

DEPARTMENT OF DEFENSE

Office of the Secretary

**Science and Technology (S&T)
Reinvention Laboratory Personnel
Management Demonstration Program**

AGENCY: Office of the Deputy Under Secretary of Defense (Civilian Personnel Policy), DoD.

ACTION: Notice of amendment of demonstration project plans.

SUMMARY: Section 342 of the National Defense Authorization Act for Fiscal Year 1995, as amended by Section 1114 of the National Defense Authorization Act for Fiscal Year 2001, authorizes the Secretary of Defense to conduct personnel demonstration projects at Department of Defense (DoD) laboratories designated as Science and Technology (S&T) Reinvention Laboratories. The above-cited statute authorizes the Department of Defense 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.

DATES: This amendment to the listed demonstration project plans may be implemented as early as the date of publication of the final notice of this change in the **Federal Register**. Implementation strategies will be developed over time as appropriate. Upon implementation, and upon completion of appropriate bargaining obligations for applicable bargaining units, the changes in this amendment shall supersede all previously published **Federal Register** notices that established or modified demonstration projects at one or more DoD S&T reinvention laboratories. The Department of Defense will consider written comments if received no later than May 2, 2003.

ADDRESSES: Send written comments to Patricia M. Stewart, CPMS-AF, Suite B-200, 1400 Key Boulevard, Arlington, VA 22209-5144.

FOR FURTHER INFORMATION CONTACT: Patricia M. Stewart, CPMS-AF, Suite B-200, 1400 Key Boulevard, Arlington, VA 22209-5144.

SUPPLEMENTARY INFORMATION:

1. Background

In March 2002, the Under Secretary of Defense (Personnel and Readiness) (USD(P&R)) directed the establishment of the Department of Defense (DoD) Human Resources Best Practices Task Force. The Task Force, consisting of representatives from both the human resources and functional communities, was chartered to review all demonstration projects in the Federal government, plus alternative personnel systems such as the one in operation within the National Institute of Standards and Technology (NIST).

The purpose of this review was to compile best practices that show promise in terms of DoD's civilian human resources strategy. The Task Force identified best practices by reviewing initiatives that have been subject to testing and evaluation in demonstrations and alternative personnel systems (APSS). The demonstrations and APSS the Task Force reviewed are listed in Figure 1.

FIGURE 1.—DEMONSTRATION PROJECTS AND APSS REVIEWED

Demonstration or APS	Type of demonstration or APS	Department or agency	Name of project or APS
Demonstration	Workforce	Defense	Civilian Acquisition Workforce (AcqDemo).
Demonstration	Science and technology reinvention lab (STRL).	Army	Army Research Laboratory (ARL).
Demonstration	STRL	Army	Aviation & Missile Research, Development, & Engineering Center (AMRDEC).
Demonstration	STRL	Army	Engineer Research & Development Center (ERDC).
Demonstration	STRL	Army	Medical Research & Materiel Command (MRMC).
Demonstration	STRL	Navy	Naval Research Laboratory (NRL).
Demonstration	STRL	Navy	Naval Warfare Centers (NWC).
Demonstration	STRL	Air Force	Air Force Research Laboratory (AFRL).
Demonstration	Civilian agency	Commerce	Department of Commerce (DoC).*
APS	Workforce	Defense	National Imagery & Mapping Agency (NIMA).
APS	Civilian agency	Commerce	National Institute of Standards & Technology (NIST).

* This demonstration covers units within the following four organizations: Economics and Statistics Administration, National Oceanic and Atmospheric Administration, National Telecommunications and Information Administration, and Technology Administration.

Some current APSs are not shown in Figure 1. For instance, the APS at the General Accounting Office (GAO) was not fully implemented by mid-April 2002, and the APSs for the Federal Aviation Administration (FAA), Internal Revenue Service (IRS), and Bureau of Alcohol, Tobacco, and Firearms (ATF) were either recently implemented or limited in application. Finally, in addition to demonstrations and APSs, the Task Force considered the outcome of the 1997 Personnel System Initiative (PSI), a DoD-initiated collaborative effort that involved the Department of Defense, the Office of Personnel

Management (OPM), and union representatives.

In May 2002, USD(P&R) and the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)) communities received the Task Force's in-process review briefing, followed in July 2002 by the Task Force's final briefing. From August through December 2002, a steering group of senior leaders reviewed, revised, and approved Task Force products with the intention of broadly applying these results as best practices.

2. Overview

Personnel demonstration project best practices encompass the following

- areas: (1) Pay banding; (2) classification; (3) hiring and appointment authorities; (4) pay administration; (5) pay-for-performance evaluation system; (6) expanded sabbatical authority; (7) volunteer emeritus program; and (8) revised reduction-in-force (RIF) procedures.

Dated: March 26, 2003.

Patricia L. Toppings,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

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I. Participating Organizations and Collective Bargaining Requirements

A. Participating Organizations

This amendment applies to all current and future organizational entities designated as DoD science and

technology reinvention laboratories by the Secretary of Defense or by any future applications required by law. Currently, there are eight science and technology reinvention laboratory demonstration projects, as follows:

Department of the Army—Army Research Laboratory; Aviation and Missile Research, Development, and Engineering Center; Communications-Electronics Command Research, Development, and Engineering Community; Engineer Research and Development Center; Medical Research and Materiel Command; Department of the Navy—Naval Research Laboratory; Naval Sea Systems Warfare Centers; and Department of the Air Force—Air Force Research Laboratory.

B. Labor-Management Responsibilities

Participating organizations must fulfill any collective bargaining obligations to unions that represent employees covered by the personnel demonstration project best practices (hereafter referred to as “best practices” or “BP”). Employees within a unit for which a labor organization is accorded exclusive recognition under chapter 71 of title 5, United States Code, shall not be covered by this amendment unless the exclusive representative and the participating organization have entered into a written agreement covering participation in and implementation of the personnel demonstration project best practices.

II. Mass Conversion to Personnel Demonstration Project Best Practices (BP)

Procedures under II, Mass Conversion to BP, apply only to DoD employees upon initial conversion of their organization, or a portion thereof, into BP.

A. Conversion of General Schedule (GS) Employees

These procedures apply only to GS employees upon initial mass organization-wide conversion into BP.

1. Determination of Career Group (CG)

General Schedule employees will be converted into the CG that corresponds with the occupational series (and in some cases, GS grade) of their GS position, in accordance with III.A. and III.B.

2. Determination of Pay Band Level

General Schedule employees will be converted into the pay band level, within the appropriate CG, that

corresponds with their existing GS grade.

3. Pay Setting

Initial entry into BP will ensure each employee is placed in the appropriate CG and pay band level without loss of pay.

a. Concurrent Geographic Move. For any employee who incurs a concurrent geographic move on the date of mass conversion, pay entitlements shall be based on the new geographic area.

b. Concurrent Pay Actions. Any pay actions (e.g., within-grade increase (WGI)) effective on the date of conversion will be processed before the conversion.

c. Within-Grade Increase (WGI) Buy-In. Employees whose existing rate of basic pay is less than step 10 of the applicable GS grade before conversion will receive a prorated "buy-in" of a WGI, unless documented performance is not at an acceptable level of competence. Employees in a pay retention status at the time of conversion will not receive a within-grade buy-in adjustment.

The WGI buy-in will be funded from the BP initial year's pay pool (which consists of the general pay increase). This "buy-in" is applicable to employees only at the initial entry of the employee's organization into BP.

On the effective date of conversion, the employee's rate of basic pay will be adjusted by an amount equal to the prorated value of a WGI. The amount to be added to the employee's rate of basic pay is computed by determining the value of the elapsed creditable days in the employee's current waiting period toward the next WGI and adding that amount to the employee's existing rate of basic pay. Using the following formula, the WGI buy-in is calculated:
(Elapsed days in waiting period / Number of days in waiting period) × Value of WGI = Prorated value
Prorated value + Existing basic pay = New basic pay upon mass conversion into BP

d. Special Salary Rates (SSRs). When the maximum special salary rate (SSR) of the GS grade (that matches the highest GS grade incorporated into a pay band level) exceeds the maximum rate, adjusted for locality, of the pay band level, the maximum rate of the pay band level is extended to equal the maximum SSR for the occupational series and geographic area covered. Employees in such positions will receive a special salary rate supplement in lieu of a locality factor for the geographic area. SSR procedures described at VI.A.2. will be followed.

Existing SSRs will no longer apply to a BP employee when the maximum SSR of the GS grade that matches the highest GS grade incorporated into a pay band level is equal to or less than the maximum rate, adjusted for locality, for the pay band level. The pay of employees in such positions will be recomputed upon conversion to include the full locality factor for the geographic area.

Adverse action and pay retention provisions will not apply to the conversion process, as there will be no change to employee total pay.

4. Fair Labor Standards Act (FLSA) Exemption

Employees will be converted using their existing FLSA exemption status.

5. Employees on Grade Retention

Grade retention will terminate upon mass conversion into BP. Before conversion into the BP, the employee's pay will be adjusted by an amount equal to the prorated value of a WGI for the retained grade, using procedures under II.A.3.c. The employee will be placed in the CG and pay band level that correspond to the new GS grade. If the employee's adjusted pay exceeds the rate range for the assigned pay band level, the employee will be placed on pay retention not to exceed 2 years, effective on the date of conversion into BP.

6. Employees on Pay Retention

Employees on pay retention at the time of mass conversion are converted into BP to the CG and pay band level that correspond to their GS occupational series and grade. If the existing rate of pay exceeds the maximum rate of the assigned pay band level, the employee is placed in a pay retention status, not to exceed 2 years from the date of conversion into BP, under provisions found in VI.A.3.

7. Employees on Temporary Promotion

An employee in a temporary promotion status will be returned to the permanent position of record before conversion. When the temporary promotion is cancelled, the employee's pay will be computed based on the employee's permanent position of record, with adjustments for any pay actions otherwise due during the temporary promotion. The employee is converted to BP with a rate of pay that includes any such adjustments.

B. Conversion of Employees in Organizations With Pay Banding or Broadbanding

These procedures apply only to initial mass conversion into BP of organizations where pay banding or broadbanding currently exists.

1. Determination of Career Group (CG)

Employees will be converted into the career group that corresponds with the occupational series of their position, in accordance with III.A. and III.B.

2. Determination of Pay Band Level

a. Direct Conversion. Where an organization's existing GS-equivalent banded level matches exactly a BP pay band level in the appropriate CG, such employees are converted directly from the existing demonstration project or alternative personnel system (APS) into BP, without change in pay.

b. Conversion Using Applicable Conversion-Out Procedures. Where GS grades included in a BP career group and pay band level do not correspond directly to GS grades included in a banded level in an existing demonstration project, employees in such demonstration project positions will be converted to the GS using the applicable conversion out procedures, for purposes of determining GS grade only. Such employees will then be converted into the BP CG and pay band level that correspond with the derived GS grade, without change in pay.

3. Pay Setting

Initial entry into BP will ensure each employee a place in the appropriate career group and pay band level without loss of pay.

a. Concurrent Geographic Move. For any employee who incurs a concurrent geographic move on the date of mass conversion, pay entitlements shall be based on the new geographic area. *b. Concurrent Pay Actions.* Any pay actions effective on the date of conversion will be processed before the conversion. Pay will be set under II.B.2.a. and under II.B.2.b. at the same rate of pay as the employee received under the demonstration project or APS from which the employee was converted. Demonstration project or APS procedures to place an employee "on-step" in a GS grade will not be used.

4. Fair Labor Standards Act (FLSA) Exemption

Employees will be converted using their existing FLSA exemption status.

5. Titling of Positions

Positions with titles other than those authorized by OPM classification standards will be re-titled to the appropriate, authorized title upon conversion into BP.

6. Employees on Pay Retention

Employees on pay retention at the time of mass conversion are converted into BP to the CG and pay band level that correspond to the occupational series and demonstration project pay band level, using procedures in II.B.2.a. or II.B.2.b., as appropriate. If the existing retained rate of pay exceeds the maximum rate of the assigned pay band level under BP, the employee is placed in a pay retention status not to exceed 2 years from the date of conversion, under provisions found in VI.A.3.

7. Temporarily Promoted Employees

Employees in a temporary promotion status will be returned to the permanent position of record before conversion. When the temporary promotion is cancelled, the employee's pay will be computed based on the employee's permanent position of record, with adjustments for any pay actions otherwise due during the temporary promotion. The employee is converted to BP with a rate of pay that includes any such adjustments.

C. One-Time Mass Conversion Exception Rule

The mass conversion procedures defined in this section apply to current DoD employees who will be covered by BP. If application of the mass conversion procedures would otherwise result in loss of pay for any employee, the employee is entitled to retain the existing rate of pay, notwithstanding any other provision in this section.

III. Pay Banding

White-collar occupations in the Department of Defense were analyzed to determine appropriate associations into career groups (CGs). Career groups under BP are established according to similarity in type of work and common qualifications and advancement patterns. Each CG contains discrete pay band levels.

A. Career Groups

Occupations with similar characteristics are grouped together into five CGs under BP. The BP CGs are described in this section.

