



Department of Defense



***National Security  
Personnel System***

Compensation

Session A

June 2007

*Leading The Way*





## Panel Members

### ■ Robert Stockbower

- Director of the Regional Business Directorate, USACE
- Department of the Army

### ■ Rita Terhaar

- Department of the Navy

### ■ Dennis Turner – Moderator

- Chief, Classification and Pay Branch, Field Advisory Services
- Civilian Personnel Management Service



## Overview

- Provide insights into NSPS compensation flexibilities
- Discuss challenges and strategies for overcoming them
- Address audience issues



Department of Defense



***National Security  
Personnel System***

**SPAWAR**

**Ms. Rita Terhaar**

NSPS Program Manager

June 2007

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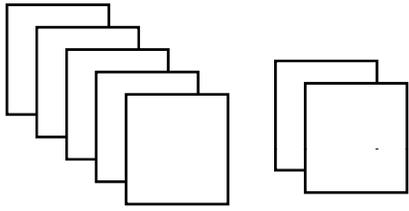
# PERSONNEL DEMO PROJECT

**Title VII of the Civil Service Reform Act (CSRA) of 1978 authorized the U. S. Office of Personnel Management (OPM) to permit federal agencies to conduct demonstration projects to determine if changes in personnel management policies or procedures would result in improved federal personnel management and increase management control of personnel functions. The first project approved and implemented was the Navy's joint Demonstration Project, developed initially at the Naval Ocean Systems Center San Diego and the Naval Weapons Center (NWC) China Lake and now implemented at the Space and Naval Warfare Systems Command (SPAWAR).**





# SPAWAR Demo Features

<p><b><u>CLASSIFICATION:</u></b></p>  <p><b>GS</b>                      <b>DEMO</b></p>	<ul style="list-style-type: none"><li>• SIMPLIFIED</li><li>• MANAGERS CLASSIFY POSITION</li><li>• STREAMLINED APPEALS</li></ul>										
<p><b><u>PAY:</u></b></p> <table border="1"><tr><td>GS</td><td>5-8</td><td>9-11</td><td>12-13</td><td>14-15</td></tr><tr><td>DEMO</td><td>I</td><td>II</td><td>III</td><td>IV</td></tr></table>	GS	5-8	9-11	12-13	14-15	DEMO	I	II	III	IV	<ul style="list-style-type: none"><li>• BROAD PAY BANDS</li><li>• FLEXIBLE PAY SETTING</li><li>• EASILY UNDERSTOOD CAREER PATHS</li></ul>
GS	5-8	9-11	12-13	14-15							
DEMO	I	II	III	IV							
<p><b><u>PERFORMANCE:</u></b></p> <table border="1"><tr><td>OBJECTIVES</td></tr><tr><td>1. _____</td></tr><tr><td>2. _____</td></tr><tr><td>3. _____</td></tr></table>	OBJECTIVES	1. _____	2. _____	3. _____	<ul style="list-style-type: none"><li>• OBJECTIVES vs STANDARDS</li><li>• PAY FOR PERFORMANCE</li><li>• AUTOMATED PAY POOL PROCESS</li></ul>						
OBJECTIVES											
1. _____											
2. _____											
3. _____											



# Career Paths And Pay Schedule

**SCIENTISTS,  
ENGINEERS,  
AND SENIOR  
STAFF**

<b>GS</b>	<b>1 - 4</b>	<b>5 - 8</b>	<b>9 - 11</b>	<b>12 - 13</b>	<b>14 - 15</b>	<b>16 - 18</b>
<b>DP</b>	<b>A</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>

**TECHNICAL  
AND ADMIN  
SPECIALISTS,  
TECHNICIANS**

<b>GS</b>	<b>1 - 4</b>	<b>5 - 8</b>	<b>9 - 10</b>	<b>11 - 12</b>
<b>DA DS DT</b>	<b>A</b>	<b>I</b>	<b>II</b>	<b>III</b>

**CLERICAL/  
ASSISTANCE  
(GENERAL)**

<b>GS</b>	<b>1 - 3</b>	<b>4 - 5</b>	<b>6 - 7</b>	<b>8 - 9</b>	<b>10 - 11</b>
<b>DG</b>	<b>A</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>



**(SPAWAR PATHS SHOWN ABOVE. NAWC CAREER PATHS ARE SLIGHTLY DIFFERENT)**

- **Organized for action**
  - **Line managers versus staff were designers**
  - **HR staff served as advisors**
  
- **Established governance structure and**
  - **Classification, Performance, Pay Committees and Executive Steering Group consider employee and management policy change recommendations**
  - **Groups included representation from all organizations within the Enterprise**

