

## OFFICE OF PERSONNEL MANAGEMENT

### Science and Technology Laboratory Personnel Management Demonstration Project; Department of the Army, U.S. Army Engineer Waterways Experiment Station (WES), Vicksburg, MS; Correction and Republication

**Editorial Note:** FR Doc. 98-5425 was originally published at page 10464 in the issue of Tuesday, March 3, 1998. The corrected document is republished below in its entirety.

**AGENCY:** Office of Personnel Management.

**ACTION:** Notice of approval of demonstration project final plan.

**SUMMARY:** 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 the OPM, to carry out personnel demonstration projects generally similar to the China Lake demonstration project at DoD Science and Technology (S&T) Reinvention Laboratories. The Army will implement demonstration projects initially to cover five of its S&T Reinvention Laboratories: The Army Research Laboratory; the Army Missile Research, Development, and Engineering Center; the Army Aviation Research and Development Center; the Army Medical Research and Materiel Command; and the Army Engineer Waterways Experiment Station. This plan is for the Army Engineer Waterways Experiment Station (WES).

**DATES:** This demonstration project will be implemented at WES beginning on September 13, 1998.

**FOR FURTHER INFORMATION CONTACT:**

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**SUPPLEMENTARY INFORMATION:**

#### 1. Background

Since 1966, at least 19 studies of 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 WES Personnel Management Demonstration Project involves simplified job classifications, pay banding, a performance-based compensation system, streamlined hiring processes, and modified Reduction-in-Force (RIF) procedures.

#### 2. Overview

On March 15, 1997, [62 FR 12006] OPM published this proposed demonstration plan and received thirty-nine letters and eight individuals commented on the proposed plan at the Public Hearing. These comments brought several new perspectives to the attention of those responsible for implementing, overseeing, and evaluating the project. The comments highlighted instances of miscommunication and misunderstanding with the present system as well as the project interventions. Further, they underscored the importance of providing training to employees and supervisors on the demonstration project. The substance of all comments received has been conveyed to the WES Director, Commander and Deputy Director, and the Laboratory Directors in the event that local policies, processes, and training sessions may benefit from such perspectives. A summary of all comments received, along with accompanying responses, is provided below.

##### A. General Management Issues

**Comments:** Seventeen comments were in support of the project as a way to provide incentives for promising young people to stay in the Federal Government. Seven were opposed to the project, others were opposed to some of the provisions in the project, and two recommend coverage of engineers and scientists only. Many other comments were made that addressed the organizational environment at WES. Several comments expressed concern over a demonstration project which provides additional flexibility to supervisors and suggested that these flexibilities will allow for or promote abuses and compromises of the merit system. With the feeling that many supervisors currently do not properly execute supervisory responsibilities or utilize the authority and tools provided under the current system, these employees fear a new system that gives supervisors additional flexibility over their career and pay. Several comments mentioned that no checks or oversight seem apparent and that management

accountability is lacking under the Project.

**Response:** It has been the intent of WES from the inception of the Personnel Management Demonstration Project to include the total workforce in a broadbanding performance-based personnel management system, not just the engineers and scientists. Internal equity, organizational cohesiveness based on a common performance management philosophy, and administrative efficiency are reasons WES included the entire workforce in the project. WES acknowledges that the project provides increased authority and responsibility to supervisors, particularly in those areas impacting employees' pay. Experience with other personnel demonstration projects, including the China Lake project, does not support the assumption that increased supervisory discretion and authority leads to merit system abuses. However, WES is sensitive to the concerns expressed by many of the comments and is committed to holding supervisors accountable for the proper use of increased authorities and flexibilities. To assist supervisors in carrying out their new responsibilities, the Personnel Management Demonstration Project currently requires that supervisors be trained on the new system and receive feedback from a number of sources. Aggregate data from the feedback process will be made available to the top management at WES and will be used to monitor and identify further supervisory development and training needs. Project oversight will be achieved by an executive steering committee, co-chaired by the Assistant Secretary of the Army for Research and Technology and the Deputy Assistant Secretary of the Army, Civilian Personnel Policy. Additionally, extensive independent evaluations of the demonstration project will be conducted by OPM's Personnel Resources and Development Center over the first five years of the project. The results of these evaluations will provide WES with information as to whether specific provisions of the project need to be modified, continued as is, or curtailed.

##### B. Occupational Family and Broadbands

Comments received on this aspect of the Personnel Management Demonstration Project were related to two subtopics; broadbanding and assignment of job series to occupational families.

## (1) Broadbanding

(a) *Comment:* Four individuals expressed concern about the proposed broadbanding structure in the Engineers and Scientists occupational family. Two recommended that grades GS-12 through GS-14 be included in one pay band since this was in the original WES proposal. One recommended one pay band covering GS-11 through GS-15. The other recommended that GS-13s, GS-14s, and GS-15s be placed in separate pay bands. Concerns presented included: GS-12s at WES consistently work at the GS-13 or GS-14 level; there is a glass ceiling for GS-12s; GS-12s are lower than others serving on national and international committees; expectations of wholesale transfer of GS-12s which will be a loss to the community; retention problems; costs of retraining new recruits; and concerns about ethical dilemmas when raters and rates are in the same pay band.

*Response:* WES recognizes there is a concern over the lack of progression opportunities from GS-12 to GS-13 under the present system and the desirability of establishing a pay band that would remove promotion barriers and allow progression to a level of pay equivalent to the GS-14 level. This is evident in the turnover of engineer and science employees at the GS-12 level, which is the highest at WES. A proposal was included in the first WES plan to address these issues and to experiment with a GS-12 through GS-14 pay band for engineers and scientists performing research, testing and evaluation, and experimental development functions. Based on these comments and those presented during the project development process, the pay banding scheme for the Engineers and Scientists occupational family has been revised to recognize a pay band covering GS-12 through GS-14. The issue of raters and rates in the same band was considered to be comparable to rating levels under the present system whereby person-in-job positions are frequently at or above the level of their raters. This is not viewed as a potential problem.

(b) *Comment:* One commentator recommended that separate occupational families, pay bands, and pay pools be established for both legal and contracting personnel.

*Response:* WES currently has 3 attorneys and 13 GS-1102 contracting employees. The creation of separate occupational families and pay bands for each professional group is impractical, would require an inordinate amount of time to manage, and the pay pools would be too small to provide substantial financial rewards to

recognize exceptional performance. The legal and contracting occupations will continue to be included in the Administrative occupational family.

(c) *Comment:* One commentator stated that "the ratio of possible pay increases caused by the banding is highly favorable to the white male while the minorities, especially African Americans and females, will find themselves locked in the lower paying bands."

*Response:* The pay banding schemes were developed by a committee comprised of labor, management, professional, clerical, technical, wage grade, African American, white, male, and female employees. Pay band considerations included the nature of work (professional, nonprofessional, technical, support, etc.), normal level of work, and normal career progression of employees within the various occupational families. The results reflect progression from entry level trainee, to intern to developmental, to journeyman, to advanced journeyman, to expert, to managerial level. No positions were designated to bands based on non-merit factors such as race, sex, national origin, or any other personal considerations of incumbents. Additionally, experience of the China Lake Project shows that broadbanding does not discriminate based on race, sex, national origin or any other personal considerations. To assist WES in monitoring this important issue, data on band level salary, and workforce demographics, supplemented by perceptual data, are included in the planned evaluation strategy. Evaluation results will alert WES of any unintended outcomes and will serve as the basis for decisions to modify the project.

(d) *Comment:* One employee voiced concern about the potential problem of applying for a job in another agency if they were at pay band IV in the Engineers and Scientists occupational family and the desired job was GS-15. The employee was concerned about how the agency would know their comparable grade level.

*Response:* The project includes a provision for conversion out of the project to the General Schedule pay system. In instances such as this, employees will be encouraged to ask prospective employers to contact the employee's servicing Human Resources Management (HRM) Office for comparable grades, etc., in order to make qualifications determinations.

## (2) Assignment of Job Series to Occupational Families

*Comments:* Three comments were submitted raising concern about the identification of job series to occupational families. These comments were related to the assignment of GS-0544, Civilian Pay Technician, and GS-1106, Procurement Clerk, positions to the General Support occupational family.

*Response:* The occupational families selected for the WES Personnel Management Demonstration Project group positions by job series under one of four occupational families: Engineers and Scientists; E&S Technicians; Administrative; and General Support. Each occupational family covers occupations similarly treated in regard to type of work, typical career progression, and qualification requirements. Using these criteria, positions designated as Civilian Pay Technician, GS-0544, and Procurement Clerk, GS-1106, are assigned to the General Support occupational family.

## C. Performance Evaluation

*Comment:* One commentator had three concerns about the performance evaluation system that will be used by this project. The commentator recommended that a pass/fail system be adopted, three performance elements be added to the appraisal, and the employee-to-supervisor ratio of about 15:1 be waived.

*Response:* Several performance evaluation options including a pass/fail system were considered during project development. While pass/fail is a viable option, a system that rates an employee's performance on a scale from 0 to 5 was adopted. The latter is believed to be more compatible for converting performance ratings or scores to pay-for-performance. The recommended three additional performance elements (empowers his/her personnel, acquisition streamlining initiatives, and support to the organization) will not be added since they are considered to be embedded within the seven non-supervisory performance elements or the two supervisory performance elements. The plan contains no requirements for changing the employee-to-supervisor ratio.

## D. Supervisory Pay Adjustments and Supervisory Pay Differentials

*Comments:* Eight comments were received (one was signed by seven individuals) regarding the proposal to allow supervisory pay adjustments and differentials for supervisors in the

Engineers and Scientists occupational family. One was in support of supervisory pay adjustments and differentials. One recommended that supervisory pay adjustments be applied equally to all engineers and scientists supervisors rather than be variable. One commentator recommended that adjustments and differentials be made available to all supervisors regardless of occupational family assignment. One recommended that supervisory pay adjustments be allowed to exceed the pay band maximum pay and considered as basic pay. The others recommended that the proposal to allow these adjustments and differentials be withdrawn. Reasons given included supervisory skills are supporting elements that are not specific to mission and are generic tasks, supervisory work force is stable, proposed plan simplifies the work of supervisors, increased pay for supervisors will penalize direct-mission skills, and the plan should reward individual performance not the position.