Career Group 1 (CG 1), Scientific and Engineering Research, includes positions in professional scientific, engineering, or medical occupations that meet the criteria of the OPM Research Grade Evaluation Guide or Part III of the OPM Equipment Development Grade Evaluation Guide (both available at <http://www.opm.gov/fedclass>) (or equivalent successor OPM standards or guides).

Career Group 2 (CG 2), Professional and Administrative Management, includes positions in professional occupations that are excluded from CG 1 and positions in administrative occupations, in addition to certain other positions that exceed established pay band levels in CGs 3 and 4. A comprehensive list of occupations included in CG 2 is at Appendix A.

Career Group 3 (CG 3), Engineering, Scientific, and Medical Support, includes positions in occupations that are associated with support of professional engineering, scientific, and medical occupations. A comprehensive list of occupations included in CG 3 is at Appendix B.

Career Group 4 (CG 4), Business and Administrative Support, includes positions in occupations that are

associated with support of business, financial, and administrative positions, in addition to certain other occupations, such as Firefighters, Security Guards, and Police. A comprehensive list of occupations included in CG 4 is at Appendix C.

Career Group 5 (CG 5), College Cooperative Education Program, includes positions in occupational series in any of the various "XX99" student trainee series (e.g., GS-899, Engineering and Architecture Student Trainee Series).

B. Nonsupervisory Pay Banding Architecture

Pay banding will replace the current GS system of 15 grades (used for classification and pay setting). In each career group, pay band levels are designated. These pay band levels are designed to facilitate pay progression and to allow for more competitive recruitment of quality candidates at differing rates. Career groups have either three or four pay band levels that incorporate some or all of the 15 GS grades, as appropriate. Comparison to the GS grades was used in setting the upper and lower dollar limits of each pay band level, except for the above GS-15 levels in CGs 1 and 2.

The pay range for pay band level 3 of CG 1 and for pay band level 4 of CG 2 is a minimum of 120 percent of the minimum rate of basic pay for GS-15; and a maximum of the rate of basic pay for Senior Executive Service (SES) level 4 (ES-4).

Once employees are converted into BP, GS grades will no longer apply.

1. Architecture Graphic

The five career groups and their associated pay band levels are as follows:

FIGURE 2.—ARCHITECTURE GRAPHIC

Career Group (CG)	Career Group Name	Level 1	Level 2	Level 3	Level 4
CG 1	Science and Engineering Research	GS 5-12*	GS 13-15	Above GS-15	Not applicable
CG 2	Professional and Administrative Management	GS 5-11*	GS 12-13	GS 14-15	Above GS-15
CG 3	Engineering, Scientific, and Medical Support	GS 1-4	GS 5-7	GS 8-11	(GS-12 & above to CG 2)
CG 4	Business and Administrative Support	GS 1-4	GS 5-7	GS 8-10	(GS-11 & above to CG 2)
CG 5	College Cooperative Education Program	GS 1-5	GS 6-8	GS 9-11	GS-12

* There is no level incorporating GS 1-4, as these grades do not represent continuing DoD work.

2. Nonsupervisory Descriptors

Nonsupervisory pay band level descriptors are used under BP instead of grading criteria in OPM classification

standards and guides. Nonsupervisory pay band level descriptors articulate characteristics of positions at the top of the pay band level. Nonsupervisory descriptors are established by the Office

of the Deputy Under Secretary of Defense (Civilian Personnel Policy) (ODUSD(CPP)).

C. Supervisory Architecture

1. Determination of Supervisory Status

a. Allocation to Pay Band Level and Supervisory Level. Determining whether a position is allocated to a supervisory pay schedule is predicated on supervisory level (*i.e.*, meeting the narrative criteria in the supervisory descriptors A, B, C, or D (*see* III.C.2.) and base level of work supervised).

The CG and pay band level of a supervisory position are predicated upon the CG and level of the nonsupervisory workforce in the supervisor's organization. The difficulty and worth of a supervisory position are directly related to the difficulty and worth of the work accomplished by the subordinate workforce. A supervisory position in an administrative occupation may supervise work of a professional nature.

The CG and pay band level of a full deputy are normally the same CG, supervisory level, and supervisory pay table as the supervisory position to which it reports. Pay for the full deputy position may be set at any point within the pay table range management deems appropriate. There is no requirement that the deputy's pay equal the pay of the supervisory position. Where a full deputy reports to a position outside this system (*e.g.*, military officer or member of the SES), the full deputy position will be compared directly to the supervisory descriptors and criteria for base level determination to decide the supervisory pay table.

b. Substantive Work. It is necessary to determine the functions that best represent the substantive work of the supervisor's organization, *i.e.*, the work that accomplishes the organization's primary mission. Substantive work can be performed by Federal civilian employees, as well as by contractor personnel and military personnel. In determining the substantive work of the organization, do not include positions that perform services that facilitate the substantive work of the unit, such as clerical support positions in an administrative unit, or budget or information technology positions in an engineering design unit.

c. Base Level of Work. Base level is defined as the highest CG and pay band level of nonsupervisory work that meets both of the following criteria: (1) It is performed by two or more subordinate positions; and (2) it constitutes at least 25 percent of the organization's substantive positions.

d. Determination of Base Level. i. If all subordinate positions are in a single CG,

base level is determined by application of III.C.1.c.(1). and III.C.1.c.(2).

ii. Where subordinate positions perform substantive work in two or more CGs, first determine which CG and pay band level represent the base level of the substantive work of the supervisor's organization. This would include the primary occupational knowledge requirement for the supervisory position. To determine the appropriate base level, first eliminate all support positions.

(a) If the remaining substantive positions are all in one CG, use III.C.1.c.(1). and III.C.1.c.(2). to determine which pay band level of the CG constitutes the base level of work.

(b) If the remaining substantive positions are in two or more CGs, apply III.C.1.c.(1). and III.C.1.c.(2). to all substantive positions in the supervisor's organization to determine which CG and pay band level constitute the base level of work.

Once the base level is determined, the position's supervisory functions are compared to supervisory descriptors (*see* III.C.2.) to determine the appropriate level, *i.e.*, A, B, C, or D. Career group and pay band level of the base level, in combination with supervisory level, determines the supervisory pay schedule that applies (*see* Appendix D). Supervisory descriptors are established by ODUSD(CPP).

e. Adjustment to Supervisory Pay Table. When application of base level criteria results in assignment to a supervisory pay table with a lower maximum rate of basic pay than one subordinate employee, the maximum rate of the supervisory pay table may be extended to match or exceed the maximum rate of pay of the highest CG and level supervised by up to ten percent. When a subordinate employee is on pay retention, and the appropriate supervisory pay table does not exceed that subordinate's retained rate of pay, management has the discretion to set the supervisor's pay (including supervisory adjustment) ten percent above the pay of the employee for the duration of the period that the subordinate employee remains on pay retention.

f. Allocation Based on Nonsupervisory Duties. Some supervisory positions perform nonsupervisory work in addition to their supervisory functions. When application of base level criteria to a supervisor A or B position results in a supervisory pay schedule with a maximum rate lower than the maximum rate of pay for the CG and pay band level of nonsupervisory work

performed, the supervisor's career group and level will be set by the nonsupervisory functions, while the position will be titled and coded as supervisory (or other authorized title designating supervision).

2. Supervisory Descriptors

Supervisory descriptors define limited supervision (supervisor A), first-level (supervisor B), second-level (supervisor C), and third-level managerial (supervisor D), respectively. To be assigned a supervisory level, a position must meet the narrative criteria in the descriptor and perform such supervisory functions a significant portion of the time. Supervisory descriptors are established by ODUSD(CPP).

IV. Classification System

Personnel Demonstration Project Best Practices uses OPM occupational series and titles for allocation of positions. Allocation of BP positions to the appropriate pay band level and supervisory pay table uses BP criteria instead of OPM grading criteria.

A. Occupational Series

OPM occupational series definitions, series codes, and authorized titles will be used under BP, as well as the OPM designations of white-collar occupational series as professional, administrative, technical, clerical, or other.

B. Classification Standards

The present system of OPM classification standards will be used for determination of occupational series and position titles in BP. References in the OPM position classification standards to grading criteria will not be used. Rather, the nonsupervisory and supervisory descriptors (in combination with base level determinations) will be used for the purpose of determining pay band level and pay table. The nonsupervisory descriptors are derived from the OPM Primary Standard of the Factor Evaluation System. Under this system, each pay band level and supervisory level is represented by a descriptor, against which individual positions are compared in order to establish the appropriate level. Consequently, the need for use of OPM grading criteria is eliminated.

C. Classification Authority

Under BP, classification authority flows from the Secretary of Defense to the Secretaries of the Military Departments, heads of the Defense agencies, and heads of DoD Field Activities with independent appointing

authority. This authority may be redelegated.

D. Position Descriptions

Position descriptions are used to document major duties in writing. A position description is a statement of duties that accurately describes the level of work of a position; has been certified (signed) by the supervisor; and is adequate for determination of occupational series, title, career group, pay band level, and supervisory schedule.

E. Fair Labor Standards Act (FLSA)

Fair Labor Standards Act (FLSA) exemption determinations will be made consistent with criteria in Title 5 of the Code of Federal Regulations (CFR), part 551. All employees are covered by the FLSA unless they meet criteria for exemption. Exemption status of individual positions will be evaluated by comparing duties and responsibilities assigned, the pay band level descriptors, and the 5 CFR part 551 FLSA criteria.

F. Pay Category Reconsideration

An employee may request reconsideration of the pay system, occupational series, title, or pay band level of his/her own position at any time. An employee must raise the areas of concern to the first-line supervisor, a supervisor at supervisor level B or above, or military equivalent. Employees who are not satisfied with the supervisor's response may then request a DoD decision-level reconsideration of the pay category determination. The DoD Civilian Personnel Management Service (CPMS), Field Advisory Services (FAS) Division, is the final level of pay category reconsideration under BP. Decisions by DoD CPMS FAS are final and binding on all administrative, certifying, payroll, disbursing, and accounting officials of the Department of Defense.

Employees may file a request for pay category reconsideration at any time. However, when the issue involves a loss in pay, employees must request reconsideration no later than 15 calendar days after the effective date of the subject personnel action in order to preserve any entitlement to retroactive correction. Employees must submit requests for pay category reconsideration through the supporting human resources office. Supporting human resources offices will forward case files to the Department of Defense for decision within 30 days of receipt of the employee's formal request for pay category reconsideration, unless DoD deciding officials grant a longer period

of time. The Department of Defense will make final pay category determination decisions within 60 calendar days from date of receipt of a complete file. Pay category reconsideration decisions will use OPM criteria to determine pay system, occupational series, and title. Career group and pay band level decisions under the pay category reconsideration process will be based on BP career group definitions, pay band level descriptors, and other BP criteria, as appropriate.

Under a request to DoD CPMS for BP pay category reconsideration, an employee may not request review of the accuracy of his/her position description, the BP allocation or pay-setting criteria, the propriety of a salary schedule, or matters grievable under an administrative or negotiated grievance procedure or an alternative dispute resolution procedure.

V. Hiring and Appointment Authorities

A. Definitions

The current terms of promotion, reassignment, and change to lower grade that are used to describe an employee's movement from one position to another will be replaced with the following to describe more appropriately movement within a pay banded environment.

1. Job Change—Higher Earning Potential

Movement to a position with higher earning potential (e.g., CG 2, level 1 to CG 1, level 1; CG 1, level 1 to CG 1, level 2).

2. Job Change—No Higher Earning Potential

Movement from one position to another with no higher earning potential (e.g., CG 3, level 2 to CG 4, level 2).

3. Job Change—Lower Earning Potential

Movement from one position to another with lower earning potential (e.g., CG 1, level 1 to CG 2, level 1).

A position is defined by career group, pay band level, title, and series. Job change does not include assignment or termination of supervisory or locality pay.

B. Internal Placement

The following rules will be used to determine when competitive procedures are required for job change and when they are not. Job change does not include assignment of supervisory or locality pay.

1. Competition Upon Job Change

Competition, or an exception to competitive procedures, is required for a job change—higher earning potential. Competition is not required for a job

change—no higher earning potential. Competition is not required for a job change—lower earning potential.

2. Expanded Forms of Competition

Competitive procedures and plans under 5 CFR 335 will be supplemented by the procedures listed below.

a. Assessment Boards. Boards of individuals with appropriate levels of knowledge may convene to assess candidates for current and future advancement and distinguish among them for job changes to positions and duties with higher earning potential. Ranking and selection criteria must distinguish among employees. Employees selected must meet qualification standards. An assessment board may be held in conjunction with the annual performance appraisal process or convened on an ad hoc basis. Candidates will be assessed based on order of merit, and can be assigned to positions with higher earning potential without further competitive procedures.

b. Alternative Certification Process (ACP). Two alternative certification processes are described:

i. Management may name request an individual using an ACP. Since management has the right to consider candidates from any appropriate source of agency employees, an employee may be selected, absent formal certification, provided the employee is within the highest quality group for referral for the position. Documentation to support the action includes the source of candidates, name request, and documentation showing the individual meets the required criteria.

ii. A second ACP allows positions to be filled competitively without issuing a formal vacancy announcement. This process may be used when the work unit from which the position will be filled is such that the selecting official has had the opportunity to observe and assess all potential applicants, thus enabling the selecting official to evaluate each candidate equitably. The selecting official must possess enough information about the knowledges, skills, abilities, and experience of each of the candidates being considered to ensure they are assessed fairly. The selecting official must also know that there will be a sufficient number of qualified candidates to consider without formally announcing the vacancy. This determination will be made in conjunction with the human resources office.

