within the same occupational family, or placement into a pay band in a different occupational family with a lower salary. Demotions may be for cause (performance or conduct) or for reasons other than cause (e.g., erosion of duties, reclassification of duties to a lower pay band, application under competitive announcements or at the employee's request, or placement actions resulting from reduction in force procedures). Employees demoted for cause are not entitled to pay retention. Employees demoted for reasons other than cause may be entitled to pay retention in accordance with the laboratory's pay fixing policies.

3. Pay Fixing Policies and Procedures

The Director, ARL, will establish pay administration policies which conform with basic governmental pay fixing policy; however, the ARL policies will be exempt from Army Regulations or local pay fixing policies, except where negotiated agreements prevail.

Highest previous rate (HPR) will be considered in placement actions for which authorized. Use of HPR will be at the supervisor's discretion. The pay retention provisions of 5 U.S.C. 5363 and 5 CFR 536.101 will apply to this plan except where waived or modified as specified in the waiver section. Pay retention may also be granted by the ARL Director to employees who meet general eligibility requirements, but do not have specific entitlement by law, provided not specifically excluded.

An employee's total monetary compensation paid in a calendar year may not exceed the basic pay of level I of the Executive Schedule consistent with 5 U.S.C. 5307 and 5 CFR part 530 subpart B.

As a general rule, pay will be set at the lowest level in a pay band. Appointments made above the minimum level will be based upon superior qualifications of the candidate. A candidate appointed toward the higher end of a pay band should have qualifications approaching the lowest General Schedule grade incorporated into the next higher pay band. For example, a person appointed at the higher end of Pay Band II in the Engineers and Scientist occupational family would have education, experience, or a combination of the two approaching the qualifications of the GS–12 level, which is the lowest General Schedule grade incorporated into Pay Band III. Appointments above the minimum of the pay band will be approved at the directorate level.

Directorates may make full use of recruitment and retention bonuses, and relocation payments as currently provided for by OPM.

When a temporary promotion is terminated, the employee's pay entitlements will be redetermined based on the employee's position of record, with appropriate adjustments to reflect pay events during the temporary promotion, subject to the specific policies and rules established by ARL. In no case may those adjustments increase the pay for the position of record beyond the applicable pay range maximum rate.

4. Staffing Supplements

Employees assigned to occupational series and geographic areas covered by special rates will be eligible for a staffing supplement if the maximum adjusted rate for the banded GS grades to which assigned is a special rate that exceeds the maximum GS locality rate for the banded grades. The staffing supplement is added to the base pay, much like locality rates are added to base pay. The employee's total pay immediately after implementation of the demonstration project will be the same as immediately before the demonstration project, but a portion of the total will be in the form of a staffing supplement. Adverse action and pay retention provisions will not apply to the conversion process as there will be no change in total salary. The staffing supplement is calculated as described below.

Upon conversion, the demonstration base rate will be established by dividing the employee's old GS adjusted rate (the higher of special rate or locality rate) by the staffing factor. The staffing factor will be determined by dividing the maximum special rate for the banded grades by the GS unadjusted rate corresponding to that special rate (step 10 of the GS rate for the same grade as the special rate). The employee's demonstration staffing supplement is derived by multiplying the demonstration base rate by the staffing factor minus one. So the employee's final demonstration special staffing rate equals the demonstration base rate plus the special staffing supplement; this amount will equal the employee's former GS adjusted rate.

Simplified, the formula is this:

Staffing Supplement = demonstration base rate x (staffing factor − 1)

Salary upon conversion = demonstration base rate + staffing supplement (sum will equal existing rate)

$$\text{Staffing factor} = \frac{\text{Maximum Special Rate for the banded grades}}{\text{GS rate corresponding to that special rate}}$$

$$\text{Demonstration base rate} = \frac{\text{Old GS adjusted rate (special or locality rate)}}{\text{staffing factor}}$$

Example: In the case of a GS–801–11/03 employee who is receiving a special salary rate, the salary before the demonstration project is $42,944. The maximum special rate for a GS–801–11 Step 10 is $51,295 and the corresponding regular rate is $46,523. The staffing factor is computed as follows:

Staffing Factor = $51,295 ÷ $46,523 = 1.1026

Demonstration Base Rate = $42,944 ÷ 1.1026 = $ 38,948

Then to determine the staffing supplement, multiply the demonstration base by the staffing factor minus 1.

Staffing Supplement = $38,948 X .1026 = $ 3,996

The Staffing Supplement of $3,996 is added to the Demonstration Base Rate of $38,948 and the total salary is $42,944, which is the salary of the employee before conversion to the demonstration project.

If an employee is in a band where the maximum GS adjusted rate for the banded grades is a locality rate, when the employee is converted into the demonstration project, the demonstration base rate is derived by dividing the employee's former GS adjusted rate (the higher of locality rate or special rate) by the applicable locality pay factor (for example, in the Washington-Baltimore area, it is currently 1.0711). The employee's demonstration locality-adjusted rate will equal the employee's former GS adjusted rate.

The annual pay adjustment for employees in special rate occupations will require recomputation of the staffing supplement. Employees in special rate occupations remain entitled to an underlying locality rate, which may over time supersede the need for a staffing supplement. If OPM discontinues or decreases a special rate schedule, employees will be entitled to pay retention. Upon geographic movement, an employee who receives the special staffing supplement will have the supplement recomputed. Any resulting reduction in pay will not be considered an adverse action or a basis for pay retention.

Established salary including the staffing supplement will be considered basic pay for the same purposes as a locality rate under 5 CFR 531.606(b), i.e., for purposes of retirement, life insurance, premium pay, severance pay, and advances in pay. It will also be used to compute worker's compensation payments and lump-sum payments for accrued and accumulated annual leave.

5. Simplified Assignment Process

Today's environment of downsizing and workforce transition mandates that ARL have increased flexibility to assign individuals. Broadbanding can be used to address this need. As a result of the assignment to a more general position description, the organization will have increased flexibility to assign an employee without a pay change consistent with the needs of the organization, and the individual's qualifications and rank or level. Subsequent assignments to projects, tasks, or functions anywhere within the organization requiring the same level and area of expertise, and qualifications would not constitute an assignment outside the scope or coverage of the current position description.

Such assignments within the coverage of the generic descriptions are accomplished without the need to process a personnel action. For instance, a technical expert can be assigned to any project, task, or function requiring similar technical expertise. This flexibility allows a broader latitude in assignments and further streamlines the administrative process and system.