*Response:* The proposal to allow supervisory pay adjustments was to attract and reward the best individuals for supervisory positions, recognize the increased burden placed on engineers and scientists supervisors, and to compensate supervisors who supervise employees that are typically at the same grade level or higher. The supervisory pay adjustment will allow an increase in pay for new supervisors who lateral from a nonsupervisory position to a supervisory position within the same pay band, i.e., pay band IV or V. This adjustment is not automatic and may be varied based on a supervisor's performance, up to a maximum of 10 percent. Supervisory pay differentials are included in order to recognize pay for performance for supervisors who have reached the maximum pay for their pay band. This extension of pay will be given and adjusted based on their actual performance and the differential will not be treated as basic pay. Supervisory adjustments and differentials were not made available to supervisors in other occupational families since most supervise employees in lower pay bands.

#### *E. Distinguished Scholastic Achievement Appointment*

*Comments:* Eighteen individuals identified a need to modify the Personnel Management Demonstration Project to include an initiative that was in the original WES proposal, the establishment of a Distinguished Scholastic Achievement Appointment which provides the authority to appoint undergraduates and graduates with

outstanding scholastic records to positions in the Engineers and Scientists occupational family.

*Response:* 5 U.S.C. 4703 states that before a personnel demonstration project is conducted, a plan shall be developed which identifies the methodology of the project. The plan must be published in the **Federal Register** and submitted as published to public hearings. New initiatives or substantive changes to a proposed personnel demonstration project are not permitted without being submitted to public hearing. The Distinguished Scholastic Achievement Appointment is considered to be a new initiative and has not been the subject of a public hearing. Therefore, the Distinguished Scholastic Achievement Appointment will not be included as part of the WES Personnel Management Demonstration Project at this time. However, WES management intends to submit the Distinguished Scholastic Achievement Appointment as a personnel initiative at the appropriate time in the future.

#### *F. Voluntary Emeritus Program*

*Comment:* One person suggested that the Voluntary Emeritus Program be made available to retired or separated individuals regardless of occupational family.

*Response:* The national prominence earned by researchers at WES results from their unparalleled engineering and scientific achievements. Many of the retired engineers and scientists continue to be leaders in their professions and the Voluntary Emeritus Program allows them the opportunity to assist WES in solving problems of importance to the nation in broad areas of civil engineering and environmental quality. This intervention will be retained as written and will be monitored through the evaluation process to determine whether it should be expanded to other occupational families.

#### *G. Conversion Buy-In*

*Comments:* Seven commentators were concerned that, at the time of conversion, employees would be given a lump sum cash payment rather than adjusting base salary for time credited toward what would have been the employee's next within-grade increase. All believe that a one-time payment equal to an employee's time vested in their current grade step takes away from the employee's future earnings.

*Response:* WES has modified the conversion procedure so that, at the time of conversion into the project, each employee will have their basic pay adjusted for time credited toward what

would have been the employee's next within-grade increase.

#### *H. Reduction-In-Force (RIF)*

*Comments:* Five commentators were concerned with the revised RIF procedures that place greater emphasis on performance when establishing retention registers. Two commentators viewed the revised procedures as unfair since performance scores are not used to adjust the service computation date; one commentator was concerned about veterans' preference issues; one commentator did not believe that competitive areas should be defined as the occupational family; and the other commentator saw no need to change current RIF procedures.

*Response:* The current RIF system is complicated, costly, and relatively unresponsive to the needs of the organization. WES believes that flexible and responsive alternatives are needed that place greater emphasis on performance while preserving the guiding principles of veterans' preference laws. The revised RIF procedures will disrupt the organization the least and will increase the probability of retaining the highest performing individuals. Under the Project, employees will retain rights and protections during RIF. At the same time, one goal of the Project is to expand the role of performance in various aspects of employment. For this reason, the Project does not use performance scores to adjust the service computation date (SCD), as one commentator suggested. The Project instead emphasizes performance by using the most recent employee performance score as a separate element in the order of retention during RIF and by giving that score priority over the service computation date in determining the order of retention. Retention standing will be based upon the following factors, listed in order of priority: tenure, veterans' preference, most recent employee performance score, and SCD. The role of veterans' preference remains unchanged from the current system. Finally, competitive areas have been modified to make each of the four occupational families a separate competitive area. All positions in a given occupational family, regardless of their geographic locations, will fall within a single competitive area.

#### **3. Demonstration Project System Changes**

Minor editorial changes were made to correct the final version of the Project. In addition, pertinent sections of the final plan have been modified to include: a pay band in the Engineers

and Scientists occupational family that combines GS 12-14 positions (Section III, A, Broadbanding); and an adjustment of basic pay for the time credited toward the employee's next within-grade increase at the time of conversion into the project (Section V, A, Conversion to the Demonstration Project).

Dated: February 26, 1998.

Office of Personnel Management.

**Janice R. Lachance,**  
Director.

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#### I. Executive Summary

The Department of the Army (DA) will establish Personnel Demonstration Projects generally similar to the system currently in use at the Navy Personnel Demonstration Project known as China Lake. The Personnel Demonstration Projects will be developed to be in-house budget neutral, based on a baseline of September 1995 in-house costs and consistent with the DA plan to downsize the DA laboratories and research and development centers. 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.

This project was designed by the Assistant Secretary of the Army for Research, Development and Acquisition with the support of the Assistant Secretary of the Army for Civil Works, and the participation of five Army S&T Reinvention Laboratories. Review was provided by the US Army Corps of Engineers, DA, DoD, and OPM. Phases of the project that address non-Title 5 issues began as early as 1 October 1995, with implementation of Title 5 initiatives to begin no earlier than June 3, 1998.

This project is built upon the concepts of linking performance to pay for all covered positions, simplifying paperwork in the processing of classification and other personnel actions, emphasizing partnerships among management, employees, and unions, and delegating other authorities to line managers.

#### II. Introduction

##### A. Purpose

The quality of DoD laboratories, their people, and products has been under intense scrutiny in recent years. The perceived deterioration of laboratory quality is due, in substantial part, to the erosion of control which line managers have over their human resources. This demonstration, in its entirety, attempts to provide managers, at the lowest practical level, the authority, control, and flexibility needed to achieve quality laboratories and quality products. The purposes of the demonstration project are to: Improve the hiring process and allow WES to compete more effectively for high-quality personnel; motivate and retain staff through pay for performance, sabbaticals, and a more responsive personnel system; strengthen the manager's role in personnel management through increased delegation of personnel authorities; increase the efficiency of the personnel system by simplifying the classification system through broadbanding and reduction of guidelines, steps, and paperwork; and create a model that could be adopted by other government agencies.

This project will be under the joint sponsorship of the Assistant Secretary of the Army for Research, Development and Acquisition and the Assistant Secretary of the Army for Manpower and Reserve Affairs. The MACOM Commander will execute and manage the project.

Project oversight will be achieved by an executive steering committee made up of top-level executives, co-chaired by

the Deputy Assistant Secretary of the Army for Research and Technology and the Deputy Assistant Secretary of the Army (Civilian Personnel Policy). Oversight external to the Army will be provided by DoD and OPM.

##### B. Problems With the Present System

The civilian personnel system currently in use at DoD laboratories has several major inefficiencies, which hinder management's ability to recruit and retain the best qualified personnel. Line managers have only limited flexibility to administer personnel resources, and existing personnel regulations are often in conflict with line management's ability to perform world-class research. Laboratory managers are frustrated in their attempts to hire the best and brightest engineers and scientists.

The classification system requires lengthy, narrative, individual position descriptions, which have to be classified by the use of complex and often outdated position classification standards. The system causes delays in recruiting, reassigning, promoting, and removing employees. Rewarding or taking a performance based action requires inordinate paperwork and time, often discouraging managers from pursuing critical actions. Few incentives, with limited flexibility, exist for managers to deal with all levels of the workforce, and pay is not always commensurate with an employee's performance. The current RIF system does not adequately recognize performance as a major criterion in RIF situations. The RIF rules are complex, and difficult to understand and administer. The RIF process disrupts operations, due to displacement of employees within their competitive levels and in the exercise of bumping and retreat rights.

##### C. Changes Required and Expected Benefits

This project is expected to demonstrate that a human resource management system tailored to the mission and need of WES will result in: Increased quality in the engineering and science workforce and the laboratory products they produce; increased timeliness of key personnel processes; trended workforce data that reveals increased retention of excellent contributors and separation rates of poor contributors; and increased customer satisfaction with the laboratory and its products by customers served.

This demonstration program builds on the successful features of demonstration projects at China Lake and the National Institute of Standards

and Technology (NIST). These demonstration projects have produced impressive statistics on job satisfaction of their employees versus that for the federal workforce in general. This demonstration expects similar successes. A full range of data will be collected to evaluate the project (and is described in Section VII, Evaluation Plan).

**D. Participating Organization**

U.S. Army Engineer Waterways Experiment Station, 3909 Halls Ferry Road, Vicksburg, Mississippi 39180-6199. Employees assigned to WES work at the locations shown in Table 1.

TABLE 1.—DUTY LOCATIONS

Location	Total No. of employees
London, England .....	1
Berkeley, CA .....	1
Mobile, AL .....	3
Washington, DC .....	1
Fayette, NC .....	1
Natchez, MS .....	1
Vicksburg, MS .....	1,312
Duck, NC .....	10
Calhoun Falls, SC .....	2
Lewisville, TX .....	3
North Bonneville, WA .....	3
Dallesport, WA .....	1
Spring Valley, WI .....	2
Omaha, NE .....	56

**E. Participating Employees**

The project will cover all General Schedule (GS) employees assigned to WES. Federal Wage System (FWS) employees, Civilian Intelligence Personnel Management System (CIPMS) employees covered by Title 10, and 5 U.S.C. 3105 Scientific and Technical (ST) employees are not covered, but will follow the same employee development provisions of this plan, except, in the case of CIPMS employees, where the provisions are found to be in conflict with CIPMS. The occupational series of employees included in the project are identified by occupational family in Table 2. All GS employees with appointments exceeding one year will be covered by the provisions of this project. GS employees with appointments limited to one year or less will be covered for pay banding, the performance appraisal process, and salary adjustments. Senior Executive Service (SES) employees will not be included in the project. It is the intent of WES to expand coverage of the project to all FWS employees 1 to 2 years following the date of implementation. In the event of expansion to FWS employees beyond the employee development provisions,

full approval will be obtained from DA, DoD, and OPM.