3. Exceptions to Competition

Job change (higher earning potential) will be processed under competitive procedures in accordance with merit

principles and requirements of merit promotion plans and procedures of the BP. The following actions are excepted from such competitive procedures:

a. Job change to a position that is in the same pay band/level and career group (or equivalent in another pay system) as the employee previously held on a permanent basis within the competitive service.

b. Job change to a position having higher earning 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. Job change without current competition when the employee was appointed through competitive procedures to a position with a documented career ladder.

d. Temporary job change for 1 year (and any approved extension as provided for in V.B.5.) to a position with higher earning potential.

e. Job change based on employee's position being officially established at a higher earning level because of additional duties and responsibilities.

f. Job change resulting from the correction of an initial classification or pay category or level error, or the issuance of new classification standards or supervisory and nonsupervisory descriptors.

g. Job change of a candidate not given proper consideration in a competitive action.

h. Individual conversion into system: Job change into a career group/level with higher earning potential within the employee's current series for movements into the system after the mass conversion, e.g., GS-201-12 employee with FAA entering CG-201-2, level 2 position. Absent this provision, there is no equivalent grade to which the employee could be assigned noncompetitively. (This is equal to movement provided employees upon mass conversion).

i. Job change from one career group to another when the series appears in two different career groups, e.g., CG 2, level 1 into CG 1, level 1.

j. Job change of an employee one level above the pay category of the position when the employee adds a significant value to the organization that goes beyond the classifiable duties of the position.

k. Job change as a result of a decision in a negotiated or agency grievance procedure, or by a court or administrative forum with authority to issue such decisions, as the result of the equal employment opportunity (EEO) complaint process, or written settlement

agreement that has the approval of the appropriate local authority.

4. Probation Upon Competitive Job Change

a. *Basic Requirements.* An employee is required to serve a 1-year probationary period upon each competitive job change to a position with higher earning potential. This probationary period will apply to all competitive job changes. For a job change to a position with higher earning potential which is identified as an exception to competitive procedures the selecting official, in coordination with the human resources office, may, at his/her discretion, require an employee to serve a probationary period of up to 1 year.

An employee who has an additional job change to a position with no higher earning potential following the competitive job change will be required to complete the 1 year probationary period, except for those serving on the discretionary probationary period. An employee serving on a discretionary probationary period as a result of a job change to a position with higher earning potential (made as an exception to competitive procedures) will be considered to have completed the probationary period.

This requirement does not apply upon assignment of supervisory duties within the same CG and pay band level.

The duration of the probationary period may be extended only under exceptional circumstances.

The employee is to be given notice of the probationary period requirement before entering the position.

b. *Failure to Complete the Probationary Period.* Satisfactory completion of the probationary period is a prerequisite for continued service in the position. An employee who, for reasons of performance, does not satisfactorily complete the probationary period is entitled to placement in a position no lower than the CG and pay band level (or equivalent from another pay system) the employee left before accepting the position.

c. *Relationship to Other Probationary Period Requirements.* In the event an employee is serving the initial probationary period for career appointment (see V.C.2.a.) concurrently with the probation upon competitive job change, the initial probationary period takes precedence.

For an employee who has a job change while serving a probationary period based on a previous job change, that probationary period is considered to have been met and the employee

starts the new probationary period on the effective date of the assignment.

No employee will be required to serve the probationary period for competitive job change upon initial mass conversion of their organization, or a portion thereof, into BP.

d. *Appeals.* An employee who is returned to a position from which competitively assigned is not entitled to appeal rights.

e. A job change returning an employee to his/her former CG/pay band level may include pay increase, pay decrease, or no change in pay.

5. Temporary Job Change

Temporary job changes may be made to cover time-limited needs. Temporary job changes (higher earning potential) are permitted for up to 1 year and may be extended for up to 1 additional year with the approval of the second level supervisor. Temporary job changes effected under this authority may not be made permanent. A temporary job change may include pay increase, pay decrease, or no change in pay. If the job change is voluntary and results in a decrease in pay, appeal rights do not apply.

C. External Hiring and Appointment Authorities

1. Delegated Examining Unit (DEU) Authority

Examining processes under the DEU authority may be used to fill positions, with the exception of the following: positions in the SES or the Executive Assignment System; Senior Level (SL) and Scientific or Professional (ST) positions; positions at CG 1, level 3 and CG 2, level 4; Administrative Law Judge positions; and positions subject to any examining process covered by court order.

a. *Referral of All Candidates.* At management's option, all qualified candidates may be referred to the selecting official by the human resources support organization.

When there are no veterans' preference eligible applicants and when requested by management, all qualified candidates are referred for consideration. Managers must document the basis for selection.

When there are applicants entitled to 5 or 10 point veterans' preference, other than those with a compensable service-connected disability of 10 percent or more, evaluation, including adding veterans' preference points, will be accomplished by the human resources office before referral to selecting officials. For scientific and professional positions equivalent to GS-9 or higher,

evaluation, including adding veterans' preference points, will be accomplished by the human resources office before referral to selecting officials. For all other positions, where there are disabled veterans who have a compensable service-connected disability of 10 percent or more, they shall be listed at the top of the list in order of their ratings, including preference points. The names of preference eligibles shall be entered ahead of others having the same rating. Where a preference eligible is listed above a nonpreference eligible on any referral list, the preference eligible cannot be passed over for selection without application of passover procedures as authorized by the Department of Defense.

b. Categorical Rating, Ranking, and Referral. When rating and ranking is accomplished, candidates who meet basic (minimum) qualifications shall be assigned to one of three previously defined quality group categories (best qualified, highly qualified, or qualified), depending upon the quality and relevance of their qualifications to the job. Candidates may be further ranked within each quality group. Veterans' preference points will be added to the candidate's overall score. Addition of veterans' preference points does not impact the quality group assignment. For other than scientific and professional positions equivalent to GS-9 or higher, qualified preference-eligibles who have a compensable service-connected disability of 10 percent or more shall be listed at the top of their quality group. For all positions, candidates will be referred by quality group.

Selecting officials should be provided with a reasonable number of qualified candidates from which to choose. All candidates in the highest quality group will be referred for consideration. If management determines there are insufficient numbers of candidates in the highest group, candidates in the next lower group(s) may also be referred. When more than one group is referred, candidates shall be identified in group order from the best-qualified to the qualified group.

Where a preference eligible is listed above a nonpreference eligible on any referral list, the preference eligible cannot be passed over for selection without application of passover procedures as authorized by the Department of Defense.

2. Appointing Authorities

a. Career Appointment and Initial Probationary Period. Personnel Demonstration Project Best Practices

will use the career appointment authority for employees upon initial appointment other than to temporary, term, or indefinite positions in the competitive service. An employee on his/her initial career appointment under this authority is appointed as a career employee subject to an initial probationary period of up to 3 years to allow supervisors an adequate amount of time to fully evaluate an employee's performance and conduct.

The Department of Defense shall utilize the probationary period as fully as possible to determine the fitness of the employee. An employee who fails to demonstrate fitness or whose work performance is unsatisfactory shall be separated. The employee will be notified in writing why a separation action is being taken and the effective date of the action. The information in the notification shall, at a minimum, consist of conclusions as to the inadequacies of performance or conduct.

i. Permanent Status: A newly appointed employee must serve for up to 3 years of substantially continuous creditable service as a probationary employee. A single break in creditable service of more than 30 calendar days will require the beginning of a new probationary period of up to 3 years upon reappointment. Permanent status is acquired only under a permanent appointment in the competitive service after completing the probationary period.

ii. Creditable Service: Prior Federal civilian service (including nonappropriated fund, temporary, or modified term service) will count toward the completion of the probationary period as long as there has been no break in service.

The following provisions apply to the completion of an initial probationary period under special circumstances:

Excepted service employment leading to career status in the competitive service will count toward the completion of the initial probationary period as long as there has been no break in service of more than 30 calendar days.

Intermittent employment, *i.e.*, employment without a regularly scheduled tour of duty, will count toward completion of the initial probationary period of up to 3 years, calculating each day or part of a day in pay status as 1 day of credit toward the requirement of up to 780 days in a pay status.

Employees serving on career conditional appointments in other agencies will not be converted to permanent status until they have met

the requirement for up to 3 years of substantially continuous service. The length of time served on career conditional appointment will count toward the probationary requirement.

iii. Completion of Probationary Period: The probationary period ends when the employee completes the scheduled tour of duty on the day before the applicable anniversary date of the employee's appointment. For example, when the last workday is a Friday and the anniversary date is the following Monday, the probationer must be separated before the end of the tour of duty on Friday.

Employees who have served continuously the length of time required for probation on a competitively filled modified term appointment will be considered to have met the probationary period upon conversion to permanent status.

iv. Extensions: The probationary period required for new appointments is up to 3 years and may be extended only under rare circumstances as provided for in DoD guidance.

v. Tenure: Probationary career employees are in tenure group I for reduction in force purposes.

vi. Appeals: A probationary employee may appeal to the Merit Systems Protection Board (MSPB) an agency decision to terminate the employee as outlined in 5 CFR 315.806.

b. Modified Term Appointment. The modified term appointment is designed to be used to augment the existing workforce; for special projects, staffing new or existing programs of limited duration; filling a position in activities undergoing review for reduction or closure; and replacing permanent employees who have been temporarily assigned to other positions, are on extended leave, or have entered military service. Modified term appointments differ from term appointments as described in 5 CFR part 316 in that initially they are for a period of over one year but not to exceed 5 years, rather than the traditional 4 years. The appointing official is authorized to extend the modified term for 1 additional year to a maximum length of 6 years.

Absent any DoD specific eligibility or qualifications criteria, appointees must meet OPM qualifications and eligibility requirements for the pay band level and occupation to which appointed.

i. Noncompetitive modified term appointments. For time-limited needs, term appointments may be made noncompetitively for up to 5 years, with extensions authorized for up to 1 additional year. Further extensions will not be permitted using the

noncompetitive authority. Notice of positions to be filled under the noncompetitive term appointment authority shall be made to ensure the merit principle of fair and open competition. Employees appointed under this authority may not be converted to career appointments. Time served may be used to satisfy the probationary period service requirement consistent with probationary period guidance. Any candidate who is eligible for veterans' preference under Title 5 of the United States Code (U.S.C.), Section 2108 shall be considered ahead of candidates who are not eligible for preference.

ii. *Competitive modified term appointments.* Rating, ranking, and referral for competitive modified term appointments will be conducted in accordance with provisions contained in V.C.1. Employees hired under this modified term appointment authority may be eligible for conversion to career appointments without further external competition.

To be eligible for conversion to a career appointment, the employee must:

(a) Have been selected for the term position under competitive procedures, with the announcement specifically stating that the individual(s) selected for the term position(s) may be eligible for conversion to career appointment at a later date;

(b) Have served 1 year of continuous service in the term position; and

(c) Have a current assessment documenting adequate performance.

Conversion to a career appointment may be made:

(a) To a permanent position in the same occupational series, CG, and pay band level, or

(b) *Through internal merit procedures.* New modified term employees shall serve the initial probationary period of up to 3 years currently in use for career appointments under this personnel system. Service under the modified term appointment immediately preceding a permanent appointment without a break in service shall count toward the probationary period requirements of the permanent position provided performance is adequate.

c. *Noncompetitive Temporary Appointment.* For time-limited needs, temporary appointments may be made noncompetitively for up to 1 year, with extensions authorized for up to 1 additional year. Further extensions will not be permitted using the noncompetitive authority. Advance notice of positions to be filled under the noncompetitive temporary appointment authority shall be made to ensure the

merit principle of fair and open competition.

Absent any DoD specific eligibility or qualifications criteria, appointees must meet OPM qualifications and eligibility requirements for the pay band level and occupation to which appointed.

Any candidate who is eligible for veterans' preference under 5 U.S.C. 2108 shall be considered ahead of candidates who are not eligible for preference.

Appointments made under this authority do not confer competitive status. Time served may be used to satisfy the probationary period service requirement consistent with probationary period guidance above.

d. *Scholastic Achievement Appointment.* The scholastic achievement appointment provides an alternative examining process to appoint candidates with bachelor or advanced degrees. Advance notice of scholastic achievement appointment and positions to be filled shall be made to ensure the merit principle of fair and open competition. A candidate may be appointed under this procedure if:

i. The candidate meets the minimum standards for the positions as (a) published in OPM's Operating Manual, "Qualification Standards for General Schedule Positions," (available at www.opm.gov/qualifications) or (b) established in DoD alternative qualifications or criteria for specific occupations and/or tailored to the pay banding architecture;

ii. The candidate meets any selective placement factors stated in the vacancy announcement; and

iii. The candidate has an overall grade point average of 3.0 or better on a 4.0 scale (or equivalent on a different scale) grade point average overall, or has either a 3.5 or better cumulative grade point average on a 4.0 scale (or the equivalent on a different scale) in the field of study qualifying for the occupation, or is ranked in the upper 10 percent of the major college or subdivision attended.