6. Details

Under this plan employees may be detailed to a position in the same or lower pay band (or its equivalent in a different occupational family) for up to one year. Details may be implemented by submitting one SF 52–B to cover the one year period. As in the current system, details to duties in a higher pay band for more than 180 days will be implemented using competitive procedures.

F. Employee Development

1. Expanded Development Opportunities

ARL will have the authority to grant sabbaticals to career employees to permit them to engage in study or uncompensated work experience that will contribute to their development and effectiveness. The ARL Expanded Developmental Opportunities Program, to include sabbaticals, will cover all demonstration project employees. One developmental opportunity for a sabbatical 3–12 months in duration may be granted to an employee in any 10-year period. The developmental opportunity period will not result in loss of (or reduction in) pay, leave to which the employee is otherwise entitled, or credit for time of service. Employees will be eligible after completion of seven years of Federal service. Each opportunity must result in a product, service, report, or study that will benefit the ARL mission as well as increase the employee's individual effectiveness. Various learning or developmental experiences may be considered, such as advanced academic teaching, study, or research; self-directed or guided study; and on-the-job work experience with a public, private commercial, or private nonprofit organization. The positions of employees on expanded developmental opportunities may be backfilled (i.e., with temporarily promoted employees or with term employees). However, that position or its equivalent must be made available to the employee returning from the expanded development opportunity.

2. Critical Skills Training

Training is an essential component of an organization that requires continuous acquisition of advanced and specialized knowledge. Degree training in the academic environment of laboratories is also a critical tool for recruiting and retaining employees with or requiring critical skills. Constraints under current law and regulation limit degree payment to shortage occupations. In addition, current government-wide regulations authorize payment for degrees based only on recruitment or retention needs. Degree payment is not permitted for non-shortage occupations involving critical skills.

ARL proposes to expand the authority to provide degree or certificate payment for purposes of meeting critical skill requirements, to ensure continuous acquisition of advanced specialized knowledge essential to the organization, and to recruit and retain personnel critical to the present and future requirements of the organization. Degree or certificate payment may not be authorized where it would result in a tax liability for the employee without the employee's express and written consent. Any variance from this policy must be rigorously determined and documented. In addition, this proposal will be implemented consistent with 5 U.S.C. 4107(b)(2).

3. Appraisals for Employees on Expanded Development Opportunities Training

Expanded development opportunities generally fall into two general categories: classroom and developmental (on-the-job training). Developmental assignments should be treated as any other temporary assignment that continues for 120 days or more. A performance plan is established and the incumbent receives a special or annual rating upon completion. Assignments that involve classroom work are covered by one of two options. The first is to render a rating as soon as the employee returns to the position and completes 120 days under a performance plan. The second is to render a rating for the classroom performance. Procedures for this option will follow those currently in place for Department of Army's Long Term Training (LTT) Program. Employees availing themselves of expanded development opportunities are eligible to be considered for pay for performance increases as appropriate.

4. Employee Development Panels

Each directorate (or equivalent organizational unit) will create an Employee Development Panel which will be chaired by the directorate chief. The purpose of the panel is to review, evaluate, and make decisions on applications for any expanded developmental opportunities described in this plan or in related Human Resources Development Plans. Because opportunities for training and development will be limited by budgetary considerations, the panel must determine which training is most important to the successful accomplishment of the mission, both present and future.

The directorate chief will oversee panel meetings, ensuring that all panel member comments and recommendations receive equal consideration in the selection process and that decisions are made based on majority vote. The directorate chief will provide written feedback to each person who has applied, including reasons for nonselection when that is the panel's decision. Panels will elicit feedback from mentors and mentees and will put these before the panel for consideration. Applicants must show a direct relationship of their training request to the ARL mission and will outline what return on investment will be realized if the training is approved. Supervisors will be asked to provide their recommendations to the panel and will include a statement concerning the applicant's potential and his/her ability to apply the knowledges gained. Once selected, the employee must sign a service obligation agreement which provides for serving in the government three times the length of the training period. If he/she voluntarily leaves the government before the service obligation is completed the employee is liable for repayment.

G. Reduction In Force (RIF)

When an employee in the ARL Demonstration Project is faced with separation or downgrading due to lack of work, shortage of funds, reorganization, insufficient personnel ceiling, the exercise of reemployment or restoration rights, or furlough for more than 30 calendar days or more than 22 discontinuous days, RIF procedures will be used.

The procedures in 5 CFR part 351 and OPM RIF regulations will be followed with slight modifications pertaining to competitive areas, broadbanding, assignment rights, and calculation of adjusted service computation date.

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

An employee may displace another employee by bump or retreat to one band below the employee's existing band. A preference eligible with a compensable service-connected disability of 30% or more may retreat to positions two bands (or equivalent to five grades) below his/her current band.

Reductions in force are accomplished using the existing procedures, the retention factors of tenure, veterans preference, length of service, and performance ratings, in that order. However, the additional RIF service credit for performance based on the last three ratings of record during the

preceding four years will be applied as follows: Rating A adds 10 years, Rating B adds 7 years, Rating C adds 3 years, and Rating U (or an overall rating of unsatisfactory) adds no credit for retention. The additional years of service credit are added, not averaged. Ratings given under non-demonstration systems will be converted to the demonstration rating scheme and provided the equivalent rating credit.

In some cases, an employee may not have three annual performance ratings of record. In these situations, service credit will be given on the basis of assumed ratings of C. If, however, an employee has ratings from another system but not three demonstration project ratings, the last three actual ratings will be translated into demonstration project ratings. Ratings older than five years will not be used.

An employee who has received a written decision to demote him/her to a lower pay band because of unacceptable performance, competes in RIF from the position to which he/she will be/has been demoted. Employees who have been demoted for unacceptable performance, and as of the date of the issuance of the RIF notice have not received a performance rating in the position to which demoted, will receive a presumed fully successful rating for purposes of RIF credit.

An employee who has received an improved rating following a PIP will have the improved rating considered as the current annual performance rating of record.

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

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

H. Grievances and Disciplinary Actions

Except where specifically waived or modified in this plan, adverse actions procedures under 5 CFR part 752 remain unchanged; however, the demonstration project will enhance the use of Alternative Dispute Resolution (ADR) and Last Chance Agreements (LCA).

