



Department of Defense



***National Security
Personnel System***

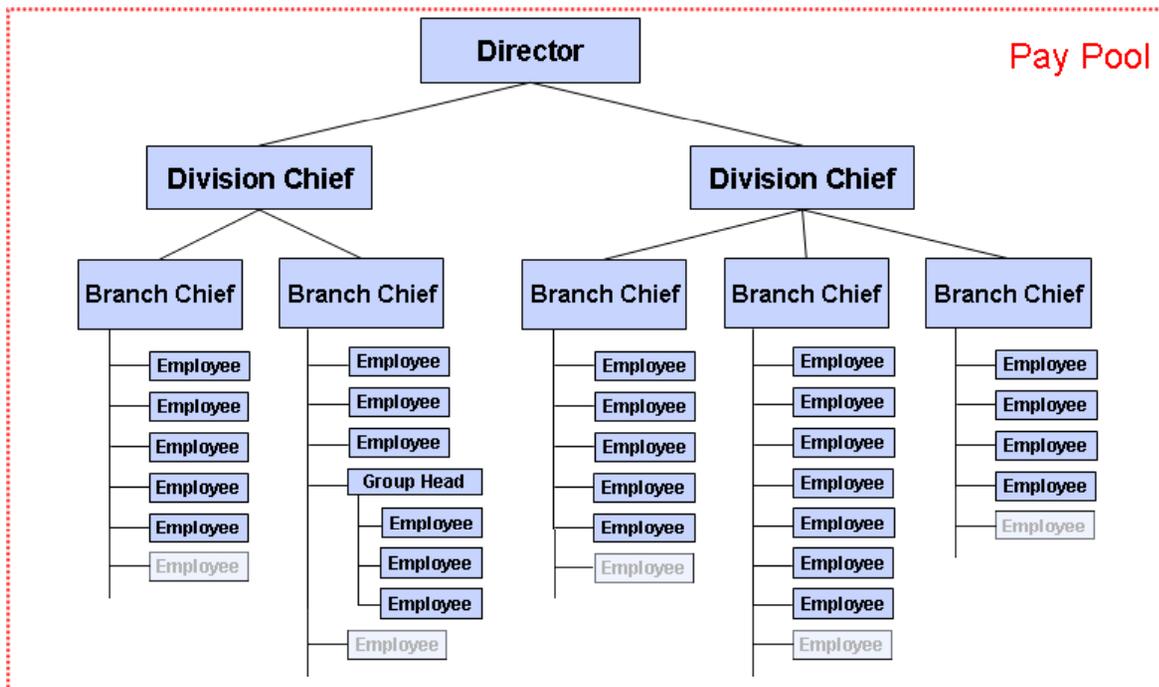
Pay Pool Simulation

Gayl Hann and Ed Milch

August 2008

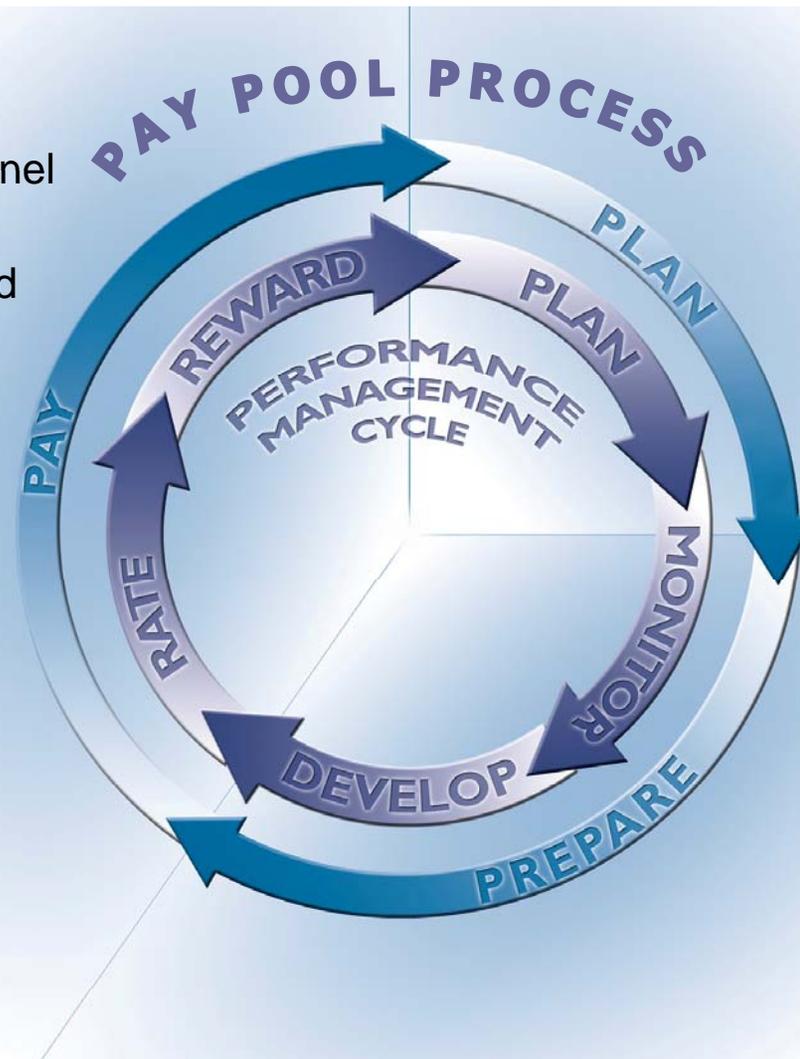
What are Pay Pools?

- A group of employees, typically ranging from 35 to 350 members, who share the pay pool funds
- The amount of funds available for performance payouts



Pay Phase

- Conduct pay pool panel meetings