Scholastic achievement appointments may also be made on the basis of graduate education, provided the criteria in V.C.2.d.i. through V.C.2.d.iii. are met.

Any candidate who is eligible for veterans' preference under 5 U.S.C. 2108 shall be considered ahead of candidates who are not eligible for preference.

e. *On-the-spot hiring.* Candidates may be directly appointed using the on-the-spot appointing authority to positions for which it has been determined that one or more of the following conditions apply:

i. There is a severe shortage of candidates;

ii. The position is unique and/or has special qualifications;

iii. The position has a historically high turnover rate;

iv. The occupation is covered by a special salary rate;

v. An exceptional need exists.

Requirements for determining exceptional need will be detailed in DoD guidance.

In all cases, the servicing personnel office, in consultation with the activity/organization manager, will determine if a position or group of positions meets the established criteria and will authorize the use of on-the-spot hiring. All determinations must be documented.

Advance notice of on-the-spot appointing authority and positions for which it may be used shall be made to ensure the merit principle of fair and open competition.

Absent any DoD specific eligibility or qualifications criteria, appointees must meet OPM qualifications and eligibility requirements for the pay band level and occupation to which appointed.

Any candidate who is eligible for veterans' preference under 5 U.S.C. 2108 shall be considered ahead of candidates who are not eligible for preference.

f. *Use of Other Appointing Authorities.* Nothing in BP shall prohibit use of existing competitive service appointing authorities cited in various provisions of 5 CFR (e.g., a preference eligible under Veterans' Employment Opportunity Act (5 CFR 315.611), a family member who served 52 weeks overseas (5 CFR 315.608)) except to the extent that career-conditional appointments shall not be used. Conditions for granting such appointments must be fully met.

Nothing in BP shall prohibit use of existing excepted service appointing authorities cited in 5 CFR 213 (e.g., Veterans' Readjustment Appointment, Student Educational Employment Program). Conditions for granting such appointments must be fully met.

g. *Noncitizen Hires.* The Department of Defense will have the authority to approve the hiring of noncitizens when qualified United States citizens are not available. As with current 5 CFR requirements, a noncitizen may be appointed only if it has been determined there are no qualified United States citizens. If a noncitizen is the only qualified candidate for the position, the candidate may be appointed. The selection is subject to approval by the appointing official. All security requirements otherwise

applicable to the position continue to apply.

D. DoD Alternative Qualifications or Criteria

DoD has authority to develop qualification standards consistent with the pay banding architecture of the BP or to meet unique position requirements.

VI. Pay Administration

As the rates of the General Schedule are increased due to GS pay increases, the minimum and maximum rates of nonsupervisory pay band levels and supervisory pay tables will also increase. No adjustments in employees' pay are automatic, other than locality adjustments.

A. Special Pay Rules

1. Supervisory Pay Tables

Once the base level of work and supervisor level (A, B, C, or D) are determined, the table at Appendix D is used to determine the salary range (basic pay and supervisory adjustment) for the supervisory position. For supervisory positions in occupational series covered by a special salary rate supplement, as defined in VI.A.2., the maximum rate of the applicable supervisory pay table may be extended to equal the maximum special salary rate for the corresponding grade. A supervisor's pay may be set at any point within the supervisory pay table range that management determines appropriate. The supervisory rate ranges include a supervisory adjustment that corresponds to the supervisory level (*i.e.*, 10, 20, 30, or 45 percent supervisory adjustment for supervisor A, B, C, or D, respectively). The supervisor's total pay will not exceed the maximum rate of the applicable supervisory pay table, adjusted for locality, except under circumstances that meet III.C.1.e., Adjustment to Supervisory Pay Tables. Supervisory adjustments are considered basic pay for purposes of retirement, life insurance, premium pay and for such other purposes as may be expressly provided for by law.

If the employee moves to another position, the supervisory adjustment shall be increased, reduced, or terminated as required under conditions set forth by the agency. The supervisory adjustment shall terminate when the employee moves to a position that does not qualify for a supervisory adjustment and the adjustment shall be recomputed when the employee moves to a supervisory position at a different supervisory level. The reduction or

elimination of a supervisory adjustment upon movement to a new position is not appealable.

If levels of supervision are established that the supervisory pay tables at Appendix D do not anticipate, *e.g.*, a supervisor B position over CG 1, level 1 base level, or a supervisor C position over CG 3, level 1 base level, the supervisory pay adjustment may be set up to 20 percent above the maximum rate of pay established for the base level supervised.

2. Special Salary Rate Supplements

When a maximum SSR rate of a GS grade exceeds the maximum rate of the corresponding pay band level under BP, the maximum rate of that pay band level is extended to equal the maximum SSR rate for that grade. Such extension will apply only to occupational series and geographic areas covered by the corresponding GS SSR. Affected employees will be eligible for pay increases up to the maximum of the applicable pay band level table extension. Total pay for these employees will include an SSR supplement.

a. Formula Upon Conversion. When an employee is eligible for an SSR supplement upon conversion into BP, the BP total pay will include an SSR supplement that is determined by applying an SSR factor to the employee's total GS pay.

b. Formula After Conversion. After conversion, when an employee enters a position that is covered by an SSR pay band level extension, the employee will receive the salary set by the supervisor as the BP total pay. The BP total pay will incorporate an SSR supplement.

c. Applicability. Special salary rate supplements do not apply when the maximum SSR of a corresponding GS grade is equal to or less than the maximum rate of a corresponding pay band level. Total pay, in this case, will consist of basic pay plus locality pay.

3. Pay Retention

A nonsupervisory employee, under appointment other than temporary or modified term, is entitled to pay retention when placed involuntarily into a new position for reasons other than those listed under VI.B.3.b. and the employee's current pay is above the maximum rate applicable to the new position. The pay retention entitlement is not to exceed 2 years, or until the rate range of the new position encompasses the employee's retained rate of pay, whichever occurs first. During pay retention, an employee is not eligible for any permanent pay increases, other than locality adjustments.

Employees paid from a supervisory pay table are not eligible for pay retention. (*See* VI.A.1.)

B. Pay Setting

1. Upon Accession (After Mass Conversion of the Organization)

Management may establish pay at any rate up to the maximum of the pay band level, any applicable SSR extension, or any applicable rate from a supervisory pay table. The hiring official will determine starting pay based on available labor market considerations; special qualifications requirements; scarcity of qualified applicants; program needs; education or experience of the candidate; and other criteria, as appropriate.

2. Upon Job Change—No Higher Earning Potential

An employee who moves to a position with the same maximum rate of pay (irrespective of a SSR extension) will have pay set at the existing rate of pay, or with a pay increase up to 5 percent of the existing rate, not to exceed the maximum of the pay band level or the applicable SSR extension.

3. Upon Job Change—Lower Earning Potential

a. Voluntary. An employee may request a voluntary change to a position with a lower maximum rate of pay. The employee's pay may be set at any point within the level but not more than 5 percent above the employee's current base pay. The new salary shall not exceed the maximum rate of the applicable pay table for the position to which assigned.

b. Involuntary—Adverse Action. When an employee is changed, due to an adverse personnel action based on either misconduct or poor performance, to a position with a lower maximum rate of pay, pay retention will not apply. The employee's pay must be reduced by up to five percent. However, in no case will pay be set above the maximum rate of the new range.

c. Involuntary—Inadequate Pay Progression. As a consequence of the administration of the performance payout process, an employee's basic pay may fall below the minimum rate of basic pay for the pay band level to which he/she is assigned. In such cases, supervisors shall initiate an involuntary change to lower level promptly after the pay pool manager approves the annual payout; the employee's position description shall be redescribed accordingly. The employee's rate of basic pay shall remain unchanged. Change to a lower pay band level due

to inadequate pay progression is not considered an adverse action.

d. Involuntary-Management Action. If a job change is the result of a management directed action, *e.g.*, reduction in force or pay category reconsideration, a nonsupervisory employee is entitled to his/her current rate of pay if it is at or below the maximum of the applicable pay table for the new position. If the employee's rate of basic pay exceeds the maximum applicable rate for the new position, the employee is entitled to pay retention not to exceed 2 years. (See VI.B.5.a. and VI.B.5.c. for job change—lower earning potential involving supervisors.)

4. Upon Job Change—Higher Earning Potential

When an employee moves to a position with a higher maximum rate of pay, the pay upon job change may include a pay increase, a pay decrease, or no change in pay. The pay will be at least the minimum of the pay band level, and may not exceed the maximum of the applicable pay table. If the job change is voluntary and results in a decrease in pay, it is not considered an adverse action; therefore, appeal rights do not apply.

5. Upon Assignment to and from a Supervisory Position Outside the Existing Pay Band Level

a. Supervisory to Nonsupervisory Position. When an employee paid from a supervisory pay table moves to a nonsupervisory position, the supervisory adjustment will not be retained. Pay will be set at the employee's existing rate of basic pay or at the employee's rate of basic pay in a nonsupervisory position immediately preceding the prior movement to the supervisory position, whichever is higher. If the employee's rate of basic pay exceeds the new rate range, pay will be set at the maximum of the pay band level.

b. Nonsupervisory to Supervisory Position. When an employee paid from a nonsupervisory pay table moves to a supervisory position, pay will be set at the employee's existing rate of basic pay, or a rate determined by management not to exceed the maximum of the applicable supervisory pay table. If the employee's existing rate of pay exceeds the maximum of the applicable supervisory pay table, and the employee is placed involuntarily for reasons other than VI.B.3.b., the employee's pay will be set not to exceed 20 percent above the maximum rate payable for the subordinate base level for a period not to exceed 2 years, as a supervisory adjustment.

c. Supervisory to Supervisory Position. When an employee paid from a supervisory pay table moves to another position paid from a supervisory pay table, pay will be within the applicable new rate range to include a supervisory adjustment that corresponds to the supervisory level (*i.e.*, 10, 20, 30, or 45 percent for supervisor A, B, C, or D, respectively).

VII. Pay-for-Performance (PFP) Evaluation System

A. Overview

The purpose of the PFP evaluation system is to provide an equitable method for appraising and compensating covered employees. It is essential for the development of a highly productive workforce and to provide management, at the lowest practical level, the authority, control, and flexibility needed to accomplish the mission and meet organizational goals, including the requirements of the organization's strategic plan. PFP allows for more employee involvement in the evaluation process, increases communication between supervisor and employee, promotes a clear accountability of contribution by each employee, facilitates employee progression by linking individual employee performance to mission accomplishment, and provides an understandable basis for salary and structural changes.

B. Performance Objectives

Performance objectives are an individual's job assignments or position responsibilities that contribute to accomplishing the mission and goals of the organization during the rating cycle. Performance objectives deal with outputs and outcomes of a particular job. At the beginning of the rating cycle, employees and supervisors will jointly develop performance objectives that reflect the types of duties and responsibilities expected at the respective pay band level. These objectives are to be based on the work unit's mission and goals and must be consistent with the employee's position description. Performance objectives will be tailored to each individual employee's job assignments or position responsibilities. The supervisor makes the final decision concerning the development of performance objectives.

The performance objectives, representing joint efforts of employees and their rating chains, should be in place within 30 days from the beginning of each rating cycle. Performance objectives may be modified and/or changed as appropriate during the rating

cycle. It is appropriate to change objectives when mission or workload changes occur. How well performance objectives are accomplished will be measured by a series of performance factors, which may be weighted.

C. Performance Factors

Performance factors are used to evaluate accomplishment of performance objectives. The use of factors for scoring purposes helps to ensure comparable scores are assigned while accommodating diverse individual objectives that contribute to accomplishment of the mission and goals of the organization. The DoD Component has the discretion to weight performance factors based on the importance in accomplishing an individual's performance objectives. This discretion may be redelegated.

When weighting performance factors, each performance factor used is assigned a weight within a specified range. Where performance factors are not weighted, it is understood that all factors used are of equal point value. The total value of all performance factors used, weighted or unweighted, is 100 points.

The seven performance factors used to evaluate accomplishment of performance objectives are as follows: Technical Competence/Problem Solving; Cooperation/Teamwork; Communication; Customer Care; Resource Management; Leadership/Supervision; and Contribution to Mission Accomplishment. Additional factors may not be created without Office of the Secretary of Defense approval. However, management may exclude any performance factor that does not apply to a specific position. These seven performance factors are generally described:

1. Technical Competence/Problem Solving

Demonstrates the knowledge and skills required to execute the position's assigned duties and responsibilities; ability to apply the knowledge and skills to solve problems. Exhibits and maintains current technical knowledge, skills, and abilities to produce timely and quality work with the appropriate level of supervision. Makes prompt, technically sound decisions and recommendations that add value to mission priorities and needs. Flexibility, adaptability, and decision-making are exercised appropriately.

2. Cooperation/Teamwork

Demonstrates traits of flexibility, adaptability, and decisiveness and the ability to exhibit and foster cooperation

in team efforts and organizational settings. Personal and organizational interactions exhibit and foster cooperation and teamwork. Accepts personal responsibility for assigned tasks. Is considerate of others' views and open to compromise on areas of difference. Exercises tact and diplomacy and maintains effective relationships, particularly in immediate work environment and/or teaming situations. Readily/willingly gives assistance. Shows appropriate respect and courtesy.