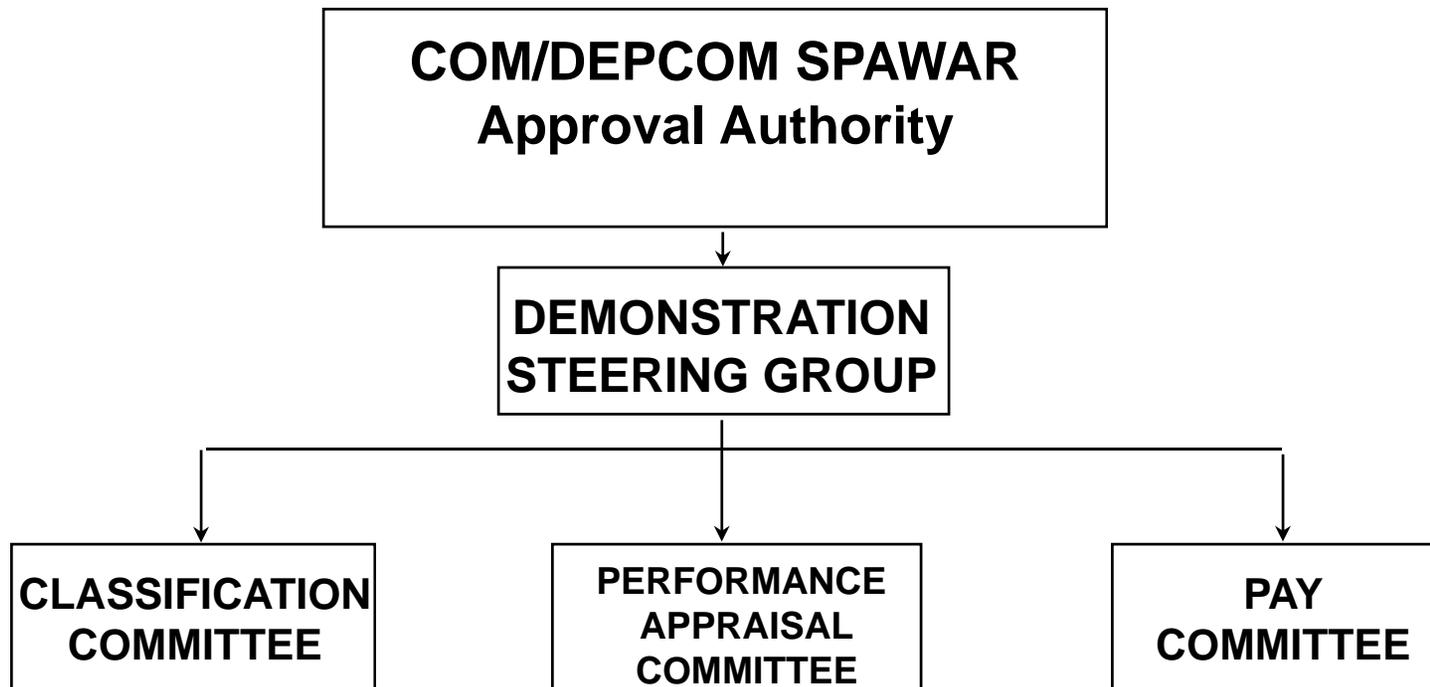


## Keys to Success Continued

- **Simple, but well-defined processes**
  - Reinforced through annual supervisory training
  - Centralized policy, local flexibility
  
- **Automated rating/payout procedure**
  - Web-based application developed
  - Funds distributed and controlled electronically
    - ✓ Standardized reports available on-line
  - Allows for virtual performance board discussions and comparisons



# Governance Structure



When necessary, the chairman of a committee may form subcommittees to address specific issues. An example is annual recruitment salaries for college recruiting of scientists and engineers, chartered under the Pay Committee.



# Compensation

<b>DEMO</b>	<b>NSPS</b>
Promotion – 0 to 10 % salary increase	Promotion – 6% minimum salary increase with 20% maximum salary increase for special cases
Reassignment – no salary increase current pay remains constant	Reassignment – Up to 5% optional pay increase in a 12 month period for employee initiated reassignment. Up to 5% optional increase for each management directed reassignment
Pay Bands tied to General Schedule Top of DEMO level = Top of GS grade	Pay Bands linked to General Schedule - 5% higher than top of grade at some PB
Locality Pay	Local Market Supplement
January Comparability Increase - OPM	Annual Rate Range Adj. – SECDEF
No salary increase within band for NPs and Interns	Accelerated Compensation for Developmental Positions (ACDP) 6 to 20% pay increases



# Performance Management

<b>DEMO</b>	<b>NSPS</b>
Continuing Point Pay Pool – 2.3% of aggregate basic salaries on 30 June	Permanent Increase Pool – floor of 2.26% of aggregate basic salaries on 30 Sept.
Bonus Pool – 1%	Bonus Pool – 1%
Other awards – .5% (Special Act, Time Off, On-the-spot)	Other awards – .5% (Special Act, Time Off, On-the-spot)
Established Point Values	Floating Share Values
3-5 Critical Objectives – Overall rating for performance (5 pt. Scale)	3-5 Cascading Objectives – objective rated with up to 3 Contribution Factors (7) able to influence (5 pt. Scale)
Maximum 4 points based upon rating Points tied to narrative rating	Maximum 6 shares based upon avg. score Shares tied to narrative rating
Outstanding/Superior/Successful/ Marginal/Unsuccessful	Role Model/Exceed Expectations/Valued Performer/Fair/Unsuccessful Unsuccessful on any 1 objective results in overall score of Unsuccessful