The American Federation of Government Employees (AFGE) represents approximately 500 GS and FWS employees at WES. The AFGE represents most E&S Technicians; most Administrative employees; all General Support employees except fire protection inspectors, security guards, student trainees, and those designated as confidential employees; and all nonsupervisory FWS employees. WES plans to implement this project on September 13, 1998. Bargaining unit employees will be included in the project at that time if Impact and Implementation bargaining is complete. If Impact and Implementation bargaining has not been completed on the date of project implementation, employees represented by AFGE Local 3310 may not be brought into the project until completion of the bargaining process. AFGE Local 3310 has been involved with and participated in the development of the project since its inception. WES will continue to fulfill its obligation to consult or negotiate with the AFGE, as appropriate, in accordance with 5 U.S.C. 4703 (f) and 7117. The participation with the AFGE is within the spirit and intent of Executive Order 12871.

TABLE 2.—OCCUPATIONAL SERIES INCLUDED IN THE DEMONSTRATION PROJECT

Engineers & Scientists	
0023	Outdoor Recreation Planner
0150	Geographer
0193	Archeologist
0401	Biologist
0403	Microbiologist
0408	Ecologist
0410	Zoologist
0414	Entomologist
0430	Botanist
0434	Plant Pathologist
0435	Plant Physiologist
0470	Soil Scientist
0471	Agronomist
0482	Fishery Biologist
0486	Wildlife Biologist
0499	Student Trainee
0690	Industrial Hygienist
0801	General Engineer
0803	Safety Engineer
0806	Materials Engineer
0807	Landscape Architecture
0808	Architecture
0810	Civil/Hydraulic/Structural Engineer
0819	Environmental Engineer
0830	Mechanical Engineer
0850	Electrical Engineer
0854	Computer Engineer
0855	Electronics Engineer
0893	Chemical Engineer
0896	Industrial Engineer
0899	Student Trainee

TABLE 2.—OCCUPATIONAL SERIES INCLUDED IN THE DEMONSTRATION PROJECT—Continued

1301	Physical Scientist
1310	Physicist
1313	Geophysicist
1315	Hydrologist
1320	Chemist
1350	Geologist
1360	Oceanographer
1399	Student Trainee
1515	Operations Research Analyst
1520	Mathematician
1530	Statistician
1550	Computer Scientist
1599	Student Trainee
E&S Technicians	
0028	Environmental Protection Specialist
0802	Engineering Technician
0818	Engineering Draftsman
0856	Electronics Technician
1311	Physical Science Technician
1371	Cartographic Technician
1521	Mathematics Technician
1670	Equipment Specialist
Administrative	
0018	Safety & Occupational Health Specialist
0099	Student Trainee
0260	Equal Employment Opportunity Specialist
0301	Info Syst Mgr Spec/Joint Test Prog Mgt Coordinator/Emergency Oper Mgr
0334	Computer Specialist
0341	Administrative Officer
0343	Mgt & Prog Analysis Officer
0346	Logistics Management Officer
0391	Telecommunications Officer
0399	Student Trainee
0505	Financial Manager
0510	Accountant
0511	Auditor
0560	Budget Officer
0599	Student Trainee
0610	Nurse
0905	General Attorney
0950	Paralegal Specialist
1020	Illustrator
1035	Public Affairs Specialist
1060	Photographer
1071	Audiovisual Specialist
1082	Editor
1084	Visual Information Specialist
1102	Contract Specialist
1104	Property Disposal Specialist
1199	Student Trainee
1410	Librarian
1412	Technical Information Specialist
1499	Student Trainee
1712	Training Instructor
2001	General Supply Specialist
2101	Transportation Specialist
General Support	
0019	Safety Technician
0081	Firefighter
0085	Security Guard
0090	Guide
0099	Student Trainee
0302	Messenger
0303	Clerk
0305	Mail & File Clerk
0312	Clerk-Stenographer

TABLE 2.—OCCUPATIONAL SERIES INCLUDED IN THE DEMONSTRATION PROJECT—Continued

0318	Secretary
0322	Clerk-Typist
0326	Office Automation Clerk
0332	Computer Operator
0335	Computer Clerk
0344	Management Assistant
0361	Equal Employment Opportunity Assistant
0394	Communications Clerk
0503	Financial Clerk & Assistant
0525	Accounting Technician
0530	Cash Processing Technician
0540	Civilian Pay Technician
0544	Teller
0561	Budget Clerk
0986	Legal Clerk
1105	Purchasing Clerk
1106	Procurement Clerk
1107	Property Disposal Clerk
1411	Library Technician
2005	Supply Clerk
2102	Transportation Clerk
2131	Freight Rate Specialist

#### F. Project Design

In August 1994, a Project Manager was appointed to lead the WES reinvention effort. The Project Manager was assisted by a representative of the servicing HRM Office. During October-November 1994, a WES concept plan was developed to map out desired areas in which to propose changes in the personnel system. The concept plan was then merged into a single Army plan for the participating Army S&T Laboratories and was submitted to the DA in December 1994.

WES formed four teams in January 1995 to develop specific initiatives to be undertaken in the WES demonstration project. The teams were composed of 7 to 14 employees each and included representatives from management, engineers, scientists, technicians, clerical, administrative, wage grade, human resources, and representatives from the local union. The teams developed human resources management initiatives which were designed to: assist in hiring the best people to accomplish the mission; improve training and development of the workforce; improve and simplify the position classification process; develop a broadband system to facilitate

classification and career progression; and develop a pay for performance system to recognize employee contributions to mission accomplishment.

The Army's plan was reviewed concurrently by DoD and OPM in April 1996. It was recommended that each Army lab submit individual project plans. The second joint review by DoD and OPM of the lab plans was conducted in September 1996. The philosophy and intent of WES throughout the process of project development was the inclusion of its total workforce. As such, a pay-for-performance broadbanding system was developed for FWS employees, in partnership with representation from the bargaining unit, and was included as part of the WES plan. At the joint reviews, the DoD Civilian Personnel Management Service and OPM's Office of Classification and Office of Compensation Policy considered the broadbanding of FWS employees as outlined in the WES plan to be inappropriate. FWS employees were removed from the plan but will follow the same employee development provisions of this plan. Options for including them in a pay-for-performance system at a later date will be developed by WES, DA, DoD, and OPM.

This plan and these initiatives are the result of many months of effort by dedicated participants at WES, U.S. Army Corps of Engineers, DA, DoD, and OPM levels.

### III. Personnel System Changes

#### A. Broadbanding

##### 1. Pay Bands

Each occupational family will be composed of discrete pay bands corresponding to recognized career advancement within the occupations. The pay bands will replace grades. The pay bands will not be the same for all occupational families. Each occupational family will be divided into four to six pay bands, each pay band covering the same pay range now covered by one or more grades. The minimum rate of basic pay for a band

will be the minimum rate for the lower grade in the band as shown on the regular GS schedule. The maximum rate of basic pay for a pay band will be the highest regular schedule GS rate possible for positions within that occupational family and pay band. A salary overlap, similar to the current overlap between GS grades, will be maintained.

Ordinarily an individual will be hired at the lowest salary in a pay band. Exceptional qualifications, specific organizational requirements, or other compelling reasons may lead to a higher entrance salary within a pay band.

The proposed pay bands for the occupational families and how they relate to the current GS grades are shown in Table 3. This pay band concept has the following advantages because it: reduces the number of classification decisions required during an employee's career; simplifies the classification decision-making process and paperwork; supports delegation of classification authority to line managers; provides a broader range of performance-related pay for each pay band; and prevents the progression of low performers through a pay band by mere longevity, since job performance serves as the basis for determining pay.

The WES pay banding plan expands the pay banding concept used at China Lake and NIST by creating pay band VI of the Engineers and Scientists occupational family. This pay band is designed for Senior Scientific Technical Managers.

Current legal definitions of Senior Executive Service (SES) and ST positions do not fully meet the needs of WES. The SES designation is appropriate for executive level managerial positions whose classification exceeds the GS-15 grade level. The primary knowledge and abilities of SES positions relate to supervisory and managerial responsibilities. Positions classified as ST are reserved for bench research scientists and engineers; these positions require a very high level of technical expertise and they have little or no supervisory responsibility.

TABLE 3. - OCCUPATIONAL FAMILIES AND PAY BANDS

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

\* Engineers and Scientists pay band II includes a mix of positions: positions equivalent to GS-5 through 10 involve research, test, evaluation, and equipment development work as well as non-research work; positions equivalent to GS-11 involve research work. Pay band III includes non-research positions, e.g., engineers in public works. Pay band IV positions equivalent to GS-12 through GS-14 involve research work; the balance of band IV includes a mix of research and non-research supervisory positions, and program managers. FLSA Codes: N = Nonexempt; E = Exempt. Although typical exemption status under the various pay bands is shown, actual FLSA exemption status determinations are made on a case-by-case basis.

WES currently has a few positions which typically have characteristics of both SES and ST classifications. Most of these positions are responsible for supervising other GS-15 positions, including branch or division chiefs, non-supervisory research engineers and scientists, and potential ST positions. These positions are classified at the GS-15 level, although their technical expertise warrants classification beyond GS-15. Because of their management responsibility, these individuals are excluded from the ST system.