3. Communication

Demonstrates effective listening, writing, and oral communication skills. Provides or exchanges oral/written ideas and information that are timely, accurate, and easily understood. Listens effectively so that resultant actions show understanding of what was said. Coordinates so that all relevant individuals and functions are included in, and informed of, decisions and actions.

4. Customer Care

Demonstrates effective interactions with internal and external customers. Demonstrates care for customers through respectful, courteous, reliable, and conscientious actions. Seeks out, develops, and/or maintains solid working relationships with customers to identify their needs, quantifies those needs, and develops practical solutions. Keeps customer informed. Within the scope of job responsibility, seeks out and develops new programs and/or reimbursable customer work.

5. Resource Management

Demonstrates effective use/management of personal and organizational resources such as time, personnel, equipment, and/or funds. Meets schedules and deadlines, and accomplishes work in order of priority (set by the employee's supervisor or team leader); generates and accepts new ideas and methods for increasing work efficiency; effectively utilizes and properly controls available resources; supports organization's resource development and conservation goals.

6. Leadership/Supervision

This factor (VII.C.6.a. and VII.C.6.b.) is mandatory for supervisory/designated team leader positions. This factor is optional for all other employees using description VII.C.6.a. only.

a. Demonstrates effective individual and organizational leadership to assess situations realistically; identifies and recommends or implements needed changes. Actively furthers the mission of the organization. Exercises leadership

skills within the environment to include sensitivity to diversity and to ensure equity and fairness, as appropriate. (Description VII.C.6.a. may be applied to all employees, e.g., employee leads work group on special projects ensuring organizational mission and program success; employee effectively represents the interests of the organization on inter-agency groups, etc.)

b. Works toward recruiting, developing, motivating, and training quality employees; initiates timely/appropriate personnel actions; applies EEO/merit principles; communicates mission and organizational goals; by example, creates a positive, safe, and challenging work environment; distributes work and empowers employees. (Description VII.C.6.b. may only be applied to supervisory/designated team leader positions.)

7. Contribution to Mission Accomplishment

Executes the position's assigned duties in a manner that contributes to the successful outcome of strategic goals and objectives. Within the scope of job responsibility, develops approaches or solutions to tasks and problems impacting mission in a positive manner.

D. Benchmark Performance Standards

Benchmark performance standards are descriptors that are used to measure, evaluate, and score each performance factor with regard to the accomplishment of performance objectives. Benchmark performance standards for each performance factor are established by ODUSD(CPP). The descriptors for these benchmark performance standards indicate the level of performance appropriate for the high end of each score range for the performance factor. These performance standards will assist the supervisor in determining the percentage of the performance factor that the employee actually attained. The DoD Component has the discretion to supplement standards to describe levels of performance throughout the score range. This discretion may be redelegated.

E. Performance Rating Process

1. Duration of the Rating Cycle

The duration of the rating cycle will be 12 months. The rating cycle shall be October 1 through September 30 each year.

2. Minimum Rating Period

In order to provide for meaningful evaluation of an employee's performance, the minimum rating period will be 90 days.

3. Communication at the Beginning of the Rating Cycle

Within 30 days from the beginning of each rating cycle, the performance factors and benchmark performance standards should be provided to employees, so that they know the basis on which their performance and contributions will be assessed. At this time, employees and supervisors will jointly develop performance objectives as noted in VII.B. Supervisors are encouraged to cite specific examples to each employee of how to achieve the benchmark performance standards at each level of performance. The supervisor will define or clarify key terms for the employee.

4. Feedback During the Rating Cycle

The supervisor may provide on-going feedback as necessary to employees on how well they are accomplishing performance objectives. Additionally, employees may request periodic feedback on how well they are performing. If the supervisor judges that the employee is not performing at an acceptable level on one or more performance factors, the supervisor must inform the employee and document the problem. This feedback will be provided at any time during the rating cycle. Deficiencies identified will be accompanied by a plan, if necessary, to correct them as noted in section VIII.

5. End-of-Cycle Evaluation

a. *Performance Feedback.* At the end of the rating period, the supervisor may request that the employee provide narrative comments describing accomplishment of his/her performance objectives throughout the year. These narrative comments will permit the supervisor to evaluate more fully the performance of the employee during the rating period.

The supervisor must communicate to the employee the supervisor's appraisal of the employee's performance on performance objectives, and the employee's performance score and rating on performance factors. Communication may occur through use of, but is not limited to, a performance review meeting to discuss job performance and accomplishments.

b. *Performance Scores.* Following a review of the employee's accomplishments, the supervisor will score each relevant performance factor by assigning a value to each performance factor. Using the benchmark performance standards as a guideline, the supervisor will determine the level of performance actually performed or accomplished by the

employee and assign the appropriate point value to arrive at a total performance score. This performance score may total as high as 100 points. In addition to determining the employee's performance score, a supervisor may provide a narrative evaluation of an employee's potential to perform in positions of greater responsibility or for other appropriate matters. Such narrative evaluations of potential may only be provided in accordance with DoD Component policy.

c. Score Ranges and Shares for Payout. The overall score is the sum of the individual performance factor scores. The scores will be used to determine basic pay increases and/or performance incentives.

FIGURE 3.—SCORE RANGES AND SHARES FOR PAYOUT

Score range	Performance payout (shares)
98–100	13, 14, 15, or 16
95–97	11 or 12
91–94	9 or 10
86–90	7 or 8
81–85	5 or 6
66–80	3 or 4
51–65	1 or 2
0–50	0

An employee will receive a performance payout as a percentage of current basic pay. This percentage is based on the number of shares that equate to his/her final rating score. After a rating has been assigned, the rater will recommend the number of shares that should be granted. The rater has discretion in determining the recommended number of shares within the framework listed above. The rater will take into consideration several factors, *e.g.*, the score, the employee's current basic pay, and overall funding availability. The shares earned by an employee will be used in calculating the employee's performance payout as outlined in the payout formula in VII.F.1.

d. Use of Performance Review Board. A performance review board or an equivalent process for oversight will be established for reviewing supervisors' preliminary scores and recommendations for the number of shares to be granted. The DoD Components may determine the composition of the review board. This review process gives raters the opportunity to verify that their evaluations and approach to scoring conform to that of other raters within the pay pool and ensures that performance assessments of employees are comparable and equitable within the pay pool. An order of merit listing will

be developed by each rater and provided to the performance review board. Each listing will include all employees supervised by the rater, their corresponding scores, and recommended shares. This listing will be ordered from highest scores received to lowest scores received to facilitate the review process. If there are employees with identical scores, the rater will differentiate between these employees and prioritize them in the appropriate order on the listing. Consistent with BP requirements in this notice, this order of merit listing may be considered in determining such matters as reduction in force, promotions, training assignments, basic pay determinations or other matters deemed appropriate by the DoD Component. Listings may be developed for each career group to facilitate making distinctions between occupations if necessary. Operating procedures for the performance review board will be developed by each DoD Component.

F. Payout Process

Each Component shall determine the pay pool structure. Authority to determine pay pool structure may be redelegated. Generally, pay pools are combinations of organizational elements (*e.g.* Divisions, Branches, etc.) that are defined for purposes of determining performance payouts under the PFP system. Typically, pay pools may range from as small as 25 to as large as 500 employees. Decisions regarding the amount of the performance payout are based on the established performance payout calculations. Each DoD Component shall establish a pay pool manager for each pay pool. The pay pool manager is responsible for ensuring that distribution of funds is based upon employees' performance and contributions. A pay pool manager's final yearly pay adjustment decisions may still be subject to higher management review. Generally, supervisors will be placed in a pay pool separate from their employees.

1. Basic Pay Increases and Performance Incentives

The amount of money available for performance payouts is divided into two elements, basic pay increases and performance incentives. The payouts made to employees from the performance pay pool will be basic pay increases and/or performance incentive payments, subject to the amounts available in the respective funds.

The amount of money available within a pay pool for basic pay increases is determined by the general pay increase (GPI) and the money that

would have been available for quality step increases, within-grade increases, and promotions between grades that are banded. This amount will be established at a certain percentage of the total of basic pay salaries in the pay pool (typically 2 to 2.4 percent plus the GPI), as determined by the pay pool manager. Performance incentive payments are funded separately, but the amount of money available for performance incentive payments must be equivalent to a minimum of 1 percent of total salary dollars (typically 1.3 to 1.8 percent). The sum of these two factors is referred to as the pay pool payout factor (*e.g.*, 4.0 percent performance basic pay, including the GPI, +1.3 percent performance incentive).

Performance pay increases (*i.e.*, basic pay increases) will not be granted to employees at the top of their pay band or in a pay retention status. In these cases, payouts earned as a function of performance may be paid as a performance incentive to the maximum authorized. A local activity may reallocate to employees not at the top of their pay band (uncapped employees) some or all of any unexpended basic pay funds for employees at the top of their pay band (capped employees). This reallocation is placed back into the pay pool and distributed to the uncapped employees based on shares earned. Any increase in an uncapped employee's basic pay as a result of this reallocation will be offset by an equivalent reduction in the employee's performance incentive payment. Thus, the uncapped employee's total performance payout is unchanged.

Consistent with the requirements of DoD Component policy, the pay pool payout factor may be adjusted as necessary. Performance payouts will be calculated and administered so that a pay pool manager will not exceed the resources that are available in the pay pool.

In making the annual performance payouts, the amount of that year's pay pool and share value will be determined as follows:

a. The pay pool payout factor must be determined first. The pay pool payout factor is the percentage amount budgeted for basic pay increases and performance incentives. For purposes of illustration, assume that the organization has budgeted 4.2 percent for basic pay increases and 1.2 percent for performance incentive payments. Therefore, the pay pool payout factor is 5.4 percent.

b. Next, the pay pool value is determined by multiplying the pay pool payout factor determined in VII.F.1.a. by the sum of the combined basic pay

salaries of all employees in the pay pool as follows:

$$\text{Pool Value} = \text{Pay pool payout factor} \times \text{Total Salaries of all employees}$$

Continuing the illustration from VII.F.1.a., assume there are 40 employees in the pay pool with total combined basic pay salaries of \$2,377,888. The total combined salaries is multiplied by the pay pool payout factor of 5.4 percent to provide an available total pay pool of \$128,406 for basic pay increases and performance incentive payments. Based on the percentages budgeted by the organization in VII.F.1.a., \$98,871 would be for basic pay increases with the remaining \$28,535 for performance incentive payments.

c. Next, the share value is calculated. Each individual employee's basic pay salary is multiplied by the number of shares awarded to that employee (Salary \times Shares). The sum total of (Salary \times Shares) for all employees in the pay pool is divided into the pool value to arrive at the share value as follows:
Share Value = Pool Value / (Sum Total (Salary \times Shares))

The share value represents a fixed percentage basic pay increase for each employee. The value of a share cannot be exactly determined until the rating and review board process is complete. Continuing the illustration from VII.F.1.b., the pay pool amount of \$128,406 is divided by 2,377,888 (which represents the sum total of each individual employee's basic pay multiplied by the number of shares awarded to that employee). This results in a share value of 0.00847059 or 0.85%.

d. An employee's total performance payout is the share value multiplied by the employee's end-of-rating cycle basic pay salary multiplied by the number of shares earned by the employee.
Employee Performance Payout = Salary \times Shares \times Share Value

This is illustrated by highlighting the performance payout of one of the employees in the example pay pool. The employee's end-of rating cycle basic pay salary is \$75,112. The employee earned 15 shares. The salary is multiplied by the number of shares (15) multiplied by the share value (0.00847059). This results in a total performance payout of \$9,544 with \$7,423 as a basic pay increase and \$2,121 as a performance incentive payout based on the percentages budgeted by the organization in VII.F.1.a.

2. College Cooperative Education Program

Career group 5 employees shall not be assigned to any pay pool and shall not

participate in PFP payouts. Salary adjustments, including the GPI, will be funded outside of the pay pools. CG 5 employees will be placed in the PFP system for payout purposes when they successfully complete the college cooperative education program and are converted to a career appointment.

3. Awards

Awards may be used to acknowledge an employee's extraordinary contributions or exceptional accomplishments. Consistent with current DoD Component/activity awards authorities and delegations, awards may be granted to employees, either as individuals or as members of a team, consistent with DoD Component awards regulations. Awards are not part of the PFP system. The granting of such awards shall be based on a suggestion, invention, superior accomplishment, productivity gain, or other personal effort that contributes to the efficiency, economy, or other improvement to Government operations or achieves a significant reduction in paperwork. The award itself may be monetary, non-monetary, informal recognition, honorary, time-off, or a combination thereof.

The awards budget is separate from money used for base pay increases and performance incentives. The amount of money available for awards must be equivalent to a minimum of one-half percent of total salary dollars.

G. Grievance Procedures

An employee may grieve the performance score. If an employee is covered by a negotiated grievance procedure that permits grievances over performance scores, then the employee must resolve a grievance over the performance score under that procedure (*i.e.*, that procedure is the sole and exclusive procedure for resolving such grievances for bargaining unit employees). If an employee is not in a bargaining unit, or is in a bargaining unit but grievances over performance scores are not covered under the negotiated grievance procedure, then the employee may use the appropriate administrative grievance procedure. Base pay increases and performance incentive payments will not be delayed as a result of an employee filing a grievance concerning the performance score. Any decisions on the grievance shall not affect other employees' performance payouts.