- Reconcile ratings and payout decisions
- Communicate decisions to employees



Plan Phase

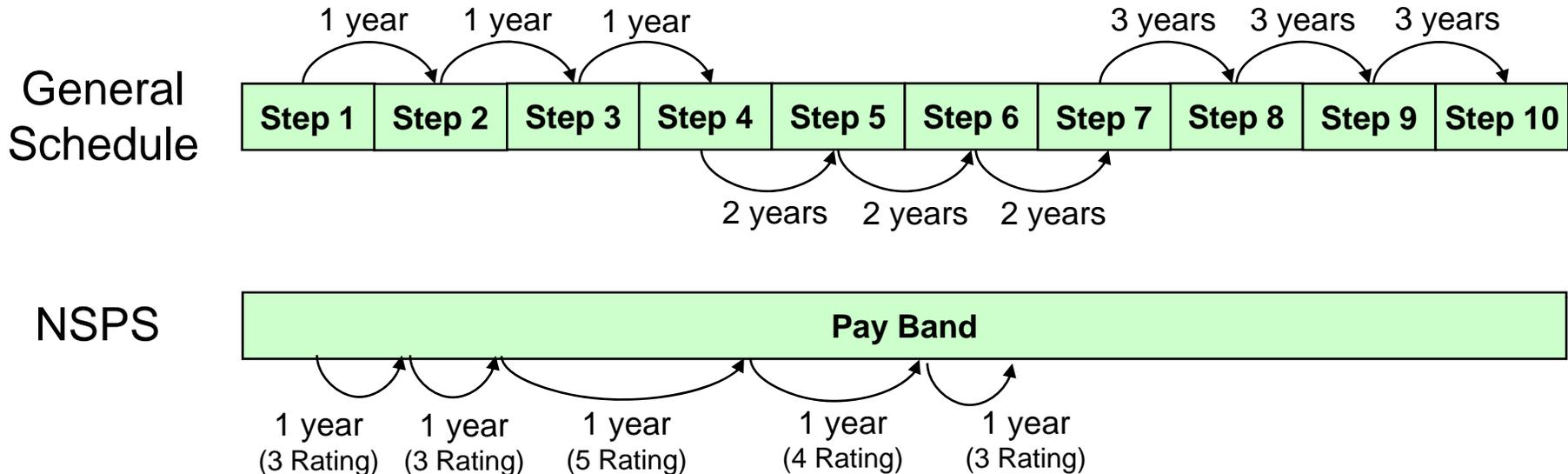
- Select pay pool members
- Establish timelines
- Develop business rules
- Determine pay pool funding
- Publish relevant information

Prepare Phase

- Conduct mock pay pool meetings
- Build a shared understanding of the performance levels
- Revise the process



Why are Pay Pools Important?