IV. Implementation Training

An extensive training program is planned for every employee in the demonstration project and associated support personnel. Training will be tailored to fit the requirements of every employee included and will fully address employee concerns to ensure everyone has a comprehensive understanding of the program. In addition, leadership training will be provided to all managers and supervisors as the new system places more responsibility and decision-making authority on their shoulders.

Training requirements will vary from an overview of the new system to a more detailed package for laboratory managers on the new classification system; to very specific instructions for both civilian and military supervisors, managers, and others who provide personnel and payroll support; to an employee handbook to be provided to each covered ARL employee. Training will begin within the 90 days just prior to implementation.

V. Conversion

A. Conversion to the Demonstration Project

Initial entry into the demonstration project will be accomplished through a full employee protection approach that ensures each employee an initial place in the appropriate pay band without loss of pay. Employees serving under regular term appointments at the time of the implementation of the demonstration project will be converted to the modified term appointment if all requirements in III.D.3., Revisions to Term Appointments, have been satisfied. Position announcements, etc. will not be required for these term appointments. An automatic conversion from current GS/GM grade and pay into the new broadband system will be accomplished. Each employee's initial total salary under the demonstration project will equal the total salary received immediately before conversion. Special conversion rules apply to special rate employees as described in III.E.4., Staffing Supplements. Employees who enter the demonstration project later by lateral reassignment or transfer will be subject to parallel pay conversion rules. If conversion into the demonstration project is accompanied by a geographic move, the employee's GS pay entitlements in the new geographic area must be determined before performing the pay conversion.

Employees who are on temporary promotions at the time of conversion will be converted to a pay band commensurate with the grade of the position to which temporarily promoted. At the conclusion of the temporary promotion, the employee will revert to the pay band which corresponds to the grade of record. When a temporary promotion is terminated, pay will be determined as described in III.E.3., Pay Fixing Policies and Procedures. The only exception will be if the original competitive promotion announcement stipulated that the promotion could be made permanent; in these cases actions to make the temporary promotion permanent will be considered and, if implemented, will be subject to all existing priority placement programs.

B. Conversion or Movement From a Project Position to a General Schedule Position

If a demonstration project employee is moving to a General Schedule (GS) position not under the demonstration project, or if the project ends and each project employee must be converted back to the GS system, the following procedure will be used to convert the employee's project pay band to a GS-equivalent grade and the employee's project rates of pay to GS-equivalent rates of pay. The converted GS grade and GS rates of pay must be determined before movement or conversion out of the demonstration project and any accompanying geographic movement, promotion, or other simultaneous action. For conversions upon termination of the project and for lateral reassignments, the converted GS grade and rates will become the employee's actual GS grade and rates after leaving the demonstration project (before any other action). For transfers, promotions, and other actions the converted GS grade and rates will be used in applying any GS pay administration rules applicable in connection with the employee's movement out of the project (e.g., promotion rules, highest previous rate rules, pay retention rules) as if the GS converted grade and rates were actually in effect immediately before the employee left the demonstration project.

1. Grade-Setting Provisions

An employee in a pay band corresponding to a single GS grade is converted to that grade. An employee in a pay band corresponding to two or more grades is converted to one of these grades according to the following rules:

a. The employee's adjusted rate of basic rate under the demonstration project (including any locality payment or staffing supplement) is compared with step 4 rates in the highest applicable GS rate range. (For this purpose, a GS rate range includes a rate range in (1) the GS base schedule, (2) the locality rate schedule for the locality pay area in which the position is

located, or (3) the appropriate special rate schedule for the employee's occupational series, as applicable.) If the series is a two-grade interval series, only odd-numbered grades are considered below GS–11.

b. If the employee's adjusted project rate equals or exceeds the applicable step 4 rate of the highest GS grade in the band, the employee is converted to that grade.

c. If the employee's adjusted project rate is lower than the applicable step 4 rate of the highest grade, the adjusted rate is compared with the step 4 rate of the second highest grade in the employee's pay band. If the employee's adjusted rate equals or exceeds step 4 rate of the second highest grade, the employee is converted to that grade.

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

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

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

2. Pay-Setting Provisions

An employee's pay within the converted GS grade is set by converting the employee's demonstration project rates of pay to GS rates of pay in accordance with the following rules:

a. The pay conversion is done before any geographic movement or other pay-related action that coincides with the employee's movement or conversion out of the demonstration project.

b. An employee's adjusted rate of basic pay under the project (including any locality payment or staffing supplement) is converted to a GS-adjusted 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.)

c. If the highest applicable GS rate range is a locality pay rate range, the employee's adjusted project rate is converted to a GS locality rate of pay. If this rate falls between two steps in the locality-adjusted schedule, the rate must be set at the higher step. The converted GS unadjusted rate of basic pay would be the GS base rate corresponding to the converted GS locality rate (i.e., same step position). (If this employee is also covered by a special rate schedule as a GS employee, the converted special rate will be determined based on the GS step position. This underlying special rate will be basic pay for certain purposes for which the employee's higher locality rate is not basic pay.)

d. If the highest applicable GS rate range is a special rate range, the employee's adjusted project rate is converted to a special rate. If this rate falls between two steps in the special rate schedule, the rate must be set at the higher step. The converted GS unadjusted rate of basic pay will be the GS rate corresponding to the converted special rate (i.e., same step position).

3. Conversion of Rating Levels

In the event an employee leaves the demonstration project or if the project is terminated, the performance ratings given under the demonstration project pay for performance rating system will be converted to an appropriate non-demonstration system. For purposes of conversion, a rating of C under this plan equates to Summary Level 3 outlined in 5 CFR 430.208.

4. Within-Grade Increase—Equivalent Increase Determinations

Service under the demonstration project is creditable for within-grade increase purposes upon conversion back to the GS pay system. Performance pay increases (including a zero increase) under the demonstration project are equivalent increases for the purpose of determining the commencement of a within-grade increase waiting period under 5 CFR 531.405(b).

VI. Project Duration

Public Law 103–337 removed any mandatory expiration date for this demonstration project. The project evaluation plan adequately addresses how each intervention will be comprehensively evaluated for at least the first 5 years of the demonstration project. Major changes and modifications to the interventions can be made through announcement in the Federal Register and would be made if formative evaluation data warranted. At the 5 year point, the entire demonstration project will be reexamined for either: (a) permanent implementation, (b) change and another 3–5 year test period, or (c) expiration.