VIII. Performance That Fails To Meet Expectations

A. Notice to Employee and Performance Improvement Plan

Informal employee performance reviews will be provided on an on-going basis, so that corrective action, to include placing an employee on a performance improvement plan (PIP), may be taken at any time during the rating cycle. Whenever a supervisor determines that an employee's overall performance score falls below 51 points, the supervisor will immediately inform the employee. The reasons for the unacceptable performance will be identified and communicated to the employee as follows.

The supervisor will provide written notification outlining the unacceptable performance to the employee. At this point, an opportunity to improve will be structured in a PIP. The employee will be required to identify to the supervisor what actions the employee will take to improve the items identified by the supervisor as needing correction or improvement. The employee will also recommend a time frame for making such corrections or improvements. The supervisor makes the final determination on the actions necessary to correct or improve the employee's performance and the required time frame. If the employee's unacceptable performance impacts the employee's performance payout, the PIP shall be a minimum of 90 days. In all other instances, PIPs should generally be no less than 30 days. The employee will be provided with any available assistance, as appropriate. The supervisor will monitor the employee's progress during the PIP, counsel the employee, and document all counseling sessions. If the employee fails to achieve a level of performance that is at least equal to that of an overall performance score of 51 points or higher following completion of the PIP, the supervisor will take appropriate action as outlined in VIII.B.

B. Action Upon Completion of Performance Improvement Period

If the employee's performance is acceptable at the conclusion of the PIP, no further action is necessary. If a PIP ends before the end of the annual rating cycle and the employee's performance improves to an acceptable level, the employee is appraised at the end of the annual rating cycle.

If the employee fails to improve during the PIP, the employee will be given written notice of the proposed personnel action. This action may include reduction in pay, reduction in pay band level, change in position or

occupational family at a lower rate of pay, or removal from the Federal Service. The advance written notice period will be a minimum of 15 calendar days, and the employee will have 7 calendar days in which to reply. The employee will be given a written notice of decision to include all applicable grievance and appeal rights, as appropriate.

Employees who fail to improve performance to a level that is at least equal to that of an overall performance score of 51 points or higher may not remain at their current salary and may be reduced in pay, pay band level or removed from Federal service. Reductions in salary within the same pay band or changes to a lower pay band will be up to 5 percent of base pay.

All relevant documentation concerning a reduction in pay or removal based on unacceptable performance will be preserved and made available for review by the affected employee or a designated representative. As a minimum, the record will consist of a copy of the notice of proposed personnel action and the employee's written reply, if any, or a summary when the employee makes an oral reply. Additionally, the record will contain the written notice of decision and the reasons therefore, along with any supporting material (including documentation regarding the opportunity afforded the employee to demonstrate improved performance and any input the employee provided on what actions the employee would take to correct or improve their performance).

With regard to an employee who successfully completes a performance improvement period, management may reduce in pay, reduce in pay band level, change in position or occupational family at a lower rate of pay, or remove the employee with no additional improvement opportunity within 2 years following successful completion of the PIP if the employee's performance deteriorates to an overall performance score less than 51 points or the employee fails to perform at an acceptable level in a performance factor. The employee will be given written notice of the proposed personnel action. The advance written notice period will be a minimum of 15 calendar days, and the employee will have 7 calendar days in which to reply. The employee will be given a written notice of decision to include all applicable grievance and appeal rights, as appropriate.

IX. Expanded Sabbatical Authority

DoD activities 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. One developmental opportunity for a sabbatical (3–12 months in duration) may be granted to an employee in any 10-year period. Employees will be eligible after completion of 7 years of full-time Federal service. Each opportunity must result in a product, service, report, or study that will benefit the DoD activity mission as well as increase the employee's individual effectiveness. Various learning or developmental experiences may be considered, such as advanced academic teaching; study; research; self-directed or guided study; and on-the-job work experience with a public, private commercial, or private nonprofit organization. Employees approved for a paid sabbatical must sign a service obligation agreement to continue in service for a period equivalent to the length of the sabbatical. If an employee voluntarily leaves Federal service before this service obligation is completed, the employee is liable for repayment of any expenses associated with the sabbatical. Conflict of interest laws and regulations continue to apply.

X. Volunteer Emeritus Program

The volunteer emeritus program will provide continued quality experience and technical support while reducing the overall salary line by allowing higher paid individuals to accept retirement incentives with the opportunity to retain a presence in the organization. Each activity head will have the authority to offer retired or separated individuals volunteer assignments in support of the continuance of specialized work projects or to retain corporate knowledge as advisors or mentors, but not to perform duties that would otherwise be performed by DoD employees, including the duties that the separated or retired employee performed before leaving the Department of Defense. Volunteer 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. This program will be of most benefit during manpower reductions, as senior members of the workforce could accept retirement and return to provide valuable on-the-job training or mentoring to less experienced employees.

Volunteer service shall not be used to replace any employee, or interfere with career opportunities of employees. In addition, an employee may not continue to perform his/her former duties as a volunteer emeritus.

To be accepted into the emeritus corps, a volunteer must be recommended by a supervisor and approved by the activity head. An individual wanting consideration for the emeritus corps may submit a request to his/her decision-making authority; however, no one who applies is entitled to a volunteer assignment.

The volunteer's Federal retirement pay (whether military or civilian) will not be affected while serving in a volunteer capacity. Retired or separated Federal employees may accept an emeritus position without a break in service or mandatory waiting period.

Volunteer emeritus corps members will not be permitted to perform any inherently Governmental functions, including monitoring contracts on behalf of the Government. The volunteers may be required to submit a financial disclosure form annually and will not be permitted to participate on any contracts or other activities where a conflict of interest exists. The same rules that currently apply to source selection members will apply to volunteers.

In each case, there must be a written agreement between the volunteer, the decision-making authority, and the personnel servicing activity stating the volunteer's duties and agreement by the volunteer that he or she is not entitled to any pay or compensation for performance of volunteer duties. The agreement must be finalized before the assumption of duties.

XI. Revised Reduction-in-Force (RIF) Procedures

RIF shall be conducted according to the following provisions.

Policy: The DoD policy is to accomplish required civilian personnel reductions through attrition whenever practicable. Involuntary separation or furlough of employees will occur only when other prudent actions cannot accomplish the required results.

Competition in RIF: Employees compete for retention within their retention levels and the next lower retention level for positions with the same title and in the same series during RIF competition. When positions are abolished, employees are released from their retention levels in inverse order of their retention standing, beginning with the employee having the lowest standing. If an employee is reached for release from a retention level, he or she

could have a right to be assigned to another position in the next lower retention level containing positions with the same title and series. If so, the employee must be offered that position or an equivalent one.

A. Competitive Area

The competitive area may be determined by career groups, lines of business, product line(s), organizational unit(s), funding lines and/or geographical location, or a combination of these elements, and must include all employees within the defined competitive area. Descriptions of all competitive areas must be made readily available for review.

B. Retention Level

1. Separate retention levels are established for all positions, based on the following:

a. Service (competitive and excepted service).

b. Within the excepted service, for each different appointment authority (e.g., Veterans' Readjustment Appointment, Schedule A authority).

c. Career group.

d. Title/specialization, series, pay band level (may include primary functional code, as appropriate).

e. Work schedule (full-time, part-time, intermittent, seasonal, or on-call basis). No distinction may be made on the basis of number of hours or weeks scheduled to be worked.

f. Trainee status (formally designated trainee or development program having all the characteristics covered in 5 CFR 351.702(e)(1) through (e)(4)). Trainees may be placed in a separate competitive area.

2. Factors that do not justify establishment of separate retention levels:

a. Rotating shift requirements.

b. Supervisory positions.

Supervisors compete in the career group and level of the work supervised, or the technical work accomplished, that forms the basis for the classification of the position.

C. Retention List

The retention list consists of all positions in a retention level and contains the name of each competing employee who is officially assigned to that level in retention standing order. Retention determinations are based on each employee's official position, not the employee's personal qualifications.

D. Retention Standing

Competing employees shall be listed on the retention list according to their retention standing. Preference eligibles

with a service-connected disability of 30 percent or more and whose current performance score exceeds 50 will be listed at the top of the list for the retention level according to their tenure group in individual performance score order. If there is more than one preference eligible with a service-connected disability of 30 percent or more in a tenure group, they shall be ordered by individual performance score.

Retention standing for all other employees shall be based on the following factors:

1. Tenure

Tenure group I includes all career employees, including those serving on an initial probationary period. Tenure group II includes those employees on indefinite appointments, temporary appointments for more than 12 months pending establishment of a register, status quo appointments, term appointments, and any other nonstatus nontemporary appointments, which meet the definition of provisional appointments contained in 5 CFR 316.401 and 316.403. The tenure group provisions apply equally to employees in both the competitive and excepted services.

2. Performance

Within each tenure group, employees will be listed in individual performance score order. Employees with performance scores between 0 and 50 are ineligible to compete in RIF, regardless of tenure or preference.

3. Veterans' Preference

Within each performance score, employees will be sorted by veterans' preference. The A sort includes preference eligibles other than those with a service-connected disability of 30 percent or more. Sort B includes nonpreference eligibles.

Ties will be broken first by RIF service computation date and second by order of merit ranking.

E. Credit for Performance

Prior to the initial rating of record under the BP schema, employees are entitled to retention credit based on 5 CFR 351.504, "Credit for performance."

After the initial rating of record under the BP PFP management system, employees are entitled to retention credit based on the employee's performance scores. (See VII.E.5.d.) This includes employees converted during system stand-up and all employees converted at a later time. Employees receive retention credit for up to a maximum of three performance scores

received during the 4-year period before the date of the issuance of RIF notices or cut-off date, as follows:

1. First Cycle

After completion of the first rating cycle, employees will be provided credit for performance based on their actual performance scores.

2. Second Cycle

After completion of the second rating cycle, employees will be provided performance credit based on the average of their first two performance scores.

3. Third Cycle

After completion of the third rating cycle, employees will be provided performance credit based on the average of their last three performance scores.

4. Accessions After First Cycle

Employees entering this system after the first rating cycle has been accomplished will be assigned a performance score based on the modal score range for the competitive area. This includes employees who have not been in this system 90 days and have not received a rating during any cycle.

5. Cutoff Dates

To provide adequate time to determine employee retention standing, organizations may provide for a cutoff date, a specified number of days prior to the issuance of RIF notices, after which no new ratings of record will be used. When a cutoff date is used, an employee will receive performance credit for the three most recent performance scores received during the 4-year period before the cutoff date. Regardless of the number of applicable ratings, the average will be used to determine retention standing, unless only a modal rating has been assigned. In this circumstance, only the modal rating will be used.

To be creditable for retention standing, a performance score must have been issued to the employee, with all appropriate reviews and signatures, and must be on record (i.e., the performance score is available for use by the office responsible for establishing retention lists).

F. Assignment Rights

Employees can displace other employees with lower retention standing in the same or next lower retention level for positions with the same title and series within the competitive area of the RIF. When a tenure group I competitive service employee with a current performance score of 51 or higher is reached for

release from the retention list for that employee's retention level, an offer of assignment shall be made to another competitive service position which requires no reduction, or the least possible reduction, in earning potential.

Vacancies may be used (within the employee's assignment rights). Additionally, an employee reached for release from the retention list shall be offered assignment (as defined in XI.F.) to another position encumbered by an employee with lower retention standing. If the employee accepts, the employee shall be assigned to the position offered. If the employee has no assignment right or does not accept an offer of assignment, the employee shall be furloughed or separated.

Employees reached for release who qualify for positions occupied by employees with lower retention may displace a lower standing employee as long as undue interruption does not occur, except that they may not displace employees who occupy positions with higher earning potential. Undue interruption means the degree of interruption that would prevent the completion of required work by the employee 90 days after the employee has been placed in a different position.

If there is no placement within the employee's retention level, a displaced employee may be assigned to a position in the next lower retention level (level determined on same retention level factors including same title and series) from which the employee is being displaced in accordance with the assignment rights designated as follows.

Assignment rights are determined by retention level and may be defined by (1) the pay band level within a given career group and (2) the pay schema (e.g., displacement within a pay band level may extend no lower than 75 percent of the affected employee's current base pay). When the assignment range (e.g., 75 percent of base pay) exceeds the pay band level, assignment may be made in a lower pay band level within a retention level defined by the same factors. If assignment is offered into a lower pay band level, employees (other than 30 percent compensably disabled veterans) may displace only within the highest 25 percent of the salary rate range for the career group and lower pay band level. Thirty percent compensably disabled veterans may displace within a range of 100 percent of basic pay within their current career group and pay band level; additionally, when the range exceeds the current pay band level, such veterans may displace within the highest 50 percent of the salary rate range for the level lower and within the

retention level defined by the same factors.