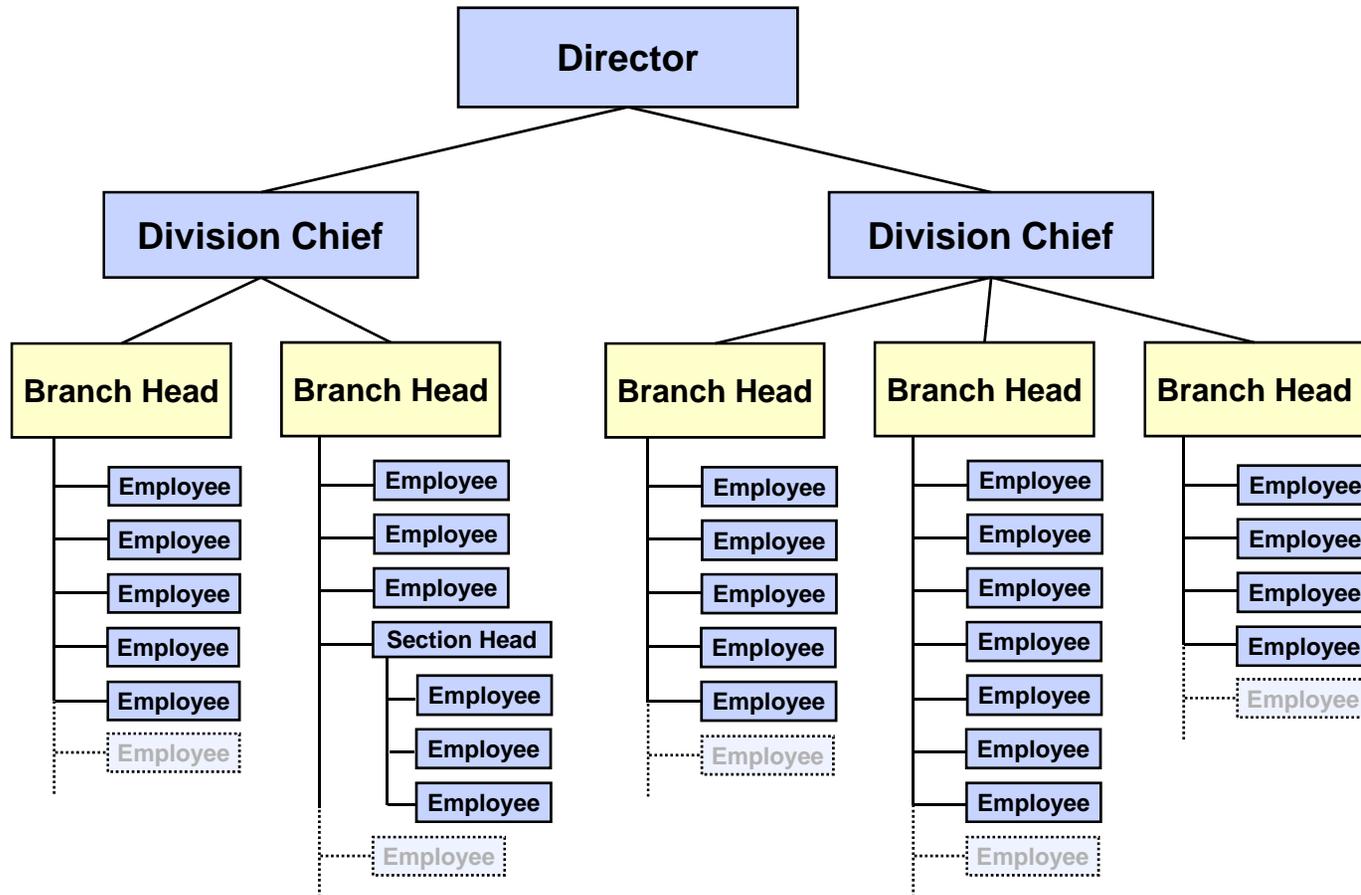


■ Pay Pools

- Ensure multi-level accountability and responsibility
- Provide higher level review for compensation and rewards
- Validate individual decisions within the context of organization & mission
- Preserve the integrity of the performance management system

