U. S. DEPARTMENT OF COMMERCE

Personnel
Demonstration Project
BACKGROUND

• Clone of the NIST Demonstration Project. DOC Demonstration Project tests NIST innovations in different environments
• Five year project began March 27, 1998
• 2800 employees currently participating (Demo pilots are limited to 5K employees)
• Booz-Allen Hamilton provides required annual evaluations of Demo project
Demonstration Project Expansion

- As of October 5, 2003, Demonstration Project expanded to include CFO/ASA employees in Office of Administrative Services, Office of Security, Office of Human Resources Management, Office of Management and Organization, Office of Administrative Services, Office of Administrative Management and additional employees of currently participating Operating Units of NOAA
KEY DEMONSTRATION PROJECT GOALS

- Greater hiring flexibilities
- Greater pay setting flexibilities
- Pay for performance
- Simplified position classification
KEY DEMONSTRATION PROJECT FLEXIBILITIES

- Career Paths (pay banding replaces GS system)
- Performance-based pay increases
- Supervisory performance pay
- More flexible pay increases upon hiring and promotion
- Performance bonuses
- Total position classification authority to managers
- Delegated pay setting authority to managers
- Local authority for recruitment and retention allowances
Greater Pay Setting Flexibilities

<table>
<thead>
<tr>
<th>CAREER PATHS</th>
<th>BANDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scientific and Engineering (ZP)</td>
<td>I</td>
</tr>
<tr>
<td>Scientific and Engineering Technician (ZT)</td>
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</tr>
<tr>
<td>Administrative (ZA)</td>
<td>I</td>
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<tr>
<td>Support (ZS)</td>
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</tr>
<tr>
<td>GS Grades</td>
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</table>

Source: Booz/Allen
# CAREER PATHS & BROAD PAY BANDS

<table>
<thead>
<tr>
<th>Administrative (ZA)</th>
<th>GS</th>
<th>1-6</th>
<th>7-10</th>
<th>11-12</th>
<th>13-14</th>
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<tr>
<td>ZA</td>
<td>I</td>
<td>II</td>
<td>III</td>
<td>IV</td>
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<table>
<thead>
<tr>
<th>General Support (ZS)</th>
<th>GS</th>
<th>1-2</th>
<th>3-4</th>
<th>5-6</th>
<th>7-8</th>
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<td>ZS</td>
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<td>II</td>
<td>III</td>
<td>IV</td>
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</table>
PAY PROGRESSION

• Five intervals in each pay band – divided into three intervals (1 to 3) for non supervisory positions and an additional two intervals (4 to 5) for supervisory positions only

• Pay progression is faster at lower bands and at lower intervals within a pay band
BASE PAY

- Includes locality pay and
- Special Pay rates for certain occupations
  - For example, Information Technology Specialist positions
SUPERVISORY PERFORMANCE PAY

- Placement in Supervisory Pay Band
  - Supervisory Pay Band Ceilings exceed Regular Pay Band Ceilings
  - No Immediate Pay Increase. Advancement in Pay Band Based on Annual Performance Rating
  - Applies Only While in Supervisory Position
PROJECT CONVERSION IMPLEMENTATION

• Conversion “Pay Out” Period
• Lump Sum Cash Payment for:
  – Prorated Step Increase at the Time of Conversion
  – Based on Length of Time in Waiting Period for WIG
  – Your are ineligible if you are:
    • At Top Step of Grade
    • On Saved Pay
    • On a Temporary Appointment
PAY FOR PERFORMANCE
Performance Pay Increases & Bonuses

**Current**
- General Increases
  (Annual Comparability Increase)
- WGI/Step Increase
- QSI
- Inband Promotion
- Special Act or Service Award

Continue

Incentive Pay
- Salary Increases

Bonuses
PAY POOL

• Organizational level where employees are combined into one or more peer groups for performance decisions, e.g. all ZA career path employees in OSY are in the same pay pool