XII. Evaluation Plan

Chapter 47 of 5 U.S.C. requires that an evaluation be performed to measure the results of a demonstration project and its impact on improving public management (5 U.S.C. 4703(h)). A comprehensive evaluation plan for the entire science and technology (S&T) reinvention laboratory demonstration program was developed by a joint OPM/DoD Evaluation Committee in 1995, and the resultant final summative evaluation report covering 1997–2001 (the first 5 years of operation) was issued in August 2002. As noted in the Supplementary Information section of this notice, best practices were identified through a review of initiatives that have been subject to testing and evaluation in demonstrations and alternative personnel systems (APSs). An evaluation plan is established by ODUSD(CPP) to assess program results as the S&T reinvention laboratory demonstrations continue in operation under best practices. Under this plan, evaluation of S&T laboratory demonstration program results and the program's impact on improving DoD human resources management will continue to address six general issues, as follows:

- A. The degree to which the program's purpose and goals are met;
- B. Cost;
- C. Project implementation and operation;
- D. Impact on veterans, minorities, and women;
- E. Impact on merit system principles and prohibited personnel practices; and
- F. Degree of potential applicability of the program to other groups within the Department of Defense.

XIII. Project Duration

Section 342 of Pub. L. 103–337 removed any mandatory expiration date for the S&T reinvention laboratory demonstration project program. Major changes and modifications to the demonstration project plan contained in this amendment can be made through announcement in the **Federal Register**.

XIV. Required Waivers and Adaptations of Law and Regulation

Section 342 of Pub. L. 103–337, as amended, gave the Department of Defense the authority to experiment with several personnel management innovations in the Department of Defense science and technology (S&T) reinvention laboratories. In addition to the authorities granted by the law, the

following are waivers and adaptations of law and regulation that will be necessary for implementation of best practices in the S&T reinvention laboratory demonstration project program. In due course, additional laws and regulations may be identified for waiver.

Those personnel policies, programs, and entitlements not included as part of the demonstration project best practices (e.g., discipline, benefits, and entitlements) will be administered in accordance with existing statutes and regulations. The following waivers and adaptations of certain provisions are required only to the extent that these statutory provisions limit or are inconsistent with the actions contemplated under demonstration project best practices.

Waivers and Adaptations of Title 5, United States Code (U.S.C.)

Chapter 5, Section 552a: Records Maintained on Individuals. This section is adapted only to the extent necessary to allow volunteers under the volunteer emeritus program to be treated as "Federal personnel," as that term is defined in this section.

Chapter 31, Section 3132: The Senior Executive Service; Definitions and Exclusions. This section is adapted to the extent necessary to allow creation of pay band level 3, CG 1, Science and Engineering Research, and pay band level 4, CG 2, Professional and Administrative Management.

Chapter 33, Section 3308: Competitive Service; Examinations; Educational Requirements Prohibited; Exceptions. This section is waived with respect to the scholastic achievement appointment authority.

Chapter 33, Section 3317(a): Competitive Service; Certification from Registers. This section is waived to eliminate the "rule of three."

Chapter 33, Section 3318(a): Competitive Service; Selection from Certificates. This section is waived to eliminate the "rule of three" and to allow preference eligibles to be passed over.

Chapter 33, Section 3319: Alternative Ranking and Selection Procedures. This section is adapted only to the extent necessary to give the Department of Defense authority to use alternative ranking and selection procedures without OPM regulation, and to allow rating, ranking, and referral by quality groups of all candidates, including disabled veterans with a compensable service-connected disability of 10 percent or more.

Chapter 33, Section 3321(a)(2): This section is waived to eliminate the

requirement for probationary period before initial appointment as a supervisor or manager.

Chapter 33, Section 3324: Appointment to Positions Classified Above GS-15. This section is waived to allow creation of pay band level 3, CG 1, Science and Engineering Research, and pay band level 4, CG 2, Professional and Administrative Management.

Chapter 33, Section 3341: Details; Within Executive or Military Departments. This section is adapted to allow details to extend beyond 120 days.

Chapter 35, Section 3502(c): This section is waived to allow performance score as a retention factor before veterans' preference.

Chapter 43, Section 4301(3): Definitions. This section is waived to allow a different definition of the term, "unacceptable performance."

Chapter 43, Section 4302: Establishment of Performance Appraisal Systems. This section is adapted to allow pay banding and to accommodate performance-focused pay features of the PFP evaluation system.

Chapter 43, Section 4302(a)(3): Establishment of Performance Appraisal Systems. This section is adapted to replace the term "grade" with "pay band level" and accommodate best practices procedures for taking actions on unacceptable performance.

Chapter 43, Section 4302(b)(1): Establishment of Performance Appraisal Systems. This section is waived to accommodate demonstration project best practices establishment of benchmark performance standards.

Chapter 43, Section 4302(b)(2): Establishment of Performance Appraisal Systems. This section is adapted only to the extent necessary to replace the term "critical elements" with "performance objectives and performance factors."

Chapter 43, Sections 4303(a), (b), and (c): Actions Based on Unacceptable Performance. These sections are adapted to replace the term "grade" with "pay band level" and accommodate demonstration project best practices procedures for taking actions based on unacceptable performance. Appeal rights apply as provided for in BP requirements.

Chapter 43, Sections 4304(b)(1) and (3): Responsibilities of the Office of Personnel Management. These sections are waived to reflect changes in responsibilities authorized by section 342 of Pub. L. 103-337, as amended by section 1114 of Pub. L. 106-398.

Chapter 51, Sections 5101-5115: Classification. These sections regarding classifying and grading positions are waived to permit allocation of

demonstration project best practices positions to pay band levels on the basis of descriptors.

Chapter 53, Sections 5301; 5302(1), (8), and (9); 5303; and 5304: Pay Comparability System. These sections are adapted to: (1) Allow employees in CG 1, level 3, Science and Engineering Research, and CG 2, level 4, Professional and Administrative Management, to be treated as ST employees; (2) allow supervisor B and C employees of CG 1, level 2; supervisor D employees of CG 2, level 2; and supervisor B and C of CG 2, level 3, to be treated as ST employees; (3) allow all other demonstration project best practices employees to be treated as GS employees; and (4) allow basic rates of pay under demonstration project best practices to be treated as scheduled rates of basic pay. These adaptations do not apply to ST employees, who will continue to be covered by these title 5 statutory provisions, as appropriate.

Chapter 53, Section 5305: Special Pay Authority. This section is waived to make special salary rates inapplicable to BP employees after their conversion into demonstration project best practices and to allow special salary rate supplements only when specifically incorporated through the use of the SSR supplement provisions of demonstration project best practices.

Chapter 53, Section 5305 Special Pay Authority Reference to Federal Employees Pay Comparability Act of 1990 (Public Law 101-509): Federal Law Enforcement Pay Reform. This title is adapted only to allow law enforcement officers covered by demonstration project best practices to be treated as law enforcement officers under the GS.

Chapter 53, Section 5306: Pay Fixed By Administrative Action. This section is adapted to the extent that pay may not be paid, through the exercise of authority under this section, at a rate in excess of the rate of basic pay payable for SES level 4 (ES-4).

Chapter 53, Sections 5331-5338: General Schedule Pay Rates. These sections are waived to allow career groups and pay band levels and accommodate performance-focused pay features of demonstration project best practices.

Chapter 53, Sections 5361-5366: Grade and Pay Retention. These sections are waived to: (1) Eliminate grade retention; (2) eliminate pay retention provisions for reductions in pay due solely to the removal or reduction of supervisory pay upon leaving a supervisory position; (3) provide that pay retention provisions apply to nonsupervisory employees for a maximum of two years after pay is reduced; (4) provide that pay retention

provisions do not apply to conversions from GS special rates to demonstration project best practices pay, as long as total pay is not reduced; (5) provide that pay retention does not apply to reduction in basic pay due solely to the reallocation of demonstration project best practices pay rates in the implementation of a SSR supplement; (6) provide that, for employees assigned to level 3, CG 1, Science and Engineering Research, and employees assigned to level 4, CG 2, Professional and Administrative Management, pay 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); and (7) otherwise allow demonstration project best practices employees to be treated as GS employees. These adaptations do not apply with respect to coverage for ST employees, except when an ST employee moves to a GS-equivalent position within demonstration project best practices under conditions that trigger entitlement to pay retention.

Chapter 55, Sections 5542(a)(1)-(2): Overtime Rates; Computation. These sections are adapted only to the extent necessary to provide that the GS-10 minimum special rate (if any) for the special rate category to which a demonstration project best practices employee belongs is deemed to be the "applicable special rate" in applying the pay cap provisions in 5 U.S.C. 5542.

Chapter 55, Section 5543: Compensatory Time Off. This section is adapted only to the extent necessary to provide that the GS-10 maximum special rate (if any) for the special rate category to which a demonstration project best practices employee belongs is deemed to be the "applicable special rate" in applying the compensatory time off provisions in 5 U.S.C. 5543.

Chapter 55, Section 5545(d): Hazardous Duty Differential. This section is adapted to allow demonstration project best practices employees to be treated as GS employees. However, this adaptation does not apply to ST employees or employees in CG 1, level 3, Science and Engineering Research, and CG 2, level 4, Professional and Business Management; supervisor B and C employees of CG 1, level 2; supervisor D employees of CG 2, level 2; and supervisor B and C of CG 2, level 3. They are excluded from coverage under 5 U.S.C. 5545(d).

Chapter 55, Section 5547(a)-(b): Limitation on Premium Pay. These sections are adapted only to the extent necessary to provide that the GS-15 maximum special rate (if any) for the

special rate category to which a project employee belongs is deemed to be the "applicable special rate" in applying the pay cap provisions in 5 U.S.C. 5547.

Chapter 57, Sections 5753, 5754, and 5755: Recruitment and Relocation Bonuses; Retention Allowances; and Supervisory Differentials. These sections are adapted only to: (1) Allow employees in CG 1, level 3, Scientific and Engineering Research, and CG 2, level 4, Professional and Business Management; (supervisor B and C employees of CG 1, level 2; supervisor D employees of CG 2, level 2; and supervisor B and C of CG 2, level 3 to be treated as ST employees; (2) allow all other demonstration project best practices employees to be treated as GS employees; and (3) allow basic rates of pay under demonstration project best practices to be treated as scheduled rates of basic pay. However, these adaptations do not apply to ST employees, who will continue to be covered by these Title 5 statutory provisions, as appropriate.

Chapter 59, Section 5941: Allowances Based on Living Costs and Conditions of Environment; Employees Stationed Outside Continental United States or in Alaska. This section is adapted only to the extent necessary to provide that cost of living allowances (COLAs) paid to employees under demonstration project best practices are paid in accordance with regulations prescribed by the President (as delegated to OPM).

Chapter 71: Labor-Management Relations. This chapter is waived only to the extent that its provisions (e.g., 5 U.S.C. 7103(a)(12) and 7116) would prohibit management or the union from unilaterally terminating negotiations over whether employees represented by the union will be converted into this demonstration project.

Chapter 75, Section 7512(3) and (4): Adverse Actions. These sections are adapted only to the extent necessary (1) to replace "grade" with "pay band level," (2) to provide that reductions in pay band level not accompanied by a reduction in pay are not covered by chapter 75, subchapter II, (3) to ensure that adverse action provisions do not apply (a) to conversions from GS special rates to demonstration project pay or from other demonstration project pay to this demonstration project pay, as long as total pay is not reduced, and (b) to supervisory pay when an employee moves to a lower level supervisory position or to a nonsupervisory position, and (4) to otherwise accommodate demonstration project best practices features.

Chapter 75, Section 7513: Cause and Procedure. This section is adapted only

to the extent necessary to accommodate demonstration project best practices features.

Waivers and Adaptations of Title 5, Code of Federal Regulations (CFR)

Section 213.3102(bb): Excepted Schedules. This section is adapted to eliminate the requirement for prior OPM approval.

Sections 300.601–300.605: Time-in-Grade Restrictions. These sections are waived to eliminate time-in-grade restrictions under this demonstration project.

Sections 315.801 and 315.802: Probationary Period. These sections are adapted only to the extent necessary to allow extended probationary periods up to three years, as specified in the project plan for this demonstration project.

Section 315.901–315.909: Probation on Initial Appointment to a Supervisory or Managerial Position. These sections are waived to eliminate supervisory probationary period.

Section 316.301: Term Employment; Purpose and Duration. This section is adapted to allow modified term employee appointments to cover a maximum period of 6 years.

Section 316.303: Tenure of Term Employees. This section is adapted to allow employees on demonstration project modified term employee appointments to compete for permanent status through local merit promotion plans.

Section 332.402: Regular Order of Certification for Appointment. This section is waived.

Section 332.404: Order of Selection from Certificates. This section is adapted to eliminate the "rule of three" under this demonstration project.

Section 332.406: Objections to Eligibles. This section is adapted only to the extent necessary to allow the Department of Defense to act on objections to eligibles.

Part 333: Recruitment and Selection for Temporary and Term Appointments Outside the Register. This section is adapted to allow noncompetitive temporary and term appointments.

Section 335.103 (c)(i): Agency Promotion Programs. This section is adapted only to the extent necessary to allow temporary job changes of 2 years or less to a position in a higher pay band level and to expand discretionary exemptions to agency promotion programs.

Section 339.306: Processing Medical Eligibility Determinations on Certificates of Eligibles. Adapted to allow the Department of Defense to make the necessary medical determinations.

Part 351: Reduction in Force. This part is adapted to the extent necessary to allow provisions of the RIF plan as described in this **Federal Register** notice for this demonstration project. Specific adaptations and waivers include:

Section 351.203: Definitions. This section is adapted to conform to **Federal Register** notice and best practices.