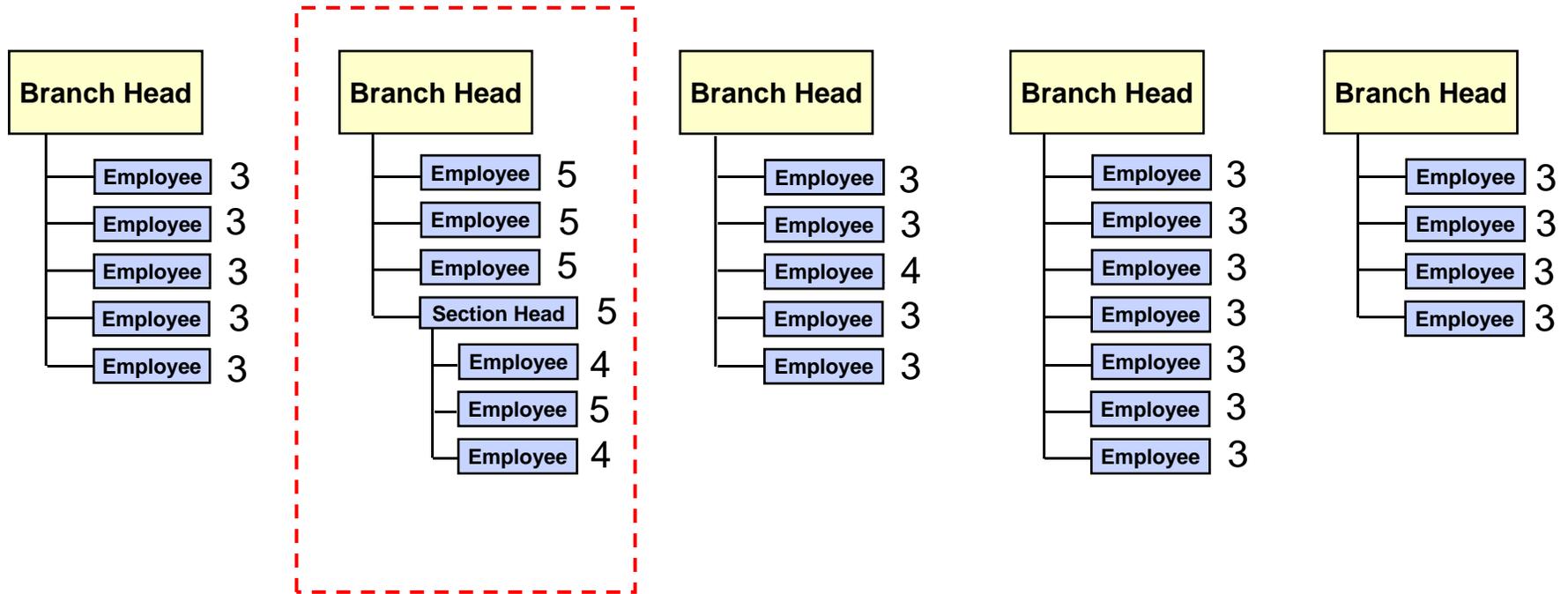


Why are Pay Pools Important?