VII. Evaluation Plan

Chapter 47 (Title 5 U.S.C.) requires that an evaluation system be implemented to measure the effectiveness of the proposed personnel management interventions. An evaluation plan for the entire laboratory demonstration program covering 24 DOD laboratories was developed by a joint OPM/DOD Evaluation Committee. A comprehensive evaluation plan was submitted to the Office of Defense Research & Engineering in 1995 and subsequently approved (Proposed Plan for Evaluation of the Department of Defense S&T Laboratory Demonstration Program, Office of Merit Systems Oversight & Effectiveness, June 1995). The overall evaluation effort will be coordinated and conducted by OPM's Personnel Resources and Development Center (PRDC). The primary focus of the evaluation is to determine whether the waivers granted result in a more effective personnel system than the current as well as an assessment of the costs associated with the new system.

The present personnel system with its many rigid rules and regulations is generally perceived as an impediment to mission accomplishment. The demonstration project is intended to remove some of those barriers and therefore, is expected to contribute to improved organizational performance. While it is not possible to prove a direct causal link between intermediate and ultimate outcomes (improved personnel system performance and improved organizational effectiveness), such a linkage is hypothesized and data will be collected and tracked for both types of outcome variables.

An intervention impact model will be used to measure the effectiveness of the various personnel system changes or interventions. Additional measures will be developed as new interventions are introduced or existing interventions modified consistent with expected effects. Measures may also be deleted when appropriate. Activity specific measures may also be developed to accommodate specific needs or interests which are locally unique. Appendix E represents an overview of the Evaluation Model. More detailed information about the evaluation model is available upon request.

The evaluation model for the demonstration project identifies elements critical to an evaluation of the effectiveness of the interventions. The

overall evaluation approach will also include consideration of context variables that are likely to have an impact on project outcomes; e.g., Human Resources Management regionalization, downsizing, cross-service integration, and the general state of the economy. However, the main focus of the evaluation will be on intermediate outcomes, i.e., the results of specific personnel system changes which are expected to improve human resources management. The ultimate outcomes are defined as improved organizational effectiveness, mission accomplishment, and customer satisfaction.

Data from a variety of different sources will be used in the evaluation. Information from existing management information systems supplemented with perceptual data will be used to assess variables related to effectiveness. Multiple methods provide more than one perspective on how the demonstration project is working. Information gathered through one method will be used to validate information gathered through another.

Confidence in the findings will increase as they are substantiated by the different collection methods. The following types of data will be collected as part of the evaluation: (1) Workforce data; (2) personnel office data; (3) employee attitudes and feedback using surveys, structured interviews, and focus groups; (4) local activity histories; and (5) core measures of laboratory effectiveness.

VIII. Demonstration Project Costs

A. Step Buy-Ins

Under the current pay structure, employees progress through their assigned grade in step increments. Since this system is being replaced under the demonstration project, employees will be awarded that portion of the next higher step they have completed up until the effective date of implementation. As under the current system, supervisors will be able to withhold these partial step increases if the employee's performance falls below fully successful.

Rules governing Within-Grade Increases (WGI) under the current Army performance plan will continue in effect until the implementation date. Adjustments to the employees base salary for WGI equity will be computed effective the date of implementation to coincide with the beginning of the first formal PFP assessment cycle. WGI equity will be acknowledged by increasing base salaries by a prorated share based upon the number of weeks an employee has completed towards the next higher step. Payment will equal the value of the employee's next WGI times the proportion of the waiting period completed (weeks completed in waiting period/weeks in the waiting period) at the time of conversion. Employees at step 10 on the date of implementation will not be eligible for WGI equity adjustments since they are already at the top of the step scale.

B. Cost Discipline

An objective of the demonstration project is to ensure in-house budget discipline. A baseline will be established at the start of the project and salary expenditures will be tracked yearly. Implementation costs, including the step buy-in costs detailed above, will not be included in the cost discipline evaluations.

The Personnel Management Board will annually track personnel cost changes and determine if adjustments are required to achieve the objective of cost discipline.

C. Personnel Management Board

ARL will create a Personnel Management Board to oversee and monitor the implementation and operation of the demonstration project. Its specific functions are outlined below. The Board will be chaired by the Deputy Director and consist of the Chief of Staff, Associate for Science and Technology, the senior ranking civilian in each directorate and center within the laboratory and the Program Manager for the ARL Personnel Demonstration Project. EEO, Legal, Human Resources Office, appropriate union representatives and the Staff Members Committee (SMC) Chair will serve as non-voting advisors on the board. The board will be responsible for:

(a) Determining the composition of the PFP pay pools in accordance with the established guidelines,

(b) Providing guidance to pay pool managers,

(c) Overseeing disputes in pay pool issues,

(d) Overseeing the civilian pay budget,

(e) Monitoring award pool distribution by organization,

(f) Reviewing hiring and promotion salaries, to include approving promotions over $5,000,

(g) Conducting classification review and oversight; monitoring and adjusting classification practices and deciding broad classification issues,

(h) Approving major changes in position structure,

(i) Addressing issues associated with multiple pay systems during the demonstration project,

(j) Assessing the need for changes to demonstration project procedures and policies,

(k) Ensuring in-house budget discipline.

D. Developmental Costs

Costs associated with the development of the demonstration project system include software automation, training, and project evaluation. All funding will be provided through the Army Science and Technology budget. The projected annual expenses for each area is summarized in Figure 4 below. Project evaluation costs will continue for at least the first 5 years and may continue beyond.

BILLING CODE 6325–01–P

	FY96	FY97	FY98	FY99	FY00	FY01
Training	10K	20K				
Project Evaluation	17K	32.5K	32.5K	32.5K	32.5K	32.5K
Automatio n		100K				
Data Systems	69K					
TOTALS	96K	152.5K	32.5K	32.5K	32.5K	32.5K

Figure 4 - Projected Developmental Costs (Then Year Dollars)

BILLING CODE 6325–01–C

IX. Required Waivers to Law and Regulation

A. Waivers to Title 5 United States Code

Chapter 31, section 3111: Acceptance of volunteer service.

Chapter 33, section 3324: Appointments to Positions Classified Above GS–15.

Chapter 33, section 3341: Details.

Chapter 41, section 4107 (a) (1), (2), (b) (1), (3): Restriction on Degree Training.

Chapter 43, section 4301 (3): Definition of unacceptable performance.

