



Department of Defense



***National Security
Personnel System***

Pay Pool Process and Business Rules

June 2007

Leading The Way





Panel Members

■ James Howard

- Director, Plans and Programs Division, Strategic Systems Programs
- Department of the Navy

■ Dejuana Howie

- NSPS Program Director, Oklahoma Air Logistics Center, Tinker Air Force Base
- Department of the Air Force



Panel Members

■ David Rude

- Deputy for Administration & Management
- Defense Security Cooperation Agency

■ Peter Karounos – Moderator

- Performance and Business Management
- Program Executive Office, NSPS



Overview

- Preparing for the pay pool process
- Establishing pay pool and business rules
- Conducting pay pool panel deliberations
- Communicating the pay pool process and sharing results



OKLAHOMA CITY AIR LOGISTICS CENTER



TEAM TINKER



U.S. AIR FORCE

Communicating Pay Pool Process & Results Back to Workforce

7 Jun 07

Ms. Dejuana Howie

NSPS Program Director

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Integrity - Service - Excellence



Communicating Process & Lessons Learned



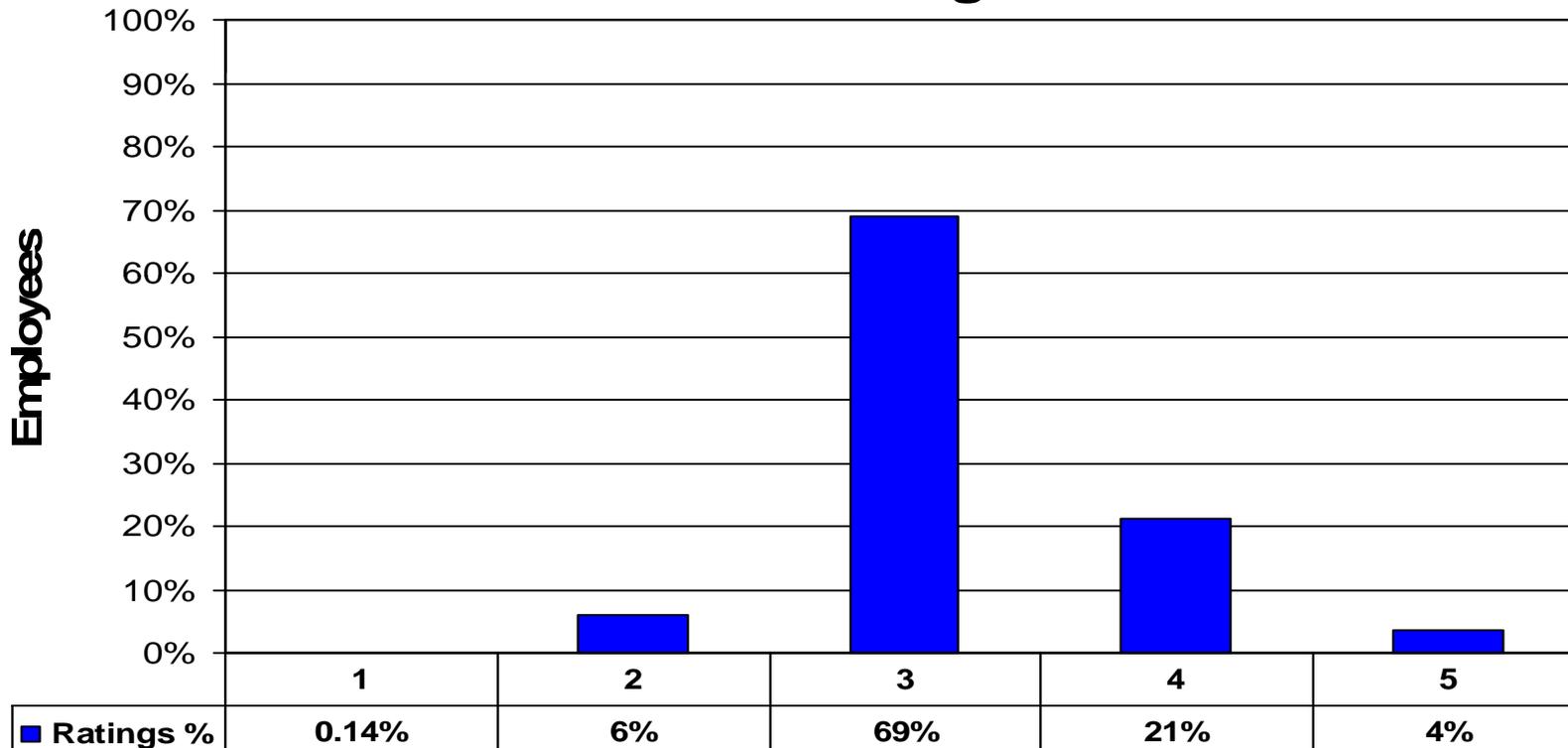
- **Shared information**
 - OC-ALC/CL Memos
 - Base Newspaper Articles
 - Employee Notifications
 - *NSPS Pay Pool Process at a Glance*
 - Pay Pool Training for Supervisors & Managers
 - Performance Management Training for Employees
 - Handout - “How to Calculate Your 2007 Increases”