- **NSPS Interim Compensation Policy:**
- **New Hire Salary:**
  - DoD Guidance augmented with justification and backup data for decision required
- **Promotion:**
  - 6 to 10% delegated to immediate supervisor
  - Above 10% requires Echelon 2 approval
- **Reassignment:**
  - PWGI adjustment up to 5%
  - Reserved for unique, specialized skills, mission critical
  - Reserved for positions with higher responsibility within pay band that in Demo would have been a promotion
- **Conservative Approach:**
  - Retain same delegations of authority for salary setting
  - Evaluate cost of new system after first performance pay out before

## ■ **NSPS Interim Compensation Policy:**

- **Maintain same Governance Structure**
  - ✓ **Net Effect Advisory Group**
    - Compensation Board
    - Performance Management Board
    - Classification Board
- **Pay Pool Business Rules**
  - ✓ **Control Points – maximum of 2 per Pay Band**
    - Tied to Demo Top of Levels within NSPS Pay Band
  - ✓ **Limit EPI for first Pay Pool process**
  - ✓ **Distribution of shares based average rating**



Department of Defense



***National Security  
Personnel System***

**US Army Corps of Engineers**

**Bob Slockbower**

**Regional Business Director, Southwestern Division**

June 2007

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- **Strategic Goals**
- **Organizational Culture**
- **Internal & External Equity**
- **Employee Motivation and Needs**
- **Labor Market**
- **Financial Policy**
- **Human Resources Policy & Guidance**



## USACE Deployment

<b>Spiral</b>	<b>Date</b>	<b>Personnel</b>
<b>1.2</b>	<b>21 Jan 07</b>	<b>4300</b>
<b>1.2</b>	<b>15 Apr 07</b>	<b>2000</b>
<b>2.1</b>	<b>11 Nov 07</b>	<b>459</b>
<b>2.2</b>	<b>17 Feb 08</b>	<b>7573</b>



# NSPS Performance Management

<b>Corps of Engineers</b>	<b>DOD</b>
2.26% Base pay increase, (based on Army historical average)	Permanent Increase Pool – floor of 2.26% of aggregate basic salaries on 30 Sept.
Bonus Pool – 1.5% (based on USACE historical average)	Bonus Pool - Methodology Identified.
Other awards – Varies by organization (.5-1.5% approx. average range) (Special Act, Time Off, On-the-spot)	Other awards – (Special Act, Time Off, On-the-spot)
Recommended 3-5 Objectives & 1-2 Contributing Factors per Objective. Avoid similar factors and objectives.	3-5 Cascading Objectives – objective rated with Contribution Factors (7) able to influence (5 pt. Scale)
Established business rule for share allocation based upon score.	Maximum 6 shares based upon avg. score. Shares tied to narrative rating. Share allocation flexibility.
Emphasized application of Performance Indicators	Role Model/Exceed Expectations/Valued Performer/Fair/Unsuccessful Unsuccessful on any 1 objective results in overall score of Unsuccessful



## NSPS Interim Guidance Compensation Policy

- **New Hire Salary:**
  - DoD Guidance augmented with justification and backup data for decision required, for up to 30% delegated thru MSC Cdr to District Cdr.
  
- **Promotion:**
  - 6% selecting official
  - 6 to 20% delegated thru Major Subordinate Command (MSC) Cdr to District Cdr
  - Above 20% requires MSC Cdr or GO
  
- **Reassignment:**
  - 0-5%
  - 0% for lateral change with no additional duties, responsibility or contributions
  - 1-4% IAW assessment of additional duties and responsibilities
  - 5% reserved for unique, specialized skills, mission critical or positions with higher responsibility within pay band that would have been a promotion under legacy system



## NSPS Interim Guidance Compensation Policy

- **Pay Pools established based on function, Pay Band, supervisory/non-supervisory**
  - National, Regional, and Local
  - Single and Multi-functional
- **Pay Pool Business Rules**
  - **No Formal Control Points**
    - ✓ Re-evaluate after 1<sup>st</sup> cycle and lessons learned
  - **No Extraordinary Pay Increase (EPI) for first Pay Pool cycle**

- **Equity & Consistency**
- **Legacy GS-based Programs**
  - **Leadership Development**
  - **Technical Specialist**
  - **Corporate Recruitment**
  - **Manpower / Succession Planning**
- **Business Rhythm**
- **Continuous Training**
- **Multiple Personnel Systems**



## Challenges

- **Managing Salary Progression**
- **Max of 5% on re-assignments**
- **Civilian Employees Deployed to GWOT and less than 90 days under NSPS Standards (Modal Rating Policy)**



## Compensation: Lessons Learned from USACE Mock Pay Pools

- **SMART-Q Objectives**
  - **Mandatory Objectives and Weightings**
- **Shared Understanding of Performance Indicators**
- **Employee Accomplishments and Supervisor Assessments must be Succinct and Clearly Linked to Objectives**
- **Contributing Factor Justification**
- **Level 3 is Good - Avoid Ratings Creep**