Chapter 43, section 4302–4303: This waiver applies to the extent that the term ''grade level'' is replaced with ''pay band''.

Chapter 51, sections 5101–5111: Purpose, definitions, basis, classification of positions, review, authority—This waiver applies to the extent that white collar employees will be covered by broadbanding. Pay category determination criteria for Federal Wage System positions remain unchanged.

Chapter 53, sections 530l; 5302 (1), (8) and (9); 5303; and 5304: Pay comparability system. (This waiver applies only to the extent necessary to allow (1) demonstration project employees, except employees in band V of the engineers and scientists occupational family, to be treated as General Schedule employees, (2) basic rates of pay under the demonstration project to be treated as scheduled rates of basic pay, and (3) employees in band V of the engineers and scientists occupational family to be treated as SES and ST employees for the purposes of these provisions.)

Chapter 53, section 5305: Special rates.

Chapter 53, sections 5331–5336: General Schedule pay rates.

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, and (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.)

Chapter 55, section 5545 : Night, standby, irregular, and hazardous duty differential. (This waiver applies only to the extent necessary to allow demonstration project employees to be treated as General Schedule employees. This waiver does not apply to employees in band V of the engineers and scientists occupational family.)

Chapter 57, sections 5753, 5754, and 5755: Recruitment and relocation bonuses, retention allowances, and supervisory differentials (This waiver applies only to the extent necessary to allow (1) employees and positions under the demonstration project to be treated as employees and positions under the General Schedule and (2) employees in band V of the engineers and scientists occupational family to be treated as SES and ST employees)

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

Chapter 75, section 7512(3): Adverse actions. (This provision is waived only to the extent necessary to replace ''grade'' with ''pay band.'')

Chapter 75, section 7512 (4): Adverse actions. (This waiver applies only to the extent necessary to provide that adverse action provisions do not apply to conversions from General Schedule special rates to demonstration project pay, as long as total pay is not reduced.)

B. Waivers to Title 5. Code of Federal Regulations

Part 300, sections 300.601 through 300.605: Time in grade restrictions. Time in grade restrictions are eliminated in the Demonstration project.

Part 308.101 through 308.103: Volunteer Service.

Part 315, sections 315.801 and 315.802: Probationary period.

Part 316, section 301 (Term Appointments for more than 4 years).

Part 316, section 303 (Converting Terms to Status).

Part 335, section 103: Covering the length of details and temporary promotions.

Part 351, section 351.402(b): Competitive area.

Part 351, section 351.403: Competitive Level. (This waiver applies only to the extent necessary to replace ''grade'' with ''pay band''.)

Part 351, sections; 351.504 as it relates to years of credit; 351.701 to the extent that employee bump and retreat rights will be limited to one pay band except in the case of 30% preference eligible.

Part 430, Section 207 (d): Definition of Unacceptable Performance.

Part 432: Modified to the extent that an employee may be removed, reduced in band level with a reduction in pay or reduced in pay without a reduction in band level based on unacceptable performance. Also modified to redefine unacceptable performance.

Part 511, subpart A, General Provisions, and subpart B, Coverage of the General Schedule.

Part 511, section 511.601: Classification Appeals modified to the extent that white collar positions established under 5 U.S.C. 4703, although specifically excluded from Title V, are covered by the classification appeal process outlined in this section, as amended below.

Part 511, section 511.603(a): Right to appeal—substitute band for grade.

Part 511, section 511.607(b): Non-Appealable Issues—add to the list of issues which are neither appealable nor reviewable, the assignment of series under 5 U.S.C. 4703 to appropriate career paths.

Part 530, subpart C: Special salary rates.

Part 531, subparts B, D, and E: Determining The Rate of Basic Pay, Within-Grade Increases, and Quality Step Increases.

Part 531, subpart F: Locality-Based Comparability Payments. (This waiver applies only to the extent necessary to allow (1) demonstration project employees, except employees in band V of the engineers and scientists occupational family, to be treated as General Schedule employees, (2) basic rates of pay under the demonstration project to be treated as scheduled annual rates of pay, and (3) employees in band V of the engineers and scientists occupational family to be treated as SES and ST employees for the purposes of these provisions.)

Part 536, Grade retention.

Part 536, section 536.104: Pay Retention. (This waiver applies only to the extent necessary to 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.)

Part 536, sections 536.205 (b)(3), (c) and (d): Determination of the rate of basic pay. (These provisions are waived only to the extent necessary to replace ''grade'' with ''pay band''.)

Part 550, section 550.703: Severance Pay. (This provision is waived only to the extent necessary to modify the definition of ''reasonable offer'' by replacing ''two grade or pay levels'' with ''one band level'' and ''grade or pay level'' with ''band level''.)

Part 550, section 550.902: Hazardous duty differential, definition of ''employee''. (This waiver applies only to the extent necessary to allow demonstration project employees to be treated as General Schedule employees. This waiver does not apply to employees in band V of the engineers and scientists occupational family.)

Part 575, subparts A, B, C, and D: Recruitment Bonuses, Relocation Bonuses, Retention Allowances, and Supervisory Differentials. (This waiver applies only to the extent necessary to allow (1) employees and positions under the demonstration project to be treated as employees and positions under the General Schedule and (2) employees in band V of the engineers and scientists occupational family to be treated as SES and ST employees for the purposes of these provisions.)

Part 591, subpart B: Cost-of-Living Allowances and Post Differential-Nonforeign Areas. (This waiver applies only to the extent necessary to allow (1) demonstration project employees to be treated as employees under the General Schedule and (2) employees in band V of the engineers and scientists occupational family to be treated as SES and ST employees for the purposes of these provisions.)

Part 752, section 752.401 (a)(3): Adverse actions. (This provision is waived only to the extent necessary to replace ''grade'' with ''pay band.'')

Part 752, section 752.401 (a)(4): Adverse actions. (This provision applies only to the extent necessary to provide that adverse action provisions do not apply to conversions from General Schedule special rates to demonstration project pay, as long as total pay is not reduced.)

