



ADMINISTRATION AND
MANAGEMENT

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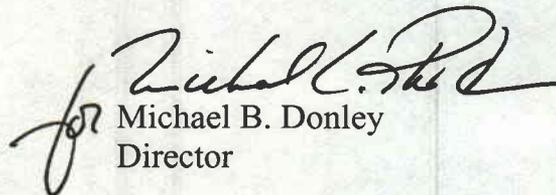
MEMORANDUM FOR CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, PROGRAM ANALYSIS AND EVALUATION
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF DOD FIELD ACTIVITIES

SUBJECT: DoD Fourth Estate NSPS Interim Guidance – Prorating Pay Pool Payouts

During the recent conduct of the NSPS mock pay pool exercise, a question was posed regarding prorating pay pool payouts. The intent of the Fourth Estate policy regarding prorating NSPS employee payouts is to provide Fourth Estate entities the flexibility to address mission and business needs, consistent with merit systems' principles. The exercise of such flexibility must be applied consistently throughout a pay pool. To clarify that intent, a change is being made to the Fourth Estate NSPS Interim Guidance, Compensation Architecture, paragraph 4.5.5. The revised policy guidance is attached.

This change is effective immediately and will be reflected in the final implementing issuance when published.

Please forward this technical clarification to appropriate staff. Questions may be referred to Patricia Ebert, Senior NSPS Policy Advisor, WHS/HRD, 703-699-1816, or email patricia.ebert@whs.mil.


for Michael B. Donley
Director

Attachment:
As stated

OSD 15495-07



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Change to Fourth Estate NSPS Interim Guidance dated October 1, 2006

Compensation Architecture

Change – September 2007

4.5.5. Prorating the Payout. (SC1930.9.6.3.2.) NSPS Performance Based Pay Pool payouts **may be** prorated based on hours worked to reflect (a) significant amounts of leave without pay (LWOP), **excluding employees absent from civilian service to perform in the uniformed services in accordance with 38 U.S.C. 4303 and 5 CFR 353.102, or eligible employees absent as a result of a work-related injury;** (b) Part Time and Intermittent Employment; and/or (c) entry into NSPS position from a non NSPS position. If proration is used, absences during the appraisal period will be prorated as follows:

<u>Hours Worked</u>	<u>Percentage of Payout Paid</u>
1561 - 2080	100
1041 – 1560	75
521 – 1040	50
Minimum - 520	25

For purposes of above computations, “Hours Worked” shall include hours in an approved paid leave status in addition to actual hours worked. The actual hours the employee works are used to calculate the proration. In the case of prorating due to part time employment, only the performance based pay pool bonus will be prorated since the “number of hours worked” automatically prorates pay increases for part time employees. For example, a part-time employee working 20 hours per week and earning \$40,000 per annum actually earns \$20,000. If the employee receives a \$2,000 performance payout, with 60 percent going to bonus and 40 percent going to salary, the new annual salary would be \$40,800. The actual salary earnings would be \$20,400. Based on the above chart, the employee would receive 50 percent of their performance bonus or \$600.