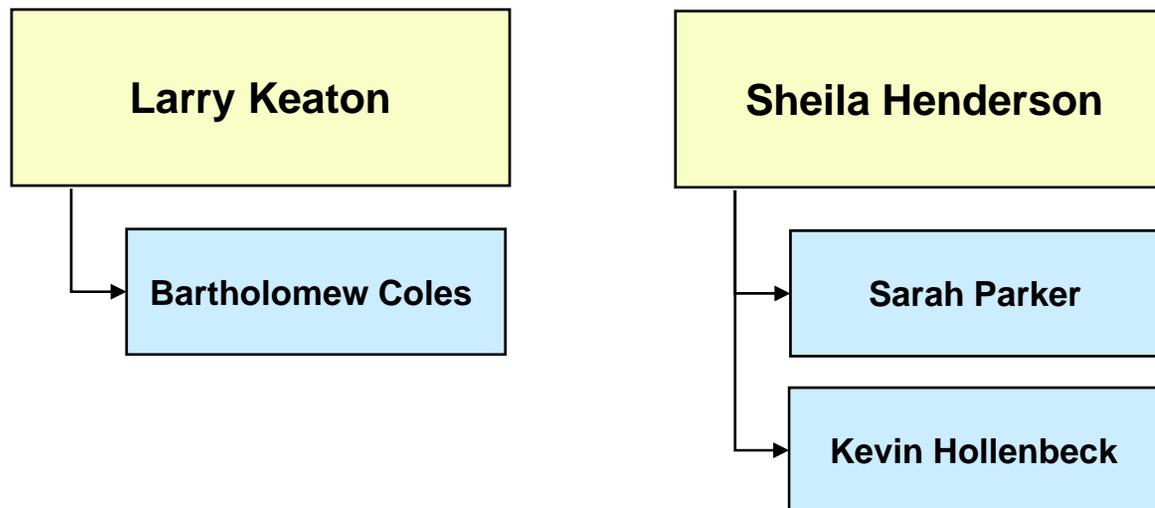


Why are Pay Pools Important?

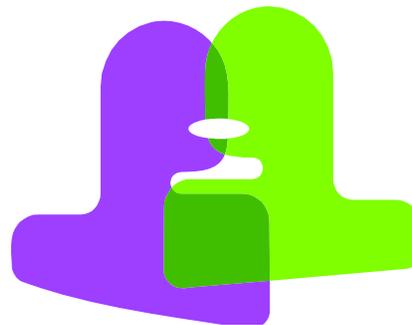


Pay Pools ensure that ratings, shares, and payouts are consistent and fair across the group

- Each table has three employees
- Rating officials have recommended ratings, shares, and payout splits for each employee