Communicating OC-ALC Mock Pay Pool Results



Ratings



Communicated to workforce:
OC-ALC Director Memo
Tinker Take Off, Base Newspaper Article

Communicated to Leadership:
Pay Pool Meetings
Executive Steering Group Meetings



Lessons Learned

("Mock" Rating Assessment)



- **100% mock vs sampling**
 - Pay pool team better sense of scope & timing
 - Pay pool team shared understandings...valued employee, role model, etc
- **Business rules, guidelines, & timelines published early in process**
- **Job objectives & contributing factors refinement**
 - Objectives are foundation to quantify & justify rating
 - Need functional & organizational consistency, parity & equity
 - Fewer is better
- **Supervisors/employees training on assessments**
 - Focus on objectives, results & impact
- **Rater training on pay pool process & IT tool**



OC-ALC Pay Pool Summary (Rating Assessment)

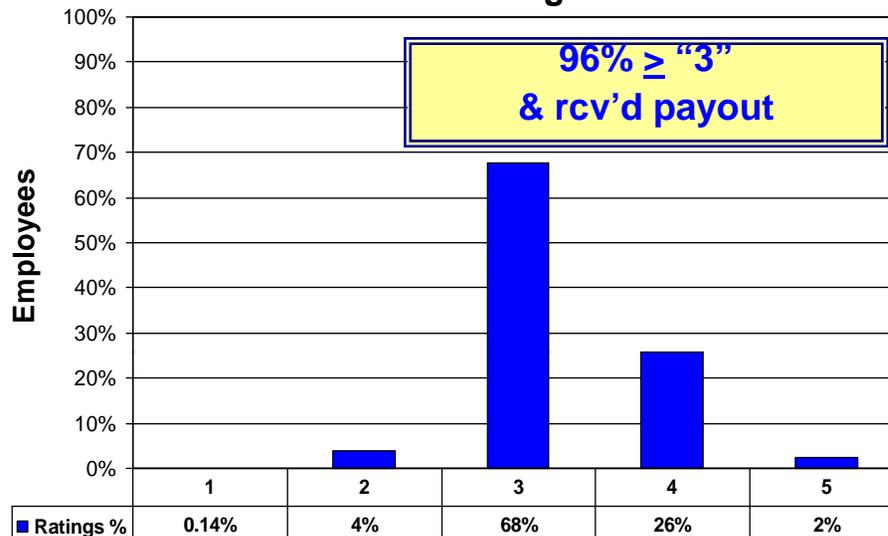


OC-ALC Pay Pools

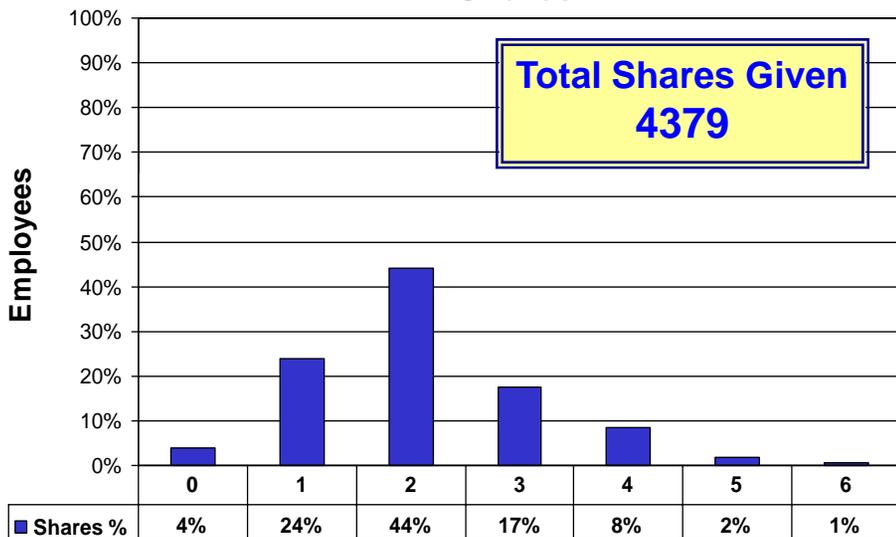
- Pay Pools – 21
- Employees – 2120*
- Average Employee Rating – 3.27
- Average Shares Given – 2.11
- Average Share Value – 1.145%
- Base Salaries – \$143M
 - Average Salary – \$67.7K
- Performance Payout – \$3.5M
 - Average Performance Payout – \$1,680
 - Average Salary Increase – \$977
 - Average Bonus – \$703