Appendix A—ARL Employee Duty Locations (as of 17 JUN 96) (Totals Include SES, ST and FWS Employees)

ARL EMPLOYEES

Duty location	Total
Seoul, Korea	1
Fort Rucker, AL	3
Redstone Arsenal, AL	4
Fort Huachuca, AZ	4
Newark, DE	1
Wilmington, DE	58
Hurlbert Field, FL	1
MacDill AFB, FL	1
Orlando, FL	4
Atlanta, GA	14
Fort Benning, GA	4
Fort Gordon, GA	2
Tripler Army Hospital, HI	1
Scott Air Force Base, IL	1
Fort Knox, KY	2
APG, MD	929
Adelphi, MD	873

ARL EMPLOYEES—Continued

Duty location	Total
Baltimore, MD (JHU)	9
Gaithersburg, MD	3
LaPlata, MD (Blossom Point)	4
Watertown, MA	26
Warren, MI	5
St. Louis, MO	3
Fort Monmouth, NJ	190
Picatinny, NJ	6
White Sands Missile Range, NM	272
Fort Bragg, NC	1
Akron, OH	1
Cleveland, OH	52
Fairview Park, OH	1
Fort Sill, OK	8
Austin, TX	1
Fort Bliss, TX	1
Fort Hood, TX	9
Alexandria, VA	1
Arlington, VA	1
Fort Belvoir, VA	81
Newport News, VA	50
Vint Hill Farms Station, VA	1
Woodbridge, VA	2
Fort Lewis, WA	1
Total	2,631

Appendix B: Occupational Series by Occupational Family

I. Engineers & Scientists

0180 Psychologist
0401 General Biological Science
0413 Physiology
0471 Agronomy
0690 Industrial Hygiene
0801 General Engineering
0803 Safety Engineering
0806 Materials Engineering
0810 Civil Engineering
0819 Environmental Engineering
0830 Mechanical Engineering
0840 Nuclear Engineering
0850 Electrical Engineering
0854 Computer Engineering
0855 Electronics Engineering
0861 Aerospace Engineering
0892 Ceramic Engineering
0893 Chemical Engineering
0894 Welding Engineering
0896 Industrial Engineering
0899 Engineering & Architecture Student Trainee
1301 General Physical Science
1306 Health Physics
1310 Physics
1320 Chemistry
1321 Metallurgy
1340 Meteorology
1386 Photographic Technology
1399 Physical Science Student Trainee
1515 Operations Research
1520 Mathematics
1529 Mathematical Statistician
1550 Computer Science
1599 Mathematics & Statistics Student Trainee

II. E&S Technician

0181 Psychology Aid & Technician
0802 Engineering Technician
0818 Engineering Drafting

0856 Electronics Technician
1152 Production Control
1311 Physical Science Technician
1341 Meteorological Technician
1601 General Facilities & Equipment
1670 Equipment Specialist

III. Administrative

0018 Safety & Occupational Health Management
0028 Environmental Protection Specialist
0080 Security Administration
0101 Social Science
0170 History
0201 Personnel Management
0205 Military Personnel Management
0212 Personnel Staffing
0221 Position Classification
0230 Employee Relations
0235 Employee Development
0260 Equal Employment Opportunity
0301 Miscellaneous Administration & Program
0334 Computer Specialist
0340 Program Management
0341 Administrative Officer
0343 Management & Program Analysis
0346 Logistics Management
0391 Telecommunications
0501 Financial Administration & Program
0505 Financial Management
0510 Accounting
0511 Auditing
0560 Budget Analysis
0905 General Attorney
0950 Paralegal Specialist
1001 General Arts & Information
1020 Illustrating
1035 Public Affairs
1060 Photography
1071 Audio Visual Production
1082 Writing & Editing
1083 Technical Writing & Editing
1084 Visual Information
1101 General Business & Industry
1102 Contracting
1170 Realty
1222 Patent Attorney
1410 Librarian
1412 Technical Information Services
1640 Facilities Management
654 Printing Management
1811 Criminal Investigating
1910 Quality Assurance
2001 General Supply
2003 Supply Program Management
2010 Inventory Management
2101 Transportation Specialist
2130 Traffic Management

IV. General Support

0081 Fire Protection & Prevention
0083 Police
0085 Security Guard
0086 Security Clerical & Assistance
0303 Miscellaneous Clerk & Assistant
0304 Information Receptionist
0305 Mail & File
0318 Secretary
0322 Clerk Typist
0326 Office Automation Clerical & Assistant
0332 Computer Operation
0335 Computer Clerk & Assistant
0342 Support Services Administration
0344 Management Clerical & Assistant
0361 Equal Opportunity Assistant
0392 General Telecommunications
0503 Financial Clerical & Assistance
0525 Accounting Technician
0561 Budget Clerical & Assistant
0986 Legal Clerk & Technician
1087 Editorial Assistance
1105 Purchasing
1106 Procurement Clerical & Assistance
1411 Library Technician
1702 Education & Training Technician
2005 Supply Clerical & Technician
2102 Transportation Clerk & Assistant

Appendix C—Demographics and Union Representation (As of 17 June 1996)

SCIENTISTS & ENGINEERS	56%
E&S TECHNICIANS	9%
ADMINISTRATIVE	18%
GENERAL SUPPORT	12%
EXCEPTED SERVICE	5%
OCCUPATIONAL SERIES	119
DUTY LOCATIONS	41
VETERANS	23%

The following unions have been notified about the project:

Adelphi, Maryland—AFGE Local 2 Fraternal Order of Police
Aberdeen Proving Ground, Maryland—AFGE Local 3176 IAM/AW Local 2424
Fort Monmouth, New Jersey—NFFE Local 476
White Sands Missile Range, New Mexico—NFFE Local 2049
Cleveland, Ohio—AFGE Local 2182

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APPENDIX D - PERFORMANCE MANAGEMENT FORMS

PERFORMANCE APPRAISAL

PERIOD COVERED FROM TO

NAME (Last, First, MI)	SOCIAL SECURITY NUMBER	OCCUPATIONAL FAMILY/SERIES/BAND

	PRINTED	SIGNATURE	DATE
SENIOR RATER			
RATER			
RATEE			

CIRCLE ALL CRITIAL ELEMENTS; STRIKE THROUGH UNUSED ELEMENTS	Technical Comp.	Cooperation	Communication	Mgmt of Time and Resources	Customer Relations	Tech Transition	Mgmt/Leadership	Supv. EEO	
WEIGHT RANGE	15-50	5-25	5-25	15-50	10-50	5-50	5-50	25-50	TOTAL
WEIGHT ASSIGNED									100
SCORE									

RATINGS

☐ A 85-100 ☐ B 70-84

☐ C 50-69 ☐ Unsatisfactory 0-49

☐ Comments attached for unsatisfactory rating

PAYOUT

Share(s) Recommended _____

Pay Increase Recommended $_____

Bonus Recommended $_____

☐ Pay Pool Manager Approval

Elements 1-5 are Mandatory for All; Elements 1-5, 7, and 8 are Mandatory for Supervisors.