Because of management considerations, they cannot be placed in the SES. WES management considers the primary requirement for the positions to be knowledge of and expertise in the specific scientific and technology areas related to the mission of the organization. Historically, incumbents of these positions have been recognized within the community as scientific and engineering leaders, who possess primarily scientific/engineering

credentials and are considered experts in their field. However, they must also possess strong managerial and supervisory abilities. Therefore, although some of these employees have scientific credentials that might compare favorably with ST criteria, classification of these positions as STS is not an option, because the managerial and supervisory responsibilities inherent in the positions cannot be ignored.

The purpose of pay band VI (which will reinforce the equal pay for equal work principle) is to solve a critical classification problem. It will also contribute to an SES "corporate culture" by excluding from the SES positions for which technical expertise is paramount. Payband VI proposes to overcome the difficulties identified above by creating a new category of positions—the Senior Scientific Technical Manager, which has both scientific/technical expertise and full managerial and supervisory authority.

Current GS-15s will convert into the demonstration project at pay band V. After conversion they will be reviewed against established criteria to determine if they should be reclassified to pay band VI. Other positions possibly meeting criteria for classification to pay band VI will be reviewed on a case-by-case basis. The proposed salary range is a minimum of 120 percent of the minimum rate of basic pay for GS-15 with a maximum rate of basic pay established at the rate of basic pay (excluding locality pay) for SES level 4 (ES-4). Vacant positions in pay band VI will be competitively filled to ensure that selectees are preeminent researchers and technical leaders in the specialty fields who also possess substantial managerial and supervisory abilities.

Selection panels will be created to assist in filling Payband VI positions. Panel members will be selected from a pool of current WES SES members, ST employees, and later those in Payband

VI, 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.

DoD will test the establishment of pay band VI for a 5-year period. Positions established in pay band VI will be subject to limitations imposed by OPM and DoD. Pay band VI positions will be established only in an S&T Reinvention Laboratory which employs scientists, engineers, or both. Incumbents of pay band VI positions will work primarily in their professional capacity on basic or applied research and secondarily perform managerial or supervisory duties. The number of pay band VI positions within DoD will not exceed 40. These 40 positions will be allocated by ASD (FMP), DoD, and administered by the respective Services. The number of pay band VI positions will be reviewed periodically to determine appropriate position requirements. Pay band VI position allocations will be managed separately from SES, ST, and Senior Level (SL) positions. An evaluation of the pay band VI concept will be performed during the fifth year of the demonstration project.

The final component of pay band VI is the management of all pay band VI assets. Specifically, this authority will be exercised at the DA level and includes the following: authority to classify, create or abolish positions within the limitations imposed by OPM and DoD; recruit and reassign employees in this pay band; set pay and to have their performance appraised under this project's pay-for-performance system. The laboratory wants to demonstrate increased effectiveness by gaining greater managerial control and authority, consistent with merit, affirmative action, and equal employment opportunity principles.

## 2. Occupational Families

Positions will be grouped into occupational families according to similarities in type of work and customary requirements for formal training or credentials. The historical patterns of advancement within the occupational families will be considered. The current positions and grades at WES have been examined, and their characteristics and distribution have served as guidelines in the development of occupational families. Four occupational families will be established:

(a) Engineers and Scientists. This occupational family includes all technical professional positions such as engineers (civil, hydraulic, structural, mechanical, electronic, electrical, chemical, and environmental), mathematicians, statisticians, computer scientists, outdoor recreational planners, geographers, architects, archaeologists, operations research analysts, and a variety of physical and biological scientists. Specific course work or educational degrees are required for positions in this occupational family.

(b) E&S Technicians. This occupational family consists of the positions that support the various engineering and scientific activities. Employees in this occupational family are required to have training and skills in the various technical areas (civil, hydraulic, structural, geotechnical, physical, coastal, biological, chemical).

(c) Administrative. This occupational family contains specialized functions in such fields as counsel, audit, finance, procurement, public information, accounting, administrative, computing, safety, and management analysis. Special training and skills in administrative fields or special degrees are required.

(d) General Support. This occupational family is composed of positions requiring special skills and knowledge, such as typing or shorthand, and job-related experience. 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, legal clerks, guards, mail clerks, etc.

## 3. Fair Labor Standards Act

Fair Labor Standards Act (FLSA) exemption and nonexemption determinations will be made consistent with criteria found in 5 CFR part 551. All employees are covered by the FLSA unless they meet the executive, administrative, or professional criteria for exemption. As a general rule, the FLSA status can generally be matched to the occupational families and pay bands found in Table 3. Exceptions to these guidelines include supervisors/managers who meet the definitions outlined in the OPM General Schedule Supervisory Guide. 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, under 5 CFR part 551 criteria.

## B. Classification

### 1. Coverage

The present GS classification system has over 400 occupations (also called series), which are divided into 22 groups. The present occupational series will be maintained. New series may be added as needed to reflect new occupations in the work force when established by OPM.

### 2. Classification Standards

The classification system will be modified to facilitate pay banding. The present classification standards will be used to create local benchmark position description/standards for each pay band, reflecting duties and responsibilities comparable to those described in present classification standards for the span of grades represented by each pay band. Present titles and series will continue to be used in order to recognize the types of work being performed and educational backgrounds and requirements of incumbents. Locally developed specialty codes and OPM functional codes will be used to facilitate titling, making qualification determinations, and assigning competitive levels to determine retention status.

### 3. Position Descriptions and Classification Process

New standardized position descriptors will be developed to assist managers in exercising delegated position classification authority. Managers will identify the appropriate pay band and descriptor definition and proceed to finalize the position description. A cover sheet similar to the present DA Form 374 will be used to reflect their classification decision. The cover sheet used will include a provision for designating specialty codes. These specialty codes will be developed to identify the special nature of work performed and will be included on the final position descriptor.

An employee may appeal the occupational series or pay band level of his or her position at any time. An employee must formally raise the areas of concern to supervisors in the immediate chain of command, either verbally or in writing. If an employee is not satisfied with the supervisory response, he or she may then appeal to the DoD appellate level. If an employee is not satisfied with the DoD response, he or she may then appeal to OPM only after DoD has rendered a decision under the provisions of this demonstration



project. Appellate decisions from OPM are final and binding on all administrative, certifying, payroll, disbursing, and accounting officials of the Government. Time periods for case processing under Title 5 apply. An employee requesting a classification decision that would exceed the equivalent of a GS-15 level may not submit the appeal to OPM.

An employee may not appeal the accuracy of the position description, the demonstration project classification criteria, or the pay-setting criteria; the assignment of occupational series to the occupational family; the propriety of a salary schedule; or matters grievable under an administrative or negotiated grievance procedure or an alternative dispute resolution procedure.

The evaluation of classification appeals under this demonstration project are based upon the demonstration project classification criteria. Case files will be forwarded for adjudication through the Civilian Personnel Office/Human Resources Office providing personnel service and will include copies of appropriate demonstration project criteria.

### C. Pay for Performance

The objective is to establish a pay system that will improve the ability of WES to attract and retain quality employees. The new system will be a pay-for-performance system and, when implemented, will result in a redistribution of pay resources based upon individual performance.

#### 1. Determining Pay Increases

Compensation will be allocated to employees through organizational compensation pools. The WES Director, Commander and Deputy Director, and Laboratory Directors at WES will manage their respective pools.

The compensation pools will have two components: Funds for performance pay increases (money previously available for within-grade increases,

quality step increases, and promotions between grades that are banded under the project); and funds for General Schedule pay increases. Performance awards (cash awards and bonuses presently allowed) and locality pay increases will continue under the project and will be excluded from the compensation pools. The compensation pools will be managed to ensure relative cost neutrality. As a result, funds will not be shifted between pools.

Annual base pay increases paid from the performance pay increase component of the compensation pools will be based on eligibility as well as scores on the established standards as follows:

$$PR = \frac{V}{100} S P$$

Where:

PR = employee's annual performance-based pay raise, \$

V = value of a share, percent

S = number of shares earned by employee based on performance

P = employee's salary prior to pay raise

The number of shares earned by an employee will vary from 0 to 4 and will depend upon their performance score. A performance pay increase may not cause the employee's rate of basic pay to exceed the maximum rate of the pay band.

The value of a share will be computed in a manner to ensure that the amount of money available for performance pay increases will not exceed the amount of money in a compensation pool that is available for raises. Therefore, the amount of money available annually within a pay pool for performance-based pay raises is:

$$M = \frac{A}{100} \sum_{i=1}^n P_i$$

Where:

A = average annual historical pay raise, percent

M = pay pool size, \$

$P_i$  = salary of employee I

n = number of employees in compensation pool

The share value (percent) is computed in a manner to ensure exact expenditure of the amount of money in the compensation pool as follows:

$$V = \frac{M}{\sum_{i=1}^{n_e} S_i P_i} \times 100$$

Where:

$S_i$  = number of shares earned by employee I based upon performance

$n_e$  = number of employees within compensation pool that are eligible for a performance-based pay raise

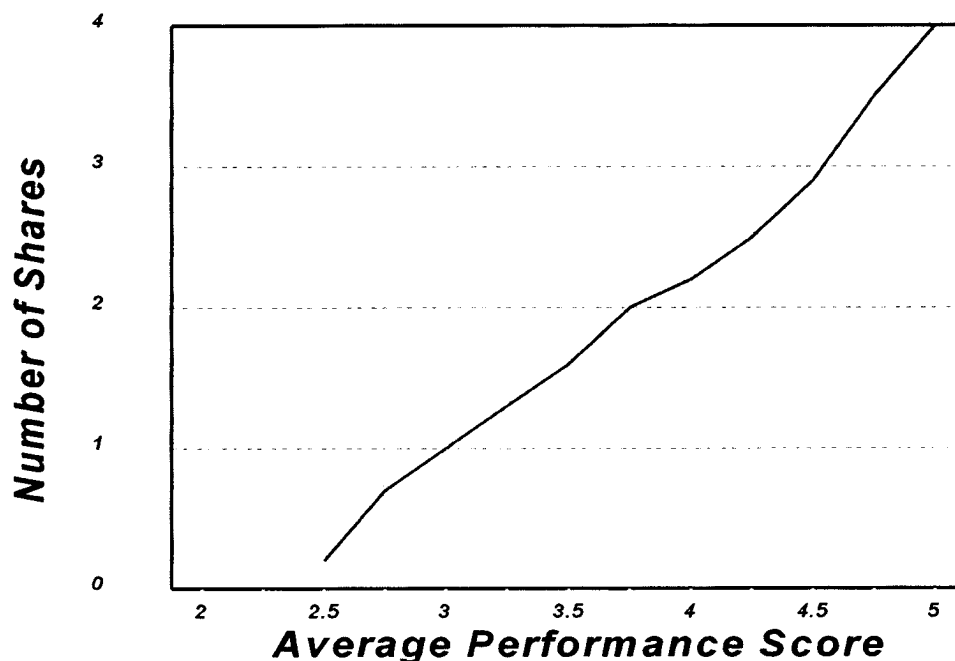
A payout function that correlates number of shares earned by an employee for a performance based pay raise to average performance score will be similar to the plot shown in Figure 1.

