



U.S. DEPARTMENT OF COMMERCE DEMONSTRATION PROJECT

EMPLOYEE GUIDE

Last Updated: August 2006

Office of Human Resources Management
Department of Commerce
Washington DC

INTRODUCTION

This guide is designed to provide information about the Department of Commerce (DOC) Personnel Management Demonstration Project to managers, employees, and other interested individuals. Additional information can be obtained on the Department of Commerce Office of Human Resources Management Web Page: <http://ohrm.os.doc.gov/Demo/index.htm>

The DOC Demonstration Project was initially authorized by the Office of Personnel Management (OPM) for a five-year period. A Federal Register notice of the demonstration project plan as approved by OPM was published on December 24, 1987. The project was implemented on March 29, 1998, with an expiration date of March 28, 2003. In March of 2003, OPM approved DOC's request to extend the project until March, 2008 for research purposes, and expand it into new organizations within the National Oceanic and Atmospheric Administration and the Chief Financial Officer and Assistant Secretary for Administration.

The DOC Demonstration Project tests an alternative personnel management system within selected organizations at Commerce. The purpose is to implement a personnel management system that enhances mission accomplishment and organizational excellence by: 1) recruiting, developing, rewarding and retaining high-performing employees; 2) increasing manager's authority, responsibility and accountability over personnel decisions; and 3) improving the effectiveness and efficiency of human resources management systems.

The major innovations of the project are: 1) a simplified position classification system utilizing career paths and pay bands; 2) a pay for performance appraisal system; 3) increased pay flexibility in hiring and promoting employees; and 4) flexible hiring programs.

PROJECT INNOVATIONS

The project features major innovations in the areas of position classification, performance management, pay administration and staffing as outlined below.

POSITION CLASSIFICATION

The DOC Demonstration Project includes a simplified and improved position classification process through pay banding, generic classification standards, an automated classification system and the delegation of position classification authority to managers. Positions are classified according to career paths and pay bands within the career paths. Career paths are categories of occupations grouped by similarities in duties, qualification requirements, pay ranges and career progression. The four separate career paths are Scientific and Engineering (ZP), Scientific and Engineering Technician (ZT), Administrative (ZA), and Support (ZS). A single pay band within a career path normally covers a pay range of two or more grades within the General Schedule (GS).

Positions are classified by title, career path, occupational series, and pay band (e.g. Secretary, ZS-318-1). Bands replace grades and steps. Series are retained. The pay range for each pay band is equivalent to the pay range of GS grades within the pay band, including locality pay rates and any special pay rates. Supervisors have an additional range of pay which is six percent above the non-supervisory pay ceiling of a pay band (referred to as supervisory pay) that they can earn through performance pay increases.

PAY BAND FRAMEWORK

CAREER PATHS	PAY BANDS									
Scientific and Engineering (Pay Plan: ZP)	I		II			III	IV		V	
Scientific and Engineering Technician (Pay Plan: ZT)	I		II		III	IV	V			
Administrative (Pay Plan: ZA)	I			II		III	IV		V	
Support (Pay Plan: ZS)	I	II	III	IV	V					
Corresponding GS Grade	1 2	3 4	5 6	7 8	9 10	11 12	13	14	15	

PERFORMANCE MANAGEMENT SYSTEM

The performance cycle under the project's Performance Management System begins on October 1st and ends on September 30th. Employees covered under the project are eligible to receive annual pay increases and bonuses. Pay increases and bonuses are effective at the beginning of the first full pay period in November.

The Pay for Performance System combines a two-level rating system with a 100-point scoring system to determine annual pay increases and bonuses. Employees who receive scores of 40 or above are eligible to receive bonus and/or pay adjustments, based on their performance. They also receive locality pay and the annual general increases each January. Those with scores below 40 are ineligible to receive these pay and bonus increases.

The appraisal process has three stages: performance planning, progress review and appraisal. During the planning stage in October, the supervisor prepares a written performance plan with input from the employee. The progress review stage involves at least one formal meeting in March or April between the supervisor and employee to discuss progress in meeting the requirements contained within the performance plan. Supervisors are encouraged to provide feedback to their subordinates throughout the year. Employees are also encouraged to ask their supervisors for feedback and/or to clarify expectations.

The final stage involves the formal appraisal of the employee. Employees must provide a written list of accomplishments to the supervisor for discussion at the Performance Review Meeting. This meeting normally takes place in September. The supervisor makes a recommendation of rating, score, pay increase and bonus to a pay pool manager who makes final appraisal decisions. Once appraisal decisions are made, an Evaluation Feedback Meeting is held between the supervisor and the employee to review and discuss the final appraisal decisions and to provide the employee the formal appraisal. This normally occurs in October or November.

PAY FLEXIBILITY

Pay for Performance is designed to attract high performers and reward employees for a job well done. Managers have the flexibility to set pay within the pay band upon hiring, promoting, or internally selecting employees competitively. Promotions within the demonstration project are given as a result of movement to a higher pay band within a career path or as a result of competitive movement to a pay band in another career path in combination with a pay increase. The minimum pay increase for promotion is six percent or the amount required to reach the minimum of the new pay band. There is no maximum percentage except that the new salary may not exceed the pay ceiling of the new pay band. Promotions are subject to the approval of management and are never automatic.

STAFFING

Many of the staffing innovations first tested under the DOC Demonstration Project and the National Institute of Standards and Technology Alternative Personnel System are now a key part of the General Schedule. Agency-Based programs authorize Human Resources Offices to create their own candidate registers, instead of using OPM's registers. The Direct Hire Program authorizes managers to select candidates for hard-to-fill positions utilizing general, rather than individual specific vacancy announcements.

New employees hired into research and development positions within the Scientific and Engineering Career Path (ZP) are subject to a three-year probationary period instead of the customary one-year probationary period. This provides managers and employees with a more flexible period for appraising long-term research and development projects.

The Reduction-in-Force system was modified to accommodate a pay banding system. Employees compete within their career paths. The competitive area is comprised of positions within the employee's organization for which they qualify within the local commuting area. Employees who receive a score which is in the top 30 percent of scores within their pay pool receive 10 additional years of service credit. An employee may accumulate this credit up to a maximum of 30 years based upon their last three performance appraisals.

A modification to the RIF system was approved by OPM at the request of DOC. This change provides five years of augmented service credit to those with an Eligible score (40 or above), new employees hired from other Federal agencies and those converting into the demonstration project as a result of expansion, for a maximum of 15 years based on the last three appraisals.

FOR MORE INFORMATION

Further information on the Demonstration Project may be obtained from the Department of Commerce Office of Human Resources Management Web Page <http://ohrm.os.doc.gov/Demo/index.htm>. If you have any questions regarding any aspect of this project, please contact your Demonstration Project Contact within your servicing Human Resources Management Office.