* All Averages are calculated Per Employee

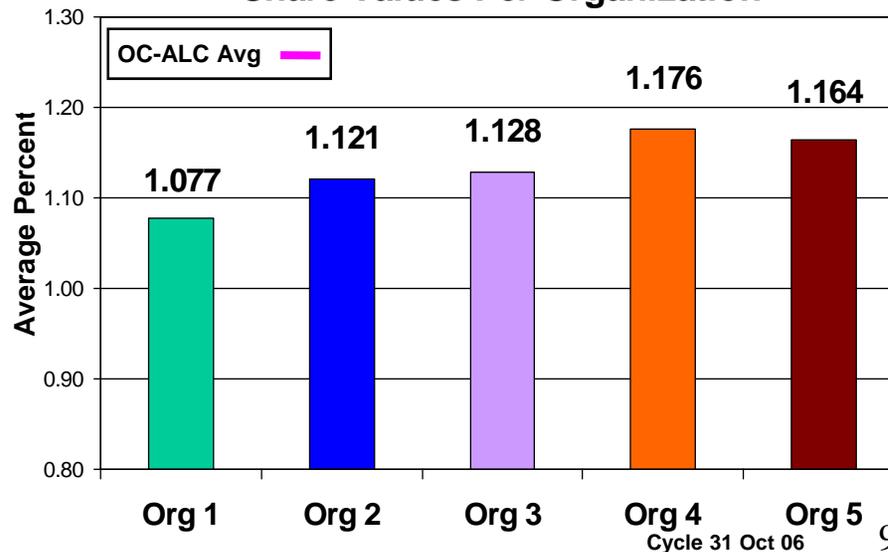
Ratings



Shares



Share Values Per Organization





OC-ALC Pay Pool Summary

By Pay Pool Share Value



Pay Pool	Emp	Avg Rating	Avg Share	Avg Payout	Share Value %
448 CSW 2	72	3.10	1.88	\$1712	1.267
76 MXW 7	244	3.23	1.97	\$1717	1.216
72 ABW 3	33	3.32	2.06	\$1548	1.214
76 MXW 4	99	3.19	1.99	\$1640	1.206
327 ASW 1	48	3.19	1.92	\$1584	1.201
76 MXW 6	213	3.24	1.95	\$1559	1.197
72 ABW 2	192	3.10	2.06	\$1320	1.175
72 ABW 1	102	3.26	2.07	\$1576	1.166
448 CSW 3	98	3.19	2.02	\$1713	1.156
OC-ALC Totals	2120	3.27	2.11	\$1680	1.145
76 MXW 1	41	3.38	2.27	\$2048	1.130
327 ASW 4	62	3.35	2.20	\$1925	1.125
327 ASW 5	131	3.25	2.12	\$1838	1.121
448 CSW 4	120	3.26	2.13	\$1726	1.119
76 MXW 5	131	3.27	2.15	\$1577	1.108
327 ASW 3	48	3.38	2.15	\$1772	1.086
Staff	187	3.40	2.31	\$1863	1.077
76 MXW 2	79	3.36	2.33	\$1666	1.069
76 MXW 3	83	3.39	2.30	\$1681	1.067
327 ASW 2	38	3.37	2.24	\$1801	1.055
448 CSW 1	36	3.46	2.40	\$1868	1.042
448 CSW 5	63	3.52	2.40	\$1872	0.993

* All Averages are calculated Per Employee



OC-ALC Pay Pool Summary

NSPS Career Groups



Career Group	PS	PB	Emp	Avg Rating	Avg Share	Avg Payout	Share Value %
Standard	YA	1	22	3.00	1.95	\$784	1.168
		2	332	3.19	2.02	\$1398	1.140
		3	3				
	YB	1	19	3.00	1.79	\$681	1.175
		2	13	3.33	2.58	\$1121	1.159
		3	6				
	YC	1	10	2.89	1.44	\$663	1.130
		2	453	3.44	2.43	\$2004	1.116
		3	43	3.93	3.37	\$3846	1.100