The annual General Schedule pay increase will be allocated as follows:

(a) The first step is setting the percentage General Schedule increase that will be given to all eligible employees. This amount will be equal to the General Schedule increase authorized for GS employees. All employees whose average performance score is 2.0 or greater will be eligible for the increase. Employees with an average performance score of less than 2.0 will be ineligible for the full General Schedule increase and may receive either none or one-half of the increase. Pay increases for employees receiving retained rates will be determined in accordance with 5 U.S.C. 5363 except that those with an average performance score of less than 2.0 may receive either none or one-quarter of the increase in the maximum rate of basic pay for the applicable pay band.

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Figure 1. Relation Between Shares Earned for Performance and Average Performance Score



BILLING CODE 6325-01-C

(b) The minimum and maximum pay rates of basic pay for each pay band in an occupational family will be adjusted by any general pay increase to reflect the new rates in accordance with the criteria reflected in Section III, A, Broadbanding, of this plan. The maximum pay rate for pay band VI cannot exceed the rate for SES level 4. Therefore, employees at or near the top of pay band VI may not receive the full general increase if it is not authorized for SES employees.

## 2. Performance Evaluation

The performance appraisal system will link compensation to performance through annual performance evaluations and performance ratings. Performance will be evaluated against generic performance standards. Rating elements will be provided for all employees. All rating elements will be critical and scored on a scale of 0 to 5. The score will be based on employees performance as evaluated against generic performance standards for each element. The supervisor will discuss performance rating standards with the employee to clarify performance criteria at the beginning of the rating period. The generic performance standards, with the provision to add specific work plans, will be used to evaluate employee performance. The standards will describe the level of performance required for the employee to be rated fully successful. Reviews will be

conducted at least at mid-year to evaluate employee progress in meeting performance standards. However, WES interns in recognized career programs will be appraised semi-annually until they complete their internship. The last performance rating in each annual cycle will be considered to be the rating of record.

Since all employees will not have the same number of rating elements, the element scores will be summed and averaged by the number of elements rated to determine the overall performance score. The score will be used for setting performance pay increases and determining eligibility for performance awards.

Employees must have an average performance score of 2.5 and above to be eligible for performance pay increases. Employees with an average performance score of 2.0 or greater will be eligible for performance awards and full General Schedule increases. Employees with an average score of less than 2.0 will be ineligible for performance awards and full General Schedule increases. A within-the-year review may be used to reevaluate employees with performance scores of less than 2.0. If the employee's performance has improved sufficiently since the last rating period, the employee may be eligible for a nonretroactive General Schedule pay raise at that time.

## 3. Awards

WES currently has an extensive awards program consisting of both internal and external awards. On-the-spot, special act, and other internal awards (both monetary and nonmonetary) will continue under the project. MACOM, DA, and DoD awards and other honorary noncash awards will be retained.

Cash awards may be given for performance and to recognize and encourage special contributions. Awards can be made to individuals, teams, or organizations. Awards must be approved at a managerial level at least one level higher than the recommending official except in the case where the WES Director is the recommender. Cash awards will not be considered to be a part of base pay.

### D. Pay Setting Provisions

#### 1. Pay and Compensation

(a) Pay Ceilings. An employee's total monetary compensation paid in a calendar year may not exceed the rate of basic pay for level I of the Executive Schedule consistent with 5 U.S.C. 5307 and 5 CFR part 530, subpart B. Each pay band will have its own pay ceiling, just as grades do in the GS system. Basic pay rates for the various pay bands will be directly keyed to the GS basic rates of pay except for pay band VI in the Engineers and Scientists occupational family. Pay band VI will have pay rates keyed to a minimum of 120% of the

minimum rate of basic pay for GS-15 basic pay with a maximum of the basic rate of pay established for SES level 4.

(b) 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 (e.g., certain engineers in pay bands II and III). 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 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:

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

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

Staffing supplement = Demonstration base rate x (staffing factor - 1)  
Salary upon conversion = Demonstration base rate + staffing supplement  
(sum will = existing rate)

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:

$$\text{Staffing factor} = \frac{\$51,295}{\$46,523} = 1.1026$$

$$\text{Demonstration base rate} = \frac{\$42,944}{1.1026} = \$38,948$$

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

#### G:\GRAPHICS\EN25MR98.014

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, the demonstration base rate is derived by dividing the employee's former GS adjusted rate (the higher of locality or special rate) by the applicable locality pay factor. The employee's demonstration locality-adjusted rate will equal the employee's former GS adjusted rate.

Any General Schedule or special rate schedule adjustment will require recomputation of the staffing supplement. Employees receiving a staffing supplement 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, affected 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, and severance pay purposes and for advances in pay. It will also be used to compute worker's compensation payments and lump sum payments for accrued and accumulated annual leave.

#### 2. 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. Progression within a pay band, whether by performance pay increases or supervisory adjustments, are not subject to the provisions of this section.

Promotions will be processed under competitive procedures in accordance with merit principles and requirements. 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 RIF 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) Impact of person-in-the-job promotions.

(g) Promotion resulting from the accretion of duties and responsibilities.

(h) A promotion resulting from the correction of an initial classification error.

Upon promotion to a higher pay band, an employee will be entitled to a 6 percent basic pay increase or the lowest level in the pay band to which promoted, whichever is greater.

### 3. Link Between Promotion and Performance

Noncompetitive promotions (e.g., accretion of duties, recognition of impact of person-in-job, career ladder) will require an acceptable level of performance in their current position. To be promoted noncompetitively from one band to the next within an occupational family, an employee must meet the minimum qualifications for the job and have a current average performance score of 2.5 or above (Section III, C, Pay for Performance) or equivalent under a different performance management system (an equivalence chart will be developed by HRM specialists and included in the implementation instructions). Selection of employees through competitive procedures will require a current average performance score of 2.5 or above.

### 4. Supervisory Pay Adjustments

Supervisory pay adjustments may be used, at the discretion of the WES Director, to compensate employees in the Engineers and Scientists occupational family in supervisory positions. Employees in pay band VI of the Engineers and Scientists occupational family are excluded from receiving supervisory pay adjustments. Supervisory pay adjustments are increases to the supervisor's basic rate of pay, ranging up to 10 percent of that pay rate, subject to the constraint that the adjustment may not cause the employee's basic rate of pay to exceed the pay band maximum rate. Only employees in supervisory positions with formal supervisory authority meeting that required for coverage under the OPM GS Supervisory Guide will be considered for the supervisory pay adjustment. Criteria to be considered in determining the pay increase percentage include the following organizational and individual employee factors: needs of the organization to attract, retain, and

motivate high quality supervisors; budgetary constraints; years of supervisory experience; amount of supervisory training received; performance; and managerial impact on the organization.

Conditions, after the date of conversion into the demonstration project, under which the application of a supervisory pay adjustment will be considered are as follows:

(a) New hires into supervisory positions will have their initial rate of basic pay set at the supervisor's discretion within the pay range of the applicable pay band. This rate of pay may include a supervisory pay adjustment determined using the ranges and criteria outlined above.

(b) An employee selected for a supervisory position that is within the employee's current pay band may also be considered for a supervisory pay adjustment.

(c) If a supervisor is already authorized a supervisory pay adjustment and is subsequently selected for another supervisory position, within the same pay band, then the supervisory pay adjustment will be redetermined.

(d) An employee promoted to a supervisory position in a higher pay band may be considered for a supervisory adjustment in addition to the pay increase that resulted from the promotion.

Supervisors, upon initial conversion into the demonstration project into the same, or substantially similar position, will be converted at their existing basic rate of pay and will not be given a supervisory pay adjustment at conversion.

Before supervisory employees may receive the pay adjustment, they must sign a statement acknowledging that the entire adjustment will be immediately withdrawn if they are removed from the supervisory position because of unacceptable performance or conduct. Supervisory employees who are reassigned to a nonsupervisory position for any other reasons (i.e., employee choice, management directed reassignment, or RIF) will receive one-half of the pay adjustment for one year following the reassignment. Eliminations or reductions in supervisory pay adjustments are not adverse actions, are not subject to appeal, and are not covered under pay retention provisions.

### 5. Supervisory Pay Differentials

Supervisory pay differentials may be used, at the discretion of the WES Director, to incentivize and reward supervisors in the Engineers and Scientists occupational family in pay

bands IV and V whose pay is at the maximum rate of the pay band. Employees in pay band VI of the Engineers and Scientists occupational family are excluded from receiving supervisory pay differentials. Formal supervisory authority meeting that required for coverage under the OPM GS Supervisory Guide is required. A supervisory pay differential is a cash incentive, paid out on a pay period basis, which is not included as part of the supervisor's basic rate of pay. The differential may be up to 10 percent of the supervisor's basic rate of pay. Criteria to be considered in determining the amount of this supervisory pay differential includes those identified for supervisory pay adjustments.

Supervisors, upon initial conversion into the demonstration project into the same, or substantially similar position, will be converted at their existing basic rate of pay and will not be given a supervisory pay differential upon conversion. The differential will be terminated if the employee is removed from a supervisory position, regardless of cause.