• Minimum of five employees within the same career path
PAY POOL MANAGERS

• Manages the Pay Pools

• Renders Final Decisions on Ratings, Scores, Performance Pay Increases and Bonuses
RATING OFFICIAL

- Develops Performance Plan with employee
- Conducts progress review(s) with employee
- Modified plan with employee
- Conducts performance review meetings to discuss accomplishments
- Recommends rating, score, payout, and bonus to Pay Pool Manager, through any intervening higher level supervisor(s)
- Conducts Evaluation Feedback Meeting with employee
## INTERLEAVING SCORES

### PAY POOL MANAGERS

<table>
<thead>
<tr>
<th>NAME</th>
<th>SCORE</th>
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<tbody>
<tr>
<td>LYNN</td>
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<td>COLETTE</td>
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<td>ELLEN</td>
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<td>CATHY</td>
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<td>HENRY</td>
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<td>BRUCE</td>
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<td>SUSAN</td>
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<tr>
<td>JOHN</td>
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### RATING OFFICIAL #1

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<tbody>
<tr>
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<td>SUSAN</td>
<td>67</td>
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<tr>
<td>JOHN</td>
<td>50</td>
</tr>
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</table>

### RATING OFFICIAL #2

<table>
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<tr>
<th>NAME</th>
<th>SCORE</th>
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</thead>
<tbody>
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<td>LYNN</td>
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<tr>
<td>HENRY</td>
<td>85</td>
</tr>
<tr>
<td>MICHAEL</td>
<td>70</td>
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<tr>
<td>SUSAN</td>
<td>67</td>
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<tr>
<td>JOHN</td>
<td>50</td>
</tr>
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</table>
Payout Rules

• Highest scored employee receives highest relative percentage payout
• Lower scored employees cannot receive a greater relative percentage payout
• Tied scores might not receive same relative percentage payout
PERCENT OF MAXIMUM PERCENT CONCEPT

• Lynn is a ZA-111, interval 2, with a salary of $65,000. She receives a score of 95 and a proposed 3% increase.
• Colette is in the same pool and is a ZA-IV, interval 3, with a salary of $99,000 and receives a rating of 92 with a proposed 3% increase.
• Can this be accommodated?
PERCENT OF PERCENT CONCEPT

• Percent of maximum percent is calculated by dividing the proposed percent increase by the maximum percent in the range.
• The 2003 *Performance Pay Increases Ranges* chart shows the range of increase for a ZA-III/2 is 0-12%.
• A 3% increase for Lynn would therefore be 25% of the maximum increase allowed (12%).
PERCENT OF PERCENT CONCEPT

• The range for a ZA-IV/3 is 0-6%
• A 3% increase for Colette would therefore be 50% of the maximum increase allowed (6%).
• Because a lower ranking employee cannot receive a higher percent of maximum percent increase, Colette cannot receive the proposed 3%.
• If Lynn receives 3%, the maximum increase Colette can receive is 1.5%.
• (25% of 6=1.5%)
RIF SYSTEM

• Competitive Area: within CFO/ASA area, each career path will be a separate competitive area
• Competitive Level: includes all positions in a competitive area, by pay band and classification series
• Similar enough for employees in one position to be reassigned to any of the other positions without undue interruption
RIF SYSTEM

• Employees with Overall Performance Score in Top 30% of Scores within the same Pay Pool are credited with 10 additional years of service, up to maximum of 30 years.

• An employee rated eligible with an overall performance score not in the top 30% within a pay pool will be credited with 5 years of service for retention credit up to a maximum of 15 years.
RIF System

- Employees who convert to the demo system from other appraisal systems will receive an additional 5 years of retention credit as well, up to a maximum of 15 years.
- Total credit is based on the employee’s three most recent annual performance scores received during the previous 4-year period.
RIF System

• Career status and veteran preference will continue to have the same effect on retention standing as they now have under current regulations.