Scientific & Engineering	YD	1	97	2.95	1.21	\$610	1.164
		2	911	3.19	1.94	\$1560	1.159
		3	5				
	YE	3	14	3.07	1.93	\$1375	1.147
	YF	2	142	3.47	2.53	\$2351	1.143
		3	12	3.92	3.42	\$4053	1.127
Medical	YG	2	5				
	YH	2	21	3.26	1.89	\$1189	1.209
	YJ	2	1				1.214
Investigative & Protective	YN	1	9				
		2	2				

* All Averages are calculated Per Employee



Communication Advice



- **Utilize several mediums to communicate rating results**
 - Commander's Memo to workforce
 - Commander's Calls
 - Local NSPS website
 - Base Newspaper Articles
- **Conduct group & individual feedback sessions**
- **Cautions**
 - Legal review of charts / Commander's memo
 - Freedom of Information Act Requests
 - **Most charts are releasable**
 - Excludes pre-decisional information



Communication Challenges



- **Individual Appraisal Feedbacks**
 - Morale of “3” valued performance
 - Career progression within wide pay bands
- **Rating Analysis**
 - Releasable vs non-releasable information
 - Protecting privacy information
 - Non-disclosure of data containing <10 employees
 - Employee’s request for additional data
 - Misinterpretation of released data
 - Individual salaries & shares used for calculations
 - Protected by privacy act



U.S. AIR FORCE

National Security Personnel System Leader Workshop



Preparing for the Pay Pool Process

James S. Howard
Director, Plans and Programs Division
Strategic Systems Programs
June 2007