As specified in the Supervisory Pay Adjustment Section, all personnel actions involving a supervisory differential will require a statement signed by the employee acknowledging that the differential may be terminated or reduced at the discretion of the WES Director. The termination or reduction of the differential is not an adverse action, is not subject to appeal, and is not covered under pay retention provisions.

### E. Hiring and Placement Authorities

#### 1. Modified Term Appointments

WES conducts many research and development projects that range from 3 to 6 years. The current 4-year limitation on term appointments imposes a burden on laboratory managers 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 ability of WES to serve its customers.

Under the demonstration project, WES 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 1 year but not more than 5 years when the need for 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 5, rather than 4 years. The WES Director is authorized to

extend a term appointment 1 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: have been selected for the term position under competitive procedures, with the announcement specifically stating that the individual(s) selected may be eligible for conversion to a career-conditional appointment at a later date; have served 2 years of continuous service in the term position; be selected under WES merit promotion procedures for the permanent position; and have a current performance score of 2.5 or better.

Employees serving under 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 performance score of 2.5 or better and are selected under merit promotion procedures for the permanent position after having completed 2 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.

## 2. Extended Probationary Period

A new employee needs to demonstrate adequate contribution during all cycles of a research effort for a laboratory manager to render a thorough evaluation. The current 1-year probationary period will be extended to 2 years for all newly hired career employees in the Engineers and Scientists occupational family. The purpose of extending the probationary period is to allow supervisors an adequate period of time to fully evaluate an employee's contribution and conduct.

Aside from extending the time period, all other features of the current probationary period, including the criteria for crediting prior service and the limited notice and appeal rights, are retained. The requirements for conversion to career tenure are unchanged. Employees appointed prior to the implementation date will not be affected.

Probationary employees will be terminated when the employee fails to

demonstrate proper conduct, technical competency, and/or adequate work contribution for continued employment. When WES decides to terminate an employee serving a probationary period because their work contribution or conduct during this period fails to demonstrate their fitness or qualifications for continued employment, it shall terminate their services by written notification of the reasons for separation and the effective date of the action. The information in the notice as to why the employee is being terminated shall, as a minimum, consist of WES's conclusions as to the inadequacies of their work contribution or conduct.

## 3. Voluntary Emeritus Program

Under the demonstration project, the WES Director will have the authority to offer retired or separated engineers and scientists voluntary assignments in the laboratory. This authority will include engineers and scientists who have retired or separated from Federal service. 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 Program will ensure continued quality research while reducing the overall salary line by allowing higher paid individuals to accept retirement incentives with the opportunity to retain a presence in the scientific community. The program will be of most benefit during manpower reductions as senior engineers and scientists could accept retirement and return to provide valuable on-the-job training or mentoring to less experienced employees.

To be accepted into the emeritus program, a volunteer must be recommended by a Laboratory Director to the WES Director. Everyone who applies is not entitled to a voluntary assignment. The WES Director must clearly document the decision process for each applicant (whether accepted or rejected) and retain the documentation.

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 waiting period.

Volunteers will not be permitted to monitor contracts on behalf of the government or to participate on any

contracts or solicitations 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 and WES. The agreement will be reviewed by the local Office of Counsel for ethics determinations under the Joint Ethics Regulation. 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 and 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;

(g) A provision that states 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 Program;

(h) A provision allowing either party to void the agreement with 10 working days written notice; and

(i) The level of security access required (any security clearance required by the assignment will be managed by the laboratory while the volunteer is a member of the Voluntary Emeritus Program).

## F. Employee Development

The objective of the employee development program will be to develop the competence of employees for maximum achievement of Laboratory, MACOM, DA, and DoD goals. WES will continue its employee development programs, such as local training, off-site training, long-term training, and developmental assignments. Under this Project, the opportunity to apply for expanded developmental opportunities to include sabbaticals and training for degrees, which was previously restricted, will be made available to permanent employees.

### 1. Sabbatical

WES will have the authority to grant paid sabbaticals to career employees to permit them to engage in study or uncompensated work experience that

will contribute to their development and effectiveness. Each sabbatical should benefit WES as well as increase the employee's individual effectiveness. Examples are as follows: advanced academic teaching, study, or research; self-directed (independent) or guided study; and on-the-job work experience with a public, private, or nonprofit organization. Each recipient of a sabbatical must sign a continued service agreement and agree to serve a period equal to at least three times the length of the sabbatical.

## 2. Degree Training

Degree training is an essential component of an organization that requires continuous acquisition of advanced and specialized knowledge. Degree training in the academic environment of DoD 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 currently not permitted for non-shortage occupations involving critical skills.

Under the Personnel Demonstration Project, WES will expand the authority to provide degree training for purposes of meeting critical skill requirements, to ensure continuous acquisition of advanced and specialized knowledge essential to the organization, and to recruit and retain personnel critical to the present and future requirements of the organization. It is expected that the degree payment authority will be used primarily for attainment of advanced degrees.

## G. Reduction in Pay or Removal Actions

Employees covered by the project will be evaluated under a performance evaluation system that affords grievance and/or appeal rights the same as those provided currently.

### 1. Unacceptable Performance

An employee whose performance is unacceptable (i.e., who does not perform at the acceptable level described by the standards for a particular critical element, and whose performance thus warrants a performance score of 0 on that element) at any time during the year shall be placed in a Performance Improvement Plan (PIP). If an employee is in a PIP at the end of a rating period, the performance rating will be delayed until the end of the PIP. Any General Schedule increase will be based on the rating at the end of the PIP. If

performance remains unsatisfactory upon completion of the PIP, the employee will be separated from his or her position or reduced to a lower pay band. If performance becomes satisfactory, the employee will receive a performance rating of record and appropriate adjustments to pay may be made at that time (i.e., granting General Schedule increase). These performance-based actions will follow the same procedures as current performance-related removals and reductions in grade under Chapter 43 or Chapter 75 when appropriate.

### 2. Placement in a Lower Pay Band

An employee with an average performance score of less than 2.0 is ineligible for a performance pay increase or performance award and may receive either none or one-half the General Schedule pay increase. Because the minimum pay rate for each pay band will be increased each year by the amount of the General Schedule increase, it is possible that the new minimum rate of a pay band will exceed the basic pay of an employee in that band who did not receive the full General Schedule increase. In these cases, the employee will be moved to the next lower band level. This will not be considered an adverse action, will not be appealable through a statutory appeals process, and will not be covered under grade retention provisions.

## H. Revised Reduction in Force (RIF) Procedures

Modifications include limiting competitive areas to occupational families and increasing the emphasis on performance in the RIF process. These modifications will increase the probability of retaining the highest performing individuals in their positions and will increase the probability of displacing the lowest performing individuals.

### 1. Competitive Areas

For RIF purposes, the competitive area will be the occupational family in which the employee is assigned and will cover all geographic locations.

### 2. Retention

Retention registers will be established based on the following criteria listed in order of priority: Tenure status (Tenure I-career, Tenure II-career conditional, Tenure III-modified term); veteran's preference; most recent employee performance score; and service computation date. Modified term employees within the affected occupational family will be separated before permanent Tenure I and II

employees. The present RIF system essentially remains in effect, except that performance scores are part of the retention order. Performance scores will not be used to adjust the service computation date. The service computation date will be used as a tie breaker. A preference eligible with a compensable service-connected disability of 30 percent or more may displace employees in positions equivalent to 5 GS grades below the minimum grade level of his/her current pay band. Other employees may displace employees in positions no more than two pay band levels below the minimum level of his/her current pay band. Increasing the emphasis on job performance will help ensure the retention of outstanding individuals in RIF situations.

In some cases, an employee may not have a performance score of record. In these situations, a modal performance score will be assigned.

An employee who has received a written decision to demote him/her to a lower pay band competes in a RIF from the position to which he/she has been demoted. Employees who have been demoted for unacceptable performance or conduct, and as of the date of issuance of the RIF notice have not received a performance score in the position to which demoted, will receive a modal performance score.

An employee who has received an improved performance score following a PIP will have the improved performance score considered as the current performance score of record, provided that notification of such improvement is approved and received prior to the cutoff for receipt of personnel actions associated with implementation of RIF mechanics.

An employee with a current rating of unsatisfactory has assignment rights only to a position held by another employee who has a rating of unsatisfactory. An employee who has been given a written decision of removal will not compete in the RIF process.

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.

### 3. Grade and Pay Retention

Except where waived or modified in the waiver section of this plan, grade and pay retention will follow current law and regulations.

## IV. Training

The key to the success or failure of the proposed demonstration project will be

the training provided for all involved. This training will not only provide the necessary knowledge and skills to carry out the proposed changes, but will also lead to commitment to the program on the part of all participants. Training will be tailored to fit the requirements of every employee included in the project and will fully address employee concerns to ensure that everyone has a comprehensive understanding of the program.

Training at the beginning of implementation and throughout the demonstration will be provided to supervisors, employees, and the administrative staff responsible for assisting managers in effecting the changeover and operation of the new system.

The elements to be covered in the orientation portion of this training will include the following: A description of the system; how employees are converted into the system; pay adjustment process; familiarization with the new position descriptions and performance objectives; the individual performance rating process; the reconsideration process; and the demonstration project administrative and formal evaluation process.

#### A. Supervisors

The focus of this project on management-centered personnel administration, with increased supervisory and managerial personnel management authority and accountability, demands thorough training of supervisors and managers in the knowledge and skills that will prepare them for their new responsibilities. Training will include detailed information on the policies and procedures of the demonstration project, skills training in using the classification system, position description preparation, and performance evaluation. Additional training may focus on nonproject procedural techniques such as interpersonal and communication skills.

#### B. Administrative Staff

The administrative staff, generally personnel specialists, technicians, and administrative officers, will play a key role in advising, training, and coaching supervisors and employees in implementing the demonstration project. This staff will need training in the procedural and technical aspects of the project.