1. TECHNICAL COMPETENCE: Exhibits and maintains current technical knowledge, skills, and abilities to produce timely and quality work with the appropriate level of supervision. Makes prompt, technically sound decisions and recommendations that add value to mission priorities and needs. For appropriate career path, seeks and accepts developmental and/or special assignments. Adaptive to technological change. (Weight range: 15-50)
2. COOPERATION: Accepts personal responsibility for assigned tasks. Considerate of others views and open to compromise on areas of difference. Exercises tact and diplomacy and maintains effective relationships, particularly in immediate work environment and teaming situations. Readily/willingly gives assistance. Shows appropriate respect and courtesy. (Weight range: 5-25)
3. COMMUNICATIONS: Provides or exchanges oral/written ideas and information in a manner that is timely, accurate and easily understood. Listens effectively so that resultant actions show understanding of what was said. Coordinates so that all relevant individuals and functions are included in, and informed of, decisions and actions. (Weight range: 5-25)
4. MANAGEMENT OF TIME AND RESOURCES: Meets schedules and deadlines, and accomplishes work in order of priority; generates and accepts new ideas and methods for increasing work efficiency; effectively utilizes and properly controls available resources; supports organization's resource development and conservation goals. (Weight range: 15-50)
5. CUSTOMER RELATIONS: Demonstrates care for customer through respectful, courteous, reliable and conscientious actions. Seeks out, develops and/or maintains solid working relationships with customers to identify their needs, quantifies those needs, and develops practical solutions. Keeps customer informed. Within the scope of job responsibility, seeks out and develops new programs and/or reimbursable customer work. (Weight range: 10-50)
6. TECHNOLOGY TRANSITION: Seeks out and incorporates outside technology within internal projects. Implements partnerships for the transition or transfer of technology to other internal working groups, other government agencies, and /or commercial activities. (Weight range: 5-50) (OPTIONAL)
7. MANAGEMENT/LEADERSHIP: Actively furthers the mission of the organization. As appropriate, participates in the development and implementation of strategic and operational plans of the organization. Exercises leadership skills within the environment. Mentors junior personnel in career development, technical competence, and interpersonal skills. Exercises appropriate responsibility for positions assigned. (Weight range: 5-50) (Optional for non-supervisory positions)
8. SUPERVISION/EEO: Works toward recruiting, developing, motivating, and retaining quality team members; initiates timely/appropriate personnel action; applies EEO/merit principles; communicates mission and organizational goals; by example, creates a positive, safe, and challenging work environment; distributes work and empowers team members. (Weight Range 25-50) (For supervisory positions)

ELEMENT POINT-RANGES AND PERFORMANCE STANDARDS

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

ELEMENT WEIGHTS

	50	45	40	35	30	25	20	15	10	5
100% Performance elements were attained demonstrating exceptional initiative, versatility, originality, and creativity. This individual demonstrates the ability to grasp, understand, organize, and convey complex issues to others and carry the job assignment to successful completion with minimum direct supervision. Performance elements were effectively achieved utilizing cooperation, responsiveness, conflict avoidance, or conflict resolution. Written and oral communications were appropriately demonstrated effectively and efficiently. Performance elements were achieved with demonstrated leadership, integrity, competency, commitment, candor, and sense of duty.	49	44	39	34	29					
	48					24				
		43	38				19			
	47	42		33	28					
	46		37			23		14		
		41		32						
	45		36		27		18		9	
		40		31		22				
	44		35							
	43	39		30	26					
		38	34				17			
	42			29	25	21				
	41	37	33							
	40	36	32	28	24	20	16	12	8	4
	39	35	31		23					
	38	34		27		19				
			30				15			
	37	33		26	22			11		
	36		29			18				
		32		25						
70% Performance elements were attained effectively and efficiently with consistently high quality and quantity of work. This individual has demonstrated the ability to complete the job assignments in an efficient, orderly sequence that culminated in results that were timely, correct, thorough and cost effective. Performance elements were attained with consistently above average quality and reliability while effectively utilizing accepted procedures and resolving problems with skill and resourcefulness. Performance elements were attained with consistently productive cooperative efforts and with clear, precise, and convincing written and oral communication.	35		28		21		14		7	
		31		24						
	34		27			17				
	33	30		23	20			10		
			26				13			
	32	29		22		16				
	31	28	25		19					
	30	27	24	21	18	15	12	9	6	3
	29	26	23							
	28			20	17	14				
		25	22				11			
	27	24		19	16					
	26		21							
		23		18		13				
50% Performance elements were accomplished, were mostly reliable, and delivered without unacceptable delays. Procedures were minimally correct and problems were dealt with satisfactorily. Attained performance elements, using work methodology that demonstrated a reasonable degree of cooperation with other with clear and concise written and oral communications.	25		20		15		10		5	
UNSATISFACTORY	24	22	19	17	14	12	9	7	4	2

Performance elements were not successfully completed because of failure in quality, quantity, completeness, responsiveness, or timeliness of work. Performance elements products were deficient, because they were contrary to direction or guidelines; did not meet minimum specifications; were inconsistent with organizational procedures; were significantly flawed or substandard in quality; demonstrated insufficient technical knowledge or skill; were incomplete; were unacceptably late; lacked essential cooperative involvement or support; or problems that arose during performance of performance elements activities were not satisfactory resolved.