AGENDA



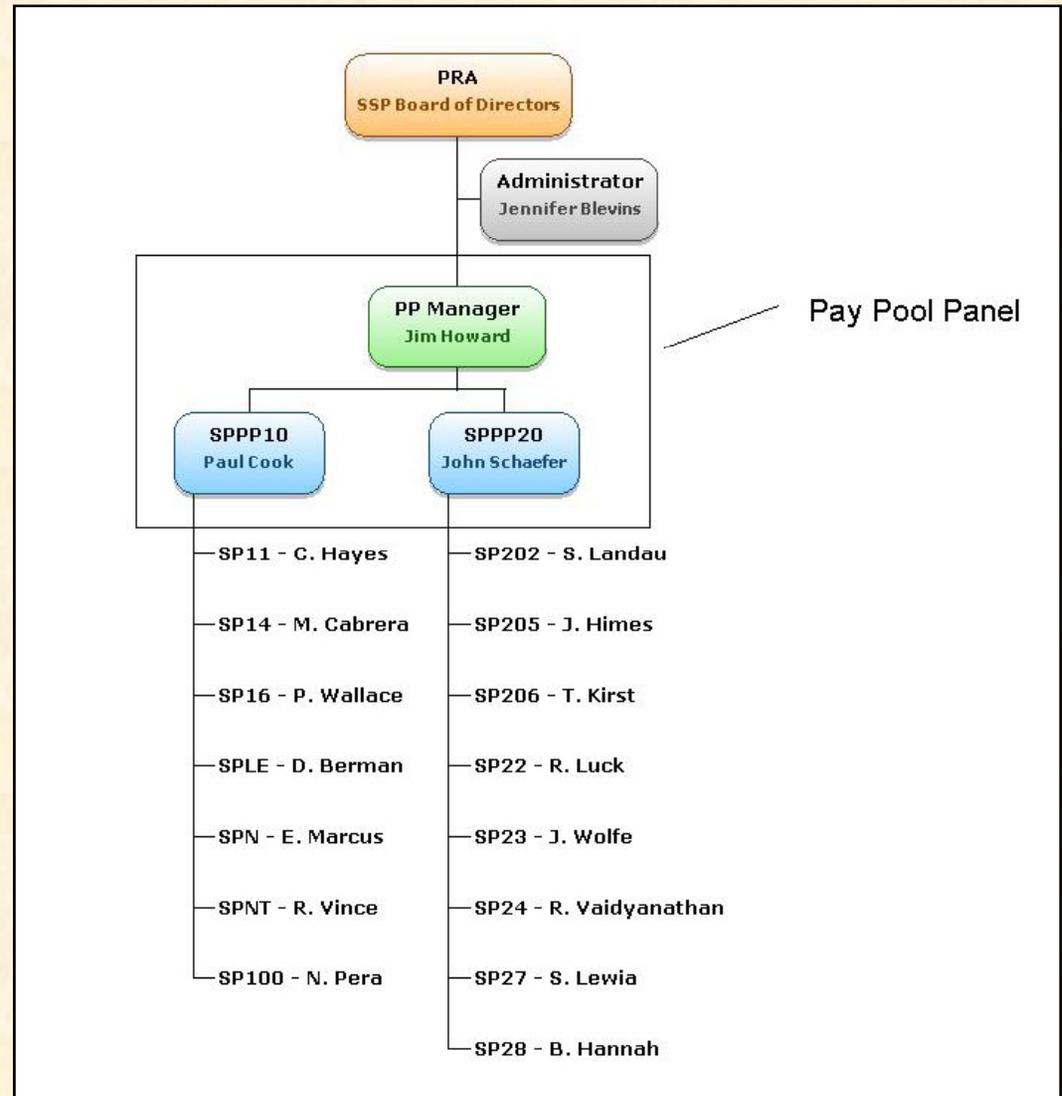
- **Introduction**
- **Where to Start**
- **Scheduling**
- **Preparing the Panel**
- **Preparing the Workforce**
- **Administrator/Advisor**
- **Mock Pay Pool**
- **Mock vs. Actual Pay Pool**
- **Challenges**
- **Summary**



WHERE TO START



- **Determine Pay Pool Structure**
 - SSP has 265 employees
 - Utilized organizational pay pool
- **Determine Pay Pool Members**
 - SSP has branches
 - Each branch head and/or senior civilian is a member of the pool