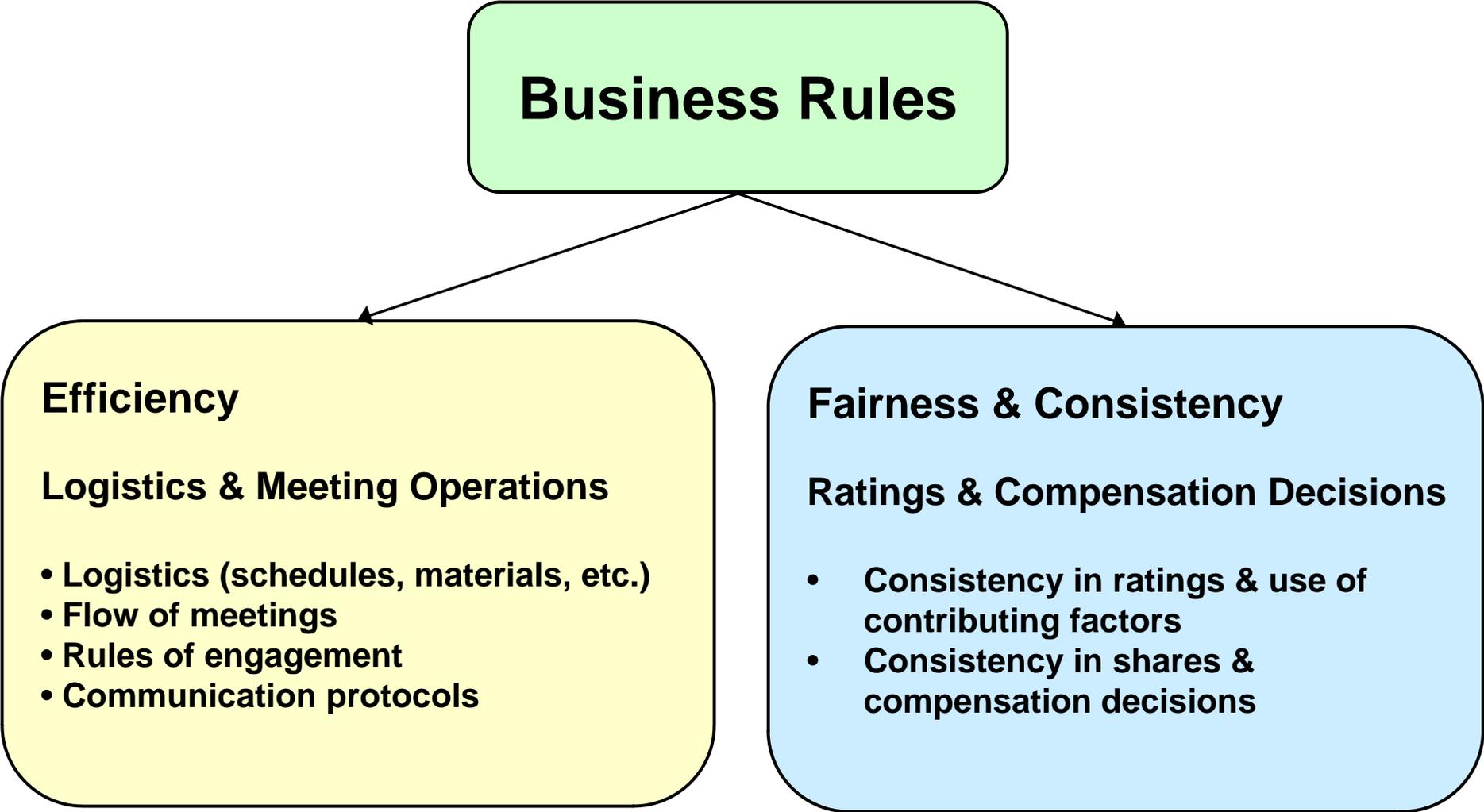
- **Your role: pay pool panel member/manager**
- **Your tasks:**
 - Review and reconcile performance ratings
 - Review and reconcile shares and payout splits
- **Choose a pay pool manager and data administrator (recorder)**



45 Minutes

- **Did the assessments support the ratings?**
- **What were the challenges in reconciling?**
- **How important are good objectives to the pay pool process?**
- **How easy or difficult was it to recognize soft/hard raters?**
- **What other types of inconsistencies did you recognize?**

Business Rules

A flowchart starting with a green rounded rectangle labeled "Business Rules". Two arrows point downwards from this box to two separate rounded rectangles. The left one is yellow and titled "Efficiency", containing a sub-header "Logistics & Meeting Operations" and a bulleted list of four items. The right one is light blue and titled "Fairness & Consistency", containing a sub-header "Ratings & Compensation Decisions" and a bulleted list of two items.