#### C. Employees

WES will train employees covered under the demonstration project. In the months leading up to the

implementation date, meetings will be held for employees to fully inform them of all project decisions, procedures, and processes.

### V. Conversion

#### A. Conversion to the Demonstration Project

Initial entry into the demonstration project for covered employees will be accomplished through a full employee protection approach that ensures each employee an initial place in the appropriate occupational family and pay band without loss of pay. An automatic conversion from current GS/GM grade and pay into the new broadbanding system will be accomplished.

Special conversion rules will apply to special rate employees (see Section III, D, Pay Setting Provisions). Employees who enter the demonstration project later by lateral reassignment or transfer will be subject to the same pay conversion rules. Employees serving under regular term appointments at the time of project implementation will be converted to the modified term appointment. Position announcements, etc., will not be required for these term appointments. 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, the employee's pay entitlements will be determined 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 WES. In no case may those adjustments increase the pay for the position of record beyond the maximum pay rate for the applicable pay band. 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.

At the time of conversion, each employee will have their basic pay

adjusted for the time credited (in weeks) toward what would have been the employee's next within-grade increase. This adjustment in basic pay is applicable when employees are converted into the project.

Any employee covered by the project that is located at a permanent duty station Outside the Continental United States will continue to be ineligible for locality pay. Except for the maximum rate of basic pay for pay band VI, which will be limited to rate of basic pay for SES level 4, the maximum basic salary payable in the pay band will be limited to the maximum rate of pay on the GS salary table which does not include any locality pay.

#### B. Conversion From the Demonstration Project

If a demonstration project employee is moving to a 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 procedures will be used to convert the employee's project pay band to a GS equivalent grade and the employee's project rate of pay to GS equivalent rates of pay. The converted GS grade and 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 of pay will become the employee's actual GS grade and rates of pay after leaving the demonstration project (before any other action). For transfers, promotions, and other actions, the converted GS grade and rates of pay will be used in applying any GS pay/administration rules applicable in connection with the employee's movement out of the project (i.e., promotion rules, highest previous rate rules, pay retention rules) as if the GS converted grade and rates of pay 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 those grades according to the following rules:

(a) The employee's adjusted rate of basic pay under the demonstration project (including any locality payment or staffing supplement but excluding any supervisory pay adjustment) 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 the GS base schedule, the locality rate schedule for the locality pay area in which the position is located, or 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 of pay is lower than the applicable step 4 rate of the highest grade, the adjusted rate of pay is compared with the step 4 rate of the second highest grade in the employee's pay band. If the employee's adjusted rate of pay 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 of pay 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 of pay 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 of pay 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 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 but excluding any supervisory pay adjustment) is converted to a GS adjusted rate of pay on the highest applicable GS rate range for the converted GS grade. For this purpose, a "GS rate range" includes a rate range in the GS base schedule, an applicable locality rate schedule, or 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 of pay is converted to a GS locality rate of pay. If this rate falls between two steps in the locality-adjusted schedule, the rate of pay 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. Engineers and Scientists Pay Band VI Employees

Employees in pay band VI of the Engineers and Scientists occupational family will convert out of the demonstration project at the GS-15 level. WES will develop a procedure to ensure that employees entering pay band VI understand that if they leave the demonstration project and their adjusted pay exceeds the GS-15, step 10 rate, there is no entitlement to retained pay; their GS equivalent rate will be deemed to be the rate for GS-15, step 10. For those pay band VI employees paid below the adjusted GS-15, step 10 rate, the converted rates will be set in accordance with paragraph 2 above.

## 4. Employees With Band or Pay Retention

(a) If an employee is retaining a pay band level under the demonstration project, apply the procedures in paragraphs 1 and 2, above, using the grades encompassed in the employee's retained band to determine the employee's GS equivalent retained grade and pay rate. The time in a retained band under the demonstration

project counts toward the 2-year limit on grade retention in 5 U.S.C. 5382.

(b) If an employee is retaining rate under the demonstration project, the employee's GS equivalent grade is the highest grade encompassed in his or her band level. WES will coordinate with OPM to prescribe a procedure for determining the GS equivalent pay rate for an employee retaining a rate under the demonstration project.

## 5. Within-Grade Increase—Equivalent Increase Determinations

Service under the demonstration project since the last pay-for-performance determination 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. The project evaluation plan adequately addresses how each intervention will be comprehensively evaluated for at least the first 5 years of the demonstration (Proposed Plan for the Evaluation of the DoD Laboratory Demonstration Program, OPM, 1995). 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 will be reexamined for either: permanent implementation; change and another 3-5 year test period; or expiration.

## VII. Evaluation Plan

Authorizing legislation mandated evaluation of the demonstration project to assess the merits of project outcomes and to evaluate the feasibility of applications to other federal organizations. A comprehensive and methodologically rigorous evaluation of the personnel system changes will be carried out. The overall evaluation consists of two components—external and internal evaluation. The external evaluation will be conducted by OPM's Personnel Resources and Development Center (PRDC) to benefit from their extensive experience evaluating demonstration projects. PRDC will serve in the role of external evaluator to ensure the integrity of the evaluation process, outcomes, and interpretation of results. Their external evaluation will be supplemented by an internal evaluation



to be accomplished by the staff of WES. Selected parts of the evaluation will be completed using contractor support. The contractor(s) will be well qualified and experienced with demonstrated expertise in performing relevant support functions.

Essential elements of the evaluation plan are set forth below. The demonstration project is a complex experiment to be conducted in a dynamic environment over several years. Modifications and refinements to the evaluation plan will be made as required by mid-course project changes. All additions, deletions, and refinements to the current plan will be fully documented and explained as part of the evaluation reporting process. The main purpose of the evaluation is to determine the effectiveness of the personnel system changes described by the individual interventions. Every effort will be made to establish direct cause-and-effect relationships between the interventions and effectiveness criteria. An ancillary objective is to assess the effects of the interventions on improved organizational performance. An indirect causal link is hypothesized between the personnel system changes and improved organizational effectiveness, i.e., improved laboratory performance, mission accomplishment, and customer satisfaction. The current personnel management system with its many rigid rules and regulations often is perceived as a barrier to mission accomplishment. Together, the demonstration project initiatives are intended to remove some of those barriers, and therefore, are expected to contribute to improved laboratory performance.

The evaluation effort will be accomplished in four distinct phases:

- (a) Design phase—includes development of the evaluation model, selection of experimental and comparison sites, and collection of baseline data prior to implementation.
- (b) Implementation phase—includes actual project implementation and monitoring of the degree and support of implementation to assure that each of the project interventions has been operationalized as originally conceived.
- (c) Formative evaluation phase—includes data collection and analysis for five years for purposes of evaluating the effects of the interventions. Periodic reports and annual summaries will be prepared to document the findings.
- (d) Summative evaluation phase—focuses on summary evaluation and overall assessment of the project's impact, including presentation of conclusions and final recommendations upon completion of the project.

An intervention impact model (Appendix A) 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 with 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.

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 on context variables that are likely to have an

impact on project outcomes (e.g., HRM 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: workforce data; personnel office data; employee attitudes and feedback using surveys, structured interviews and focus groups; local activity histories, and core measures of laboratory effectiveness.

**VIII. Demonstration Project Costs**

Costs associated with the development of the personnel demonstration system include software automation, training, and project evaluation. All funding will be provided through the WES budget. The projected annual expenses for each area is summarized in Table 4.

TABLE 4.—PROJECTED DEVELOPMENTAL COSTS

	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
Training .....		\$97K	\$19K			
Project Evaluation .....	\$25K	60K	60K	\$60K	\$60K	\$60K
Automation .....	80K	10K				
Totals .....	105K	167K	79K	60K	60K	60K

**IX. Required Waivers to Law and Regulations**

Public Law 103-337 gave the DoD the authority to experiment with several personnel management innovations. In addition to the authorities granted by the law, the following are the waivers of law and regulation that will be necessary for implementation of the Demonstration Project. In due course,

additional laws and regulations may be identified for waiver request.

*A. Waivers to Title 5, U.S. Code*

Section 3111, Acceptance of volunteer service.

Section 3132, The Senior Executive Service; definitions and exclusions.

Section 3324, Appointments to positions classified above GS-15.

Section 3341, Details (to the extent that non-competitive details to higher

band levels can now be 180 days rather than 120).

Section 4107, Non-Government facilities; restrictions (to the extent that training may be paid for the purpose of an employee to obtain a degree).

Section 4108, Employee agreements; service after training (to the extent that continued service is required only for long-term training and sabbaticals).

Section 4303(f), Actions based on unacceptable performance (to the extent

necessary to: (1) Substitute "pay band" for "grade" and (2) provide that moving to a lower pay band as a result of not receiving the full amount of a general pay increase because of poor performance is not an action covered by the provisions of section 4303).

Sections 5101–5111, Purpose, definitions, basis, classification of positions, review, authority (to the extent that white collar employees will be covered by broadbanding. Pay category determination criteria for Federal Wage System positions remain unchanged).

Sections 5301; 5302 (8), and (9); 5303; and 5304, Pay comparability system (Sections 5301, 5302, and 5304 are waived only to the extent necessary to allow: (1) Demonstration project employees 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 VI of the Engineers and Scientists occupational family to be treated as ST employees for the purposes of these provisions).

Section 5305, Special pay authority.

Sections 5331–5336, General Schedule pay rates.

Sections 5361–5366, Grade and pay retention (to the extent necessary to (1) replace "grade" with "pay band"; (2) allow demonstration project employees to be treated as General Schedule; (3) provide that pay band retention provisions do not apply to movements to a lower pay band as a result of receiving no or only part of a general pay increase because of poor performance; (4) 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, and to reductions in pay due solely to the removal of all or part of a supervisory pay adjustment upon leaving a supervisory position; (5) provide that an employee on pay retention whose performance rating is less than 2.0 is not entitled to 50 percent of the amount of the increase in the maximum rate of basic pay payable for the pay band of the employee's position; and (6) ensure that for employees of pay band VI of the Engineers and Scientists occupational family, pay band retention is not applicable and pay retention provisions are modified so that no rate established under these provisions may exceed the rate of basic pay for GS–15, step 10 (i.e., there is no entitlement to retained rate).