SCHEDULING



Calendar of Events for NSPS Process

31 July	Mid-Year Reviews with Employees MUST be COMPLETED
1 Oct	New cycle begins 11/1/06 and ends on 9/30/07
06 Oct	Supervisors receive feedback on employees' performance from team leads
06 Oct	Supervisor Meeting with PPM
13 Oct	Employees submits YAR to supervisors for 5/01/06-10/31/06
20 Oct	Branches submit all NEW objectives for PRA review
27 Oct	Supervisors submit recommendations for employees' ratings for PPP Review
31 Oct	Pre SPPPs Meeting with PPM and PRA
6-10 Nov	SP10 SPPP Meets
13-17 Nov	SP20 SPPP Meets
30 Nov	Supervisors communicate new performance plans and plans are to be complete and acknowledged in My Biz
27 Nov-1Dec	PPP Meets
4 Dec	PRA Review of Ratings
5-8 Dec	Rating Officials receive employees' ratings
14 Dec	PPM approves final ratings for submittal to HRSC-NW
15 Dec-12 Jan	Supervisors communicate final ratings to employees
26 Jan	Employees receive pay out



PREPARING THE PANEL



- **Hold Pre-Panel Meeting**
 - **What is a “3” discussion**
 - **Ultimate goal of fair and consistency across organization**
 - **Listen to concerns and recommendations**
 - **Stress what can and cannot be communicated**
 - **Stress importance of communication and assessments with employees**
 - **Discuss PPP business rules**
 - **Communicate plan to workforce**



PREPARING THE WORKFORCE



- **Pre self-appraisal meeting with workforce**
 - **Tips on writing self assessments**
 - **Reiterate PPP process – take the mystery out of it !**
 - **What is a “3” discussion**
 - **Considerations for salary vs. bonus payout**
 - **Listen to concerns and recommendations**
 - **Stress communication and assessment with supervisors**
 - **Publish planned payout considerations**



ADMINISTRATOR/ADVISOR



- **At SSP, both were NSPS PM**
- **Need for backup with knowledge of process, important role, not all clerical duties**
 - **Answer panel questions**
 - **Compensation Work Bench (CWB)**
 - **Track panel changes**
 - **Prepare metrics**



MOCK PAY POOL PROCESS



- **A “MUST”**
- **Practice for actual process**
- **Ability to test business rules without impact to pay**
- **Learning process for everyone**
- **Time to implement improvements prior to actual pay out**
- **Communicate lessons learned**



CHALLENGES



- **Setting expectations**
 - **What is a “3”**
- **Ensuring fair and consistent application of performance indicators and contributing factors across supervisors**
- **Supervisors communicating with employees**
- **Employee understanding of process**
- **Key to resolving challenges is communication**



SUMMARY



- **For a successful process, you need**
 - **Preparation**
 - **Communication**
 - **Pick right administrator/advisor**
 - **Conduct a mock pay pool**
 - **Implement improvements**

UNCLASSIFIED

***NSPS Senior Leaders Workshop:
Pay Pool Process and Business
Rules-
Conducting Pay Pool Panel
Deliberations
Deputy Associate Director for R&D
7 June 2007***



UNCLASSIFIED



Setting

- 1 of 4 Agency pay pools
- 9 Pay pool members
 - Chair
 - 2/sub-pay pool = supervisors/higher level reviewers
- 4 Sub-pay pools
- ~200 personnel reviewed
- Pay Schedules:
 - Standard: YA, YB, YC
 - Scientific & Engineering: YD, YE, YF
 - Medical: YH
- Pay Bands: 1-3



Observations (1)

- Pay pool focus = Corporate perspective
- Understanding performance standards
 - Consistency (e.g. use of contributing factors)
 - Equity (e.g. award of shares and award split)
- Communication
 - Rater/Reviewer Guidance
 - General instructions are good,
...however, reinforce within the organizational culture
 - Sub-pay pool quality control
- Advocacy