Efficiency

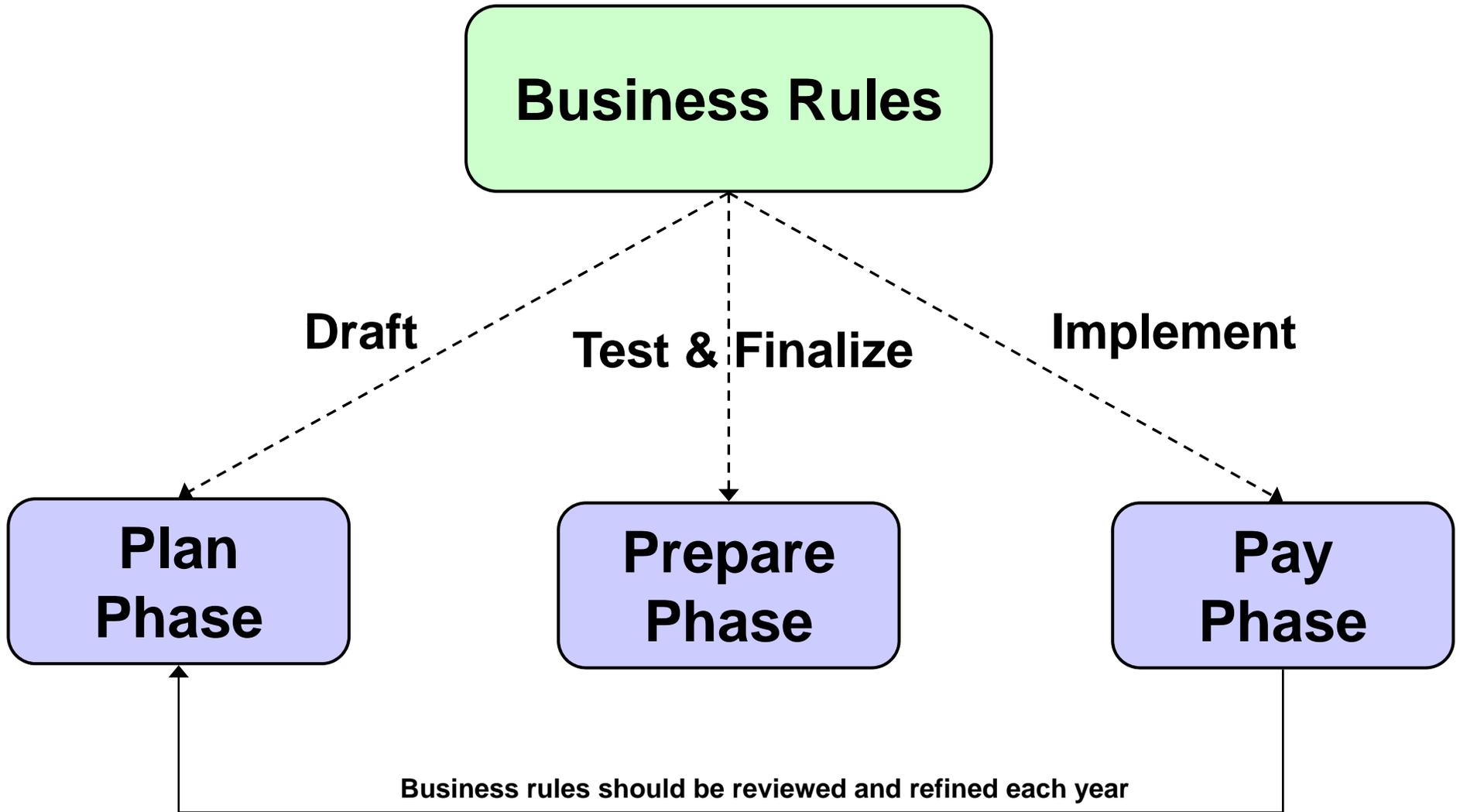
Logistics & Meeting Operations

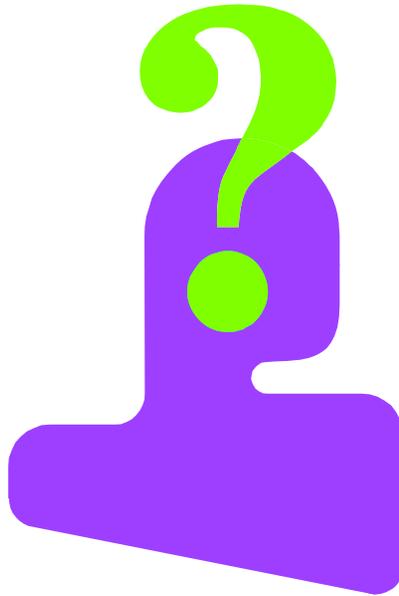
- Logistics (schedules, materials, etc.)
- Flow of meetings
- Rules of engagement
- Communication protocols

Fairness & Consistency

Ratings & Compensation Decisions

- Consistency in ratings & use of contributing factors
- Consistency in shares & compensation decisions





Thank you for attending!