Section 5545, Night, standby, irregular, and hazardous duty differential (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 VI of the Engineers and Scientists occupational family).

Sections 5753, 5754, and 5755, Recruitment and relocation bonuses, retention allowances, and supervisory differentials (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 VI of the Engineers and Scientists occupational family to be treated as ST employees).

Section 7512(3), Adverse actions (to the extent necessary to (1) substitute "pay band" for "grade" and (2) provide that moving to a lower pay band as a result of not receiving the full amount of a general pay increase because of poor performance is not an adverse action).

Section 7512(4), Adverse actions (to the extent necessary to provide that adverse action provisions do not apply to: (1) Conversions from General Schedule special rates to demonstration project pay, as long as total pay is not reduced; and (2) reductions in pay due to removal of all or part of a supervisory adjustment).

#### *B. Waivers to Title 5, Code of Federal Regulations*

Part 300.601–605, Time-in-grade restrictions (to the extent that time-in-grade restrictions are eliminated).

Part 308.101–103, Volunteer service (to the extent that volunteer service is unrestricted).

Parts 315.801(a) and 315.802(a), Length of probationary period (to the extent that the probationary period for engineers and scientists is increased to 2 years).

Part 316.301, Term appointment (to the extent that modified term appointments may cover a maximum period of 6 years).

Part 316.303, Tenure of term employees (to the extent that term employees may compete for permanent status through local merit promotion plans).

Part 316.305, Eligibility for within grade increases.

Part 335.103, Covering the length of details and temporary promotions.

Part 351.402(b), Competitive area (to the extent that occupational family is the competitive area).

Part 351.403, Competitive level (to the extent that pay band is substituted for grade).

Part 351.504, Retention standing, credit for performance (to the extent that

service credit will not be modified based on performance rating).

Part 351.701, Assignment involving displacement (to the extent that a performance score of 1 is substituted for level 2 and bumping and retreating will be limited to no more than 2 pay bands except for 30 percent compensable veterans who can retreat to the equivalent of 5 GS grades).

Part 410.308, Training to obtain an academic degree.

Part 410.309, Agreements to continue in service. (To the extent necessary that individuals pursuing academic degrees do not sign service agreements.)

Part 430.204, Definition of rating of record (to the extent necessary to allow ratings of record that do not cover performance over the entire appraisal period).

Part 430.208(d), Summary levels (to the extent necessary to allow use of summary performance scores that are not further categorized into five or fewer summary levels).

Part 432.104–105, Performance based reduction in grade and removal actions (to the extent that "pay band" is substituted for "grade" and reduction in band level as a result of non-receipt of General Schedule increases because of poor performance is not an adverse action).

Part 511.101, 201–203, General provisions and coverage of the General Schedule (to the extent that positions are covered by broadbanding).

Part 511.601–612, Classification appeals (to the extent that positions are covered by broadbanding).

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 (to the extent necessary to allow: (1) Demonstration project employees 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 VI of the Engineer and Scientist occupational family to be treated as ST employees).

Part 536, Grade and pay retention (to the extent necessary to: (1) Replace "grade" with "pay band"; (2) provide that pay band retention provisions do not apply to movements to a lower pay band as a result of receiving no or only part of a general pay increase because of poor performance; (3) 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, and to reductions in pay due solely to the removal of all or part of a supervisory pay adjustment upon leaving a supervisory position; (4) provide that an employee on pay retention whose performance rating is less than 2.0 is not entitled to 50 percent of the amount of the increase in the maximum rate of basic pay payable for the pay band of the employee's position and (5) ensure that for employees in pay band VI of the Engineers and Scientists occupational family, pay band retention is not applicable and pay retention provisions are modified so that no rate established under these provisions may exceed the rate of basic pay for GS-15, step 10 (i.e., there is no entitlement to retained rate).

Part 550.703, Severance pay (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 550.902, Hazardous duty differential, definition of "employee" (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 VI of the Engineers and Scientists occupational family).

Part 575, subparts A, B, C, and D, Recruitment bonuses, relocation bonuses, retention allowances and supervisory differentials (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 VI of the Engineers and Scientists occupational family to be treated as ST employees for the purposes of these provisions).

Part 752.401 (a)(3), Adverse actions (this provision is waived only to the extent necessary to (1) substitute "pay band" for "grade" and (2) provide that moving a lower pay band as a result of not receiving the full amount of a general pay increase because of poor performance is not an adverse action.

Part 752.401 (a)(4), Adverse actions (to the extent necessary to provide that adverse action provisions do not apply to: (1) Conversions from General Schedule special rates to demonstration project pay, as long as total pay is not reduced; and (2) reductions in pay due to the removal of all or part of a supervisory adjustment).

APPENDIX A—INTERVENTION IMPACT MODEL: PROJECT EVALUATION

Intervention	Expected effects	Measures	Data sources
1. Broadbanding:			
a. Pay Bands .....	—Less difficulty and less time spent on classification.  —Increased understanding with the classification results under the new system.	—Perceptions of difficulty and time spent on classification activities by managers and personnelists. —Perceptions of satisfaction with classification process.	—Focus groups. —Attitude survey. —Personnel activity reports.  —Focus groups. —Attitude survey.
b. Occupational Families .....	—Increased satisfaction with advancement potential.  —Increase in management authority.	—Perceptions of satisfaction with career path process and progression. —Perception of authority .....	—Focus groups. —Attitude survey.  —Attitude survey.
c. Conversion of Employees to the Demonstration Project.	—Employee acceptance .....	—Perception of equity and fairness.	—Attitude survey.
2. Classification:			
a. Classification Standards ....	—Less difficulty and less time spent on classification; less difficulty classifying jobs.  —Increased satisfaction with the classification results under the new system.	—Perceptions of difficulty and time spent on classification activities by managers and personnelists. —Perceptions of satisfaction with classification process.	—Focus groups. —Attitude survey. —Personnel activity reports.  —Focus groups. —Attitude survey.
b. Position Descriptions and Classification Process.	—Less difficulty and less time spent on classification by managers.  —Fewer position descriptions .....	—Perceptions of difficulty and time spent on classification activities by managers and personnelists. —Reduced time to develop position descriptions.	—Focus groups. —Attitude survey. —Personnel activity reports.  —Attitude survey. —Personnel activity reports.
	—Increased satisfaction with the classification results under the new system. —Development of generic classification standards.	—Perceptions of satisfaction with classification process. —Implementation of generic standards.	—Focus groups. —Attitude survey.  —Personnel activity reports.
3. Pay for Performance:			
a. Supervisory Pay Adjustments and Differentials.	—Reward top performers who take supervisory and managerial assignments.	—Attitudes of supervisors and managers with pay.	—WES workforce data. —Attitude survey.
b. Promotion Link .....	—Promotions based on individual's performance.	—Probability of promotion for high performers.	—WES workforce data. —Attitude survey.
c. Link Between Performance and Pay.	—Stronger link between performance and pay.  —Improve retention of high performers.	—Pay for performance correlations. —Perception of pay for performance link. —Employee perception of equality	—WES workforce data. —Attitude survey.  —Attitude survey.

APPENDIX A—INTERVENTION IMPACT MODEL: PROJECT EVALUATION—Continued

Intervention	Expected effects	Measures	Data sources
d. Awards .....	—Increase turnover among low performers. —Increase in supervisory decision making authority accountability. —Increase pay satisfaction ..... —Reward/motivate performance .. —To support fair and appropriate distribution of awards.	—Turnover rates by performance over time. —Supervisors perception of pay for performance link. —Employees perception of pay for performance link. —Perceived motivational power ... —Amount and number of awards by occupational family, demographics. —Perceived fairness of awards .... —Satisfaction with monetary awards.	—WES workforce data. —Attitude survey. —Attitude survey. —Attitude survey. —WES workforce data. —Attitude survey. —Attitude survey.
4. Hiring and Placement: a. Hiring Authority ..... b. Modified Term Appointments. c. Extended Probationary Period.	—Reduction in time to hire ..... —Improve rate of job offers/acceptance. —Improve image as interested caring employer. —Decrease in hiring authorities ... —Provide managers time to accurately identify successful employees. —Increase in length of probation for engineers and scientists. —Increase in voluntary (in lieu of adverse action) and involuntary turnover of low performers during probation.	—Time lag from announcement to date. —Offer acceptance rate ..... —Offer acceptance rate ..... —Better qualified candidates within the temporary workforce. —Managers perception of new hires success. —New hires performance ratings —Pre and post comparison of length of probation. —Comparison of voluntary/involuntary turnover rates for low performers during probation period.	—WES workforce data hiring log. —WES workforce data hiring log. —Managers' and supervisors' documented experience. —WES workforce data. —Attitude survey. —WES workforce data. —WES workforce data. —WES workforce data.
5. Employee Development: a. Sabbaticals ..... b. Degree Training .....	—Increase development of employees. —Use of sabbaticals for career development. —Increase development of employees.	—Perception of fairness in career development. —Perception of fairness in career development.	—Attitude survey. —Documented experience of managers and supervisors. —Attitude survey.
6. Reduction-In-Force: Modified RIF .....	—Retention of high performers .... —Reduce disruption to the workforce by limiting RIF to occupational family.	—Evaluation rating vs RIF turnover. —Attitudes on a RIF action .....	—WES workforce data. —Historical WES data. —Historical RIF data from other Army Laboratories. —Attitude survey.
7. Combination of all Interventions: All .....	—Improved organizational effectiveness. —Improved management of R&D workforce. —Improved planning ..... —Improved cross functional coordination. —Increased product success .....	—Combination of personnel measures. —Employee/management satisfaction. —Planning procedures ..... —Perceived effectiveness of planning procedures. —Actual perceived coordination ... —Customer satisfaction .....	—All data sources. —Attitude survey. —Strategic planning documents. —Organizational charts. —Attitude survey. —Customer satisfaction surveys.

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