Observations (2)

- Data access/visibility
 - DD Forms 2906 – Completed appraisals
 - NSPS Compensation Workbench Application
 - Individual (Ratings, shares, award, split)
 - Group (Avg ratings/avg shares, salary/bonus allocation, distributions, ...)
 - CAUTION: Do not get absorbed in the math
 - The process deals with PEOPLE and much of the input is subjective



Observations (3)

- Administration
 - Facilitator
 - NSPS expert
 - Capture and communicate lessons learned
 - Tool/application manager



Observations (4)

- Mock Pay Pool
 - CRITICAL!!!
 - Understand NSPS details – Learn/reinforce by doing
 - Build a team
 - Shared view
 - Stable membership--including support
 - Capture and act on lessons learned



Observations (5)

- Pay Pools take time
 - Member training and preparation is important
 - As raters
 - As higher level reviewers
 - As sub-pay pool members/chairs
 - A group process
 - Deliberations should not be rushed
...but they must move to a conclusion

**National
Security**



**Personnel
System (NSPS)**

Senior Leaders Workshop

Pay Pool Business Rules

David A. Rude

Deputy for Administration & Management



Topics



-
- Setting the Stage
 - Pay Pool Guideline Structure
 - Business Rules
 - Lessons Learned



Setting the Stage



- It was important to establish a correlation between business rules and overarching pay pool principles
- Business rules developed by Pay Pool Advisor and approved by Pay Pool Manager
- Governing documents discussed up front:
 - Merit System Principles
 - Performance Indicators
 - Contributing Factors
 - Certificate of Non-Disclosure
 - PRA Financial Guidance



Pay Pool Guideline Structure



- Roles and Responsibilities
- Standards of Conduct
- General Business Rules
- Reconciliations
 - Ratings
 - Share Allocations
 - Payout Distributions



Additional Business Rules Driven by Mock Pay Pool Session



- Job objectives
- Performance proficiency
- Contributing factor adjustments
- Share allocations
- Payout distributions
- Employee compensation
- Appraisal format
- Supervisory call-back criteria



Business Rules: Lessons Learned



- Key observations:
 - ❑ Overall, supervisors and employees did a good job
 - ❑ Supervisors must “translate” interim review progress into a rating/shares/payout recommendation
 - ❑ Initial control points established
 - ❑ Mock pay pool goes beyond normal pay pool scope – e.g., job objective validation
 - ❑ Generated important feedback for year-end products
 - ❑ Generated the need for additional policies & procedures
 - ❑ Business rules should be shared with workforce, to communicate Pay Pool Manager expectations

- Organization and pre-planning is critical



Business Rules: Lessons Learned (continued)



- Training is essential
 - ❑ Train everyone involved in this process – not just the PPM
 - ❑ Get PRA and Comptroller involved – financial impact
 - ❑ DoD Pay Pool Training an excellent foundation
 - ❑ Augment DoD version with local policies and procedures
- Be flexible: initial business rules will change based on the mock (and likely again)
- One size does not fit all



Business Rules: Lessons Learned (continued)



- Business rules are vital to success
 - Necessary for pay pool construct – unchartered territory for most of us
 - Process must be consistent
 - Exceptions to norms must be documented/justified

LATE SHOW

with Peter Karounos

This Morning's Top 10 List

Definitions of “Pay Pool”

10. Type of swimming pool you pay to get in to
9. Any body of water with compensation lanes
8. Bi-weekly deduction from your pay check to cover the payments on your new heated pool
7. June 2007 Code name for Mary Lacey's attempt to 42
get Secretary Gates to build a pool in the

Definitions of “Pay Pool”

5. Funds available in my PayPal account
4. The latest gambling craze in Las Vegas
3. A group of 5 employees that each work one day a week and then split a pay check
2. I don't know, let me Google it