PERFORMANCE OBJECTIVE WORKSHEET

PERIOD COVERED		
FROM	TO	
NAME (Last, First, MI)	SOCIAL SECURITY NUMBER	OCCUPATIONAL FAMILY/SERIES/BAND

MUTUALLY DEVELOPED PERFORMANCE OBJECTIVES

VERIFICATION OF PERFORMANCE CONFERENCE

	DATES	RATEE'S INITIALS	RATER'S INITIALS
INITIAL			
MIDPOINT			

PERFORMANCE CONFERENCE

CIRCLE ALL CRITICAL ELEMENTS; STRIKE THROUGH UNUSED ELEMENTS

		Technical Comp.	Cooperation	Communication	Mgmt of Time and Resources	Customer Relations	Tech Transition	Mgmt/Leadership	Supv. EEO	
WEIGHT RANGE	15-50	5-25	5-25	15-50	10-50	5-50	5-50	25-50	TOTAL
WEIGHT ASSIGNED									100

AGREEMENT ON ASSIGNED WEIGHTS

	INITIAL	DATE
PAY POOL MANAGER		
RATER		
RATEE		

VERIFICATION OF PERFORMANCE CONFERENCE

	DATES	RATEE'S INITIALS	RATER'S INITIALS
INITIAL			
MIDPOINT			

END OF YEAR PERFORMANCE CONFERENCE (HELD JUST BEFORE APPRAISAL) EMPLOYEE PREPARES A LIST OF ACCOMPLISHMENTS

RATEE: _____ _____

Signature Date

APPENDIX E: Project Evaluation
Intervention Impact Model - DOD Laboratory Demonstration Program

INTERVENTION	EXPECTED EFFECTS	MEASURES	DATA SOURCES
1. Compensation			
a. Broadbanding	-increased organizational flexibility	-perceived flexibility	-attitude survey
	-reduced administrative workload, paperwork reduction	-actual/perceived time savings	-personnel office data, PME results, attitude survey
	-advanced in-hire rates	-starting salaries of banded v. non-banded employees	-workforce data
	-slower pay progression at entry levels	-progression of new hires over time by band, occupational family	-workforce data
	-increased pay potential	-mean salaries by band, occupational family, demographics, total payroll costs	-workforce data
	-increased satisfaction with advancement	-employee perceptions of advancement	-attitude survey
	-increased pay satisfaction	-pay satisfaction, internal/external equity	-attitude survey
	-improved recruitment	-offer acceptance ratios	
	-no change in high grade (GS-14/15) distribution	-percent declinations -number/percentage of high grade salaries pre/post banding	-personnel office data
b. Conversion buy-in	-employee acceptance	-employee perceptions of equity, fairness	-attitude survey
		-cost as a percent of payroll	-workforce data
2. Performance Management			
a. Cash awards/bonuses	-reward/motivate performance	-perceived motivational power	-attitude survey
	-to support fair and appropriate distribution of awards	-amount and number of awards by occupational family, demographics	-workforce data
		-perceived fairness of awards	-attitude survey
		-satisfaction with monetary awards	-attitude survey

INTERVENTION	EXPECTED EFFECTS	MEASURES	DATA SOURCES
b. Performance based pay progression	-increased pay-performance link -improved performance feedback -decreased turnover of high performers -increased turnover of low performers -differential pay progression of high/low performers -alignment of organizational and individual performance expectations and results -increased employee involvement in performance planning and assessment	-perceived pay-performance link -perceived fairness of ratings -satisfaction with ratings -employee trust in supervisors -adequacy of performance feedback -turnover by perfor-mance rating category -turnover by perfor-mance rating category -pay progression by performance rating category, occupational family -linkage of performance expectations to strategic plans/goals -performance expectations -perceived involvement -performance management procedures	-attitude survey -attitude survey -attitude survey -attitude survey -attitude survey -workforce data -workforce data -workforce data -performance expectations, strategic plans -attitude survey/focus groups -attitude survey/focus groups -personnel regulations
c. New appraisal process	-reduced administrative burden -improved communication	-employee and supervisor perception of revised procedures -perceived fairness of process	-attitude survey -focus groups
d. Performance development	-better communication of performance expectations -improved satisfaction and quality of workforce	-feedback and coaching procedures used -time, funds spent on training by demographics -organizational commitment -perceived workforce quality	-focus groups -personnel office data -training records -attitude survey -attitude survey

INTERVENTION	EXPECTED EFFECTS	MEASURES	DATA SOURCES
3. Classification			
a. Improved classification system with generic standards in an automated mode	-reduction in amount of time and paperwork spent on classification -ease of use	-time spent on classification procedures -reduction of paper work/number of personnel actions (classification/ promotion) -managers' perceptions of time savings, ease of use, improved ability to implement requests	-personnel office data -attitude survey
b. Classification authority delegated to managers	-increased supervisory authority/accountability -decreased conflict between management and personnel staff -no negative impact on internal pay equity	-perceived authority -number of classifica-tion disputes/appeals pre/post -management satisfaction with service provided by personnel office -internal pay equity	-attitude survey -personnel office records -attitude survey -attitude survey
c. Dual career ladder	-increased flexibility to assign employees -improved internal mobility -increased pay equity -flatter organizational structure -improved quality of supervisory staff	-assignment flexibility -perceived internal mobility -perceived pay equity -sup/non-sup ratios -employee perceptions of quality of supervi-sors	-focus groups, surveys -attitude survey -attitude survey -workforce data -attitude survey
4. RIF			
Modified RIF	-minimize loss of high performing employees with needed skills -contain cost and disruption	-separated employees by demographics, performance -satisfaction with RIF process -cost comparisons of traditional vs. modified RIF -time to conduct RIF -number of appeals/ reinstatements	-workforce data -attitude survey/focus groups -attitude survey/focus groups -personnel/ budget office data

INTERVENTION	EXPECTED EFFECTS	MEASURES	DATA SOURCES
5. Expanded Development Opportunities			
a. Sabbaticals	-expanded range of professional growth and development -application of enhanced knowledge and skills to work product	-number and type of opportunities taken -employee and supervisor perceptions	-workforce data -attitude survey
b. Critical Skills Training	-improved organizational effectiveness	-number and type of training -placement of employees, skills imbalances corrected -employee and supervisor perceptions	-personnel office data -personnel office data -attitude survey
6. Combination of all interventions			
All	-improved organizational effectiveness -improved management of R&D workforce -improved planning -cross functional coordination -increased product success -cost of innovation	-combination of personnel measures -employee/management satisfaction -planning procedures -perceived effectiveness of planning procedures -actual/perceived coordination -customer satisfaction -project training/ development cost (staff salaries, contract cost, training hours per employee)	-all data sources -attitude survey -strategic planning documents -attitude survey -organizational charts -customer satisfaction surveys -demonstration project office records -contract documents
7. Context			
a. Regionalization	-reduced servicing ratios/cost -no negative impact on service quality	-HR servicing ratios -average cost per employee served -service quality, timeliness	-attitude survey -workforce data -attitude survey/focus groups
b. GPRA	-improved organizational performance	-other measures to be developed	-as established

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