Section 351.205: Authority of OPM. This section is waived.

Section 351.402(b): Competitive Area. This section is waived only to the extent necessary to allow competitive area to be defined by career group, line of business, product line, organization unit, funding line, and/or geographic location.

Section 351.403: Competitive Level. This section is waived.

Section 351.404: Retention Register. This section is eliminated to allow establishment of retention levels and retention register as provided in this **Federal Register** notice for this demonstration project.

Sections 351.501–351.504: These sections are waived.

Section 351.701: Assignment Involving Displacement. This section is waived.

Part 430, Subpart B: Performance Appraisal for General Schedule, Prevailing Rate, and Certain Other Employees. This subpart is waived to accommodate the establishment of this demonstration project's pay for performance evaluation system.

Part 432: Performance Based Reduction in Grade and Removal. This part is adapted to (1) allow employees to be removed, reduced in pay band level with a reduction in pay, reduced in pay without a reduction in pay band level, and reduced in pay band level without a reduction in pay based on unacceptable performance, (2) eliminate performance standards and critical elements, (3) incorporate what constitutes "acceptable performance" and "unacceptable performance," as defined in the demonstration project plan, (4) replace the term "grade" with "pay band level," and (5) provide that, for employees who are reduced in pay band level without a reduction in pay, Sections 432.105 and 432.106(a) do not apply.

Section 432.102: Coverage. This section is adapted to the extent necessary to replace "grade" with "pay band level."

Sections 432.104 and 432.105: Addressing Unacceptable Performance; Proposing and Taking Action Based on Unacceptable Performance. These sections are waived to allow the establishment of alternative procedures

under the pay for performance evaluation system.

Part 511, Sections 511.101–511.703: Classification Under the General Schedule. These sections are waived to: (1) Permit allocation of best practices positions to pay band levels on the basis of pay band level descriptors; (2) permit reconsideration of pay system, occupational series, title, or pay band level according to the procedures established by the BP.

Part 530, Subpart C: Special salary rates. This subpart is waived to the extent necessary to provide that special salary rates are inapplicable to BP employees after their conversion into BP.

Part 531, Subpart C: Special Pay Adjustments for Law Enforcement Officers. This subpart is adapted only to: (1) Allow law enforcement officers in CG 2, level 4, Professional and Administrative Management, to be treated as ST employees; (2) allow all other law enforcement officers to be treated as GS employees; and (3) allow basic rates of pay under BP to be treated as scheduled rates of basic pay. However, these adaptations do not apply to ST employees, who will continue to be covered by these Title 5 regulatory provisions, as appropriate.

Part 531, Subparts B, D and E: Determining Rates of Basic Pay; Within-Grade Increases; and Quality Step Increases. These subparts are waived to allow pay banding and accommodate performance-focused pay features of this demonstration project's pay for performance evaluation system.

Part 531, Subpart F: Locality-Based Comparability Payments. This subpart is adapted only to the extent necessary to: (1) Allow employees in CG 1, level 3, Scientific and Engineering Research, and CG 2, level 4, Professional and Administrative Management, to be treated as ST employees; (2) allow supervisor B and C employees of CG 1, level 2; supervisor D employees of CG 2, level 2; and supervisor B and C employees of CG 2, level 3 to be treated as ST employees; (3) allow all other BP employees to be treated as GS employees; and (4) allow basic rates of pay under best practices to be treated as scheduled rates of basic pay. However, these adaptations do not apply to ST employees, who will continue to be covered by these Title 5 regulatory provisions, as appropriate.

Part 536: Grade and Pay Retention. This part is adapted to: (1) Eliminate grade retention; (2) eliminate pay retention provisions for reductions in pay due solely to the removal of or reduction in a supervisory adjustment upon leaving a supervisory position for

another supervisory position or a nonsupervisory position; (3) provide that pay retention provisions do not apply to conversions from GS special rates to BP pay, as long as total pay is not reduced; (4) provide that pay retention provisions do not apply to reductions in basic pay due solely to the reallocation of BP pay rates in the implementation of a SSR supplement; (5) provide that pay retention provisions apply to nonsupervisory employees for a maximum of two years after pay is reduced; and (6) ensure that for employees of CG 1, level 3, Scientific and Engineering Research, and CG 2, level 4, Professional and Administrative Management, pay 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). These adaptations do not apply with respect to coverage for ST employees, except when an ST employee moves to a GS-equivalent position within BP under conditions that trigger entitlement to pay retention.

Part 550, Sections 550.105–550.106: Biweekly and Annual Maximum Earnings Limitations. These sections are adapted only to the extent necessary to provide that the GS–15 maximum special rate (if any) for the special rate category to which a BP employee belongs is deemed to be the “applicable special rate” in applying the pay cap provisions in 5 U.S.C. 5547.

Part 550, Section 550.113(a): Computation of Overtime Pay. This section is adapted only to the extent necessary to provide that the GS–10 minimum special rate (if any) for the special rate category to which a BP employee belongs is deemed to be the “applicable special rate” in applying the pay cap provisions in 5 U.S.C. 5542.

Section 550.703: Definitions. This section is adapted only to the extent necessary to modify the definition of “reasonable offer” by replacing “two grade or pay levels” with “one pay band level” and “grade or pay level” with “pay band level.”

Section 550.902: Hazardous Duty Differential. This section is adapted only to the extent necessary to allow BP employees to be treated as GS employees. However, this adaptation does not apply to ST employees or employees in CG 1, level 3, Scientific and Engineering Research; CG 2, level 4, Professional and Administrative Management; supervisor B and C employees of CG 1, level 2; supervisor D employees of CG 2, level 2; and supervisor B and C employees of CG 2,

level 3. They are excluded from coverage under section 550.902.

Part 575, Subparts A, B, C, and D: Recruitment Bonuses; Relocation Bonuses; Retention Allowances; and Supervisory Differentials. These subparts are adapted only to the extent necessary to: (1) Allow employees in CG 1, level 3, Scientific and Engineering Research; CG 2, level 4, Professional and Administrative Management; supervisor B and C employees of CG 1, level 2; supervisor D employees of CG 2, level 2; and supervisor B and C employees of CG 2, level 3, to be treated as ST employees; (2) allow all other BP employees to be treated as GS employees; and (3) allow basic rates of pay under BP to be treated as scheduled rates of basic pay. However, these adaptations do not apply to ST employees, who will continue to be covered by these Title 5 regulatory provisions, as appropriate.

Part 591, Subpart B: Cost-of-Living Allowances and Post Differential—Nonforeign Areas. This subpart is adapted only to the extent necessary to allow BP employees to be treated as employees under the GS, and employees in CG 1, level 3, Scientific and Engineering Research; CG2, level 4, Professional and Administrative Management; supervisor B and C employees of CG 1, level 2; supervisor D employees of CG 2, level 2; and supervisor B and C employees of CG 2, level 3, to be treated as ST employees.

Section 731.202: Criteria. Adapted to allow DoD to make all suitability determinations.

Part 752, Subpart D: Regulatory Requirements for Removal, Suspension for More than 14 Days, Reduction in Grade or Pay, or Furlough for 30 Days or Less. This subpart is waived.

Appendix A: Occupational Series in Career Group 2, Professional and Administrative Management

Series	Occupational series title
0006 ..	Correctional Institution Administration.
0018 ..	Safety and Occupational Health Management.
0020 ..	Community Planning.
0023 ..	Outdoor Recreation Planning.
0025 ..	Park Ranger.
0028 ..	Environmental Protection Specialist.
0030 ..	Sports Specialist.
0050 ..	Funeral Directing.
0060 ..	Chaplain.
0062 ..	Clothing Design.
0072 ..	Fingerprint Identification.
0080 ..	Security Administration.
0082 ..	US Marshall.
0101 ..	Social Science.
0110 ..	Economist.
0130 ..	Foreign Affairs.

Series	Occupational series title	Series	Occupational series title	Series	Occupational series title
0131 ..	International Relations.	0668 ..	Podiatrist.	1176 ..	Building Management.
0132 ..	Intelligence.	0669 ..	Medical Records Administration.	1221 ..	Patent Adviser.
0135 ..	Foreign Agricultural Affairs.	0670 ..	Health System Administration.	1222 ..	Patent Attorney.
0142 ..	Manpower Development.	0671 ..	Health System Specialist.	1301 ..	General Physical Science.
0150 ..	Geography.	0673 ..	Hospital Housekeeping Management.	1306 ..	Health Physics.
0160 ..	Civil Rights Analysis.	0680 ..	Dentist.	1310 ..	Physics.
0170 ..	History.	0685 ..	Public Health Program Specialist.	1313 ..	Geophysics.
0180 ..	Psychology.	0688 ..	Sanitarian.	1315 ..	Hydrology.
0184 ..	Sociology.	0690 ..	Industrial Hygiene.	1320 ..	Chemistry.
0185 ..	Social Work.	0701 ..	Veterinary Medical Science.	1321 ..	Metallurgy.
0188 ..	Recreation Specialist.	0801 ..	General Engineering.	1330 ..	Astronomy and Space Science.
0190 ..	General Anthropology.	0803 ..	Safety Engineering.	1340 ..	Meteorology.
0193 ..	Archeology.	0804 ..	Fire Protection Engineering.	1350 ..	Geology.
0201 ..	Human Resources Management.	0806 ..	Materials Engineering.	1360 ..	Oceanography.
0222 ..	Occupational Analysis.	0807 ..	Landscape Architecture.	1361 ..	Navigational Information.
0223 ..	Salary and Wage Administration.	0808 ..	Architecture.	1370 ..	Cartography.
0243 ..	Apprenticeship and Training.	0810 ..	Civil Engineering.	1372 ..	Geodesy.
0246 ..	Contractor Industrial Relations.	0819 ..	Environmental Engineering.	1373 ..	Land Surveying.
0249 ..	Wage and Hour Compliance.	0828 ..	Construction Analyst.	1382 ..	Food Technology.
0260 ..	Equal Employment Opportunity.	0830 ..	Mechanical Engineering.	1384 ..	Textile Technology.
0301 ..	Miscellaneous Administration and Program.	0840 ..	Nuclear Engineering.	1386 ..	Photographic Technology.
0334 ..	Computer Specialist.	0844 ..	Electrical Engineering.	1397 ..	Document Analysis.
0340 ..	Program Management.	0850 ..	Computer Engineering.	1410 ..	Librarian.
0341 ..	Administrative Officer.	0854 ..	Electronics Engineering.	1412 ..	Technical Information Services.
0342 ..	Support Services Supervisor.	0855 ..	Biomedical Engineering.	1420 ..	Archivist.
0343 ..	Management and Program Analysis.	0858 ..	Aerospace Engineering.	1510 ..	Actuary.
0346 ..	Logistics Management.	0861 ..	Naval Architecture.	1515 ..	Operations Research.
0360 ..	Equal Opportunity Compliance.	0871 ..	Ship Surveying.	1520 ..	Mathematics.
0391 ..	Telecommunications.	0873 ..	Petroleum Engineering.	1529 ..	Mathematical Statistician.
0401 ..	General Biological Science.	0881 ..	Agricultural Engineering.	1530 ..	Statistician.
0403 ..	Microbiology.	0890 ..	Ceramic Engineering.	1550 ..	Computer Science.
0405 ..	Pharmacology.	0892 ..	Chemical Engineering.	1601 ..	General Facilities and Equipment.
0408 ..	Ecology.	0893 ..	Welding Engineering.	1630 ..	Cemetery Administration.
0410 ..	Zoology.	0894 ..	Industrial Engineering.	1640 ..	Facility Management.
0413 ..	Physiology.	0896 ..	General Legal and Kindred Administration.	1654 ..	Printing Management.
0414 ..	Entomology.	0901 ..	Law Clerk.	1658 ..	Laundry and Dry Cleaning Plant Management.
0415 ..	Toxicology.	0904 ..	General Attorney.	1667 ..	Steward.
0430 ..	Botany.	0905 ..	Hearings and Appeals.	1670 ..	Equipment Specialist.
0434 ..	Plant Pathology.	0930 ..	Paralegal Specialist.	1701 ..	General Education and Training.
0435 ..	Plant Physiology.	0950 ..	Passport and Visa Examining.	1702 ..	Education and Training Technician.
0437 ..	Horticulture.	0967 ..	Workers' Compensation Claims Examining.	1710 ..	Education and Vocational Training.
0440 ..	Genetics.	1001 ..	General Arts and Information.	1712 ..	Training Instruction.
0454 ..	Rangeland Management.	1008 ..	Interior Design.	1720 ..	Education Program.
0457 ..	Soil Conservation.	1010 ..	Exhibits Specialist.	1725 ..	Public Health Educator.
0460 ..	Forestry.	1015 ..	Museum Curator.	1740 ..	Education Services.
0470 ..	Soil Science.	1016 ..	Museum Specialist and Technician.	1750 ..	Instructional Systems.
0471 ..	Agronomy.	1020 ..	Illustrating.	1801 ..	General Inspection, Investigation, and Compliance.
0480 ..	General Fish and Wildlife Administration.	1035 ..	Public Affairs.	1810 ..	General Investigating.
0482 ..	Fishery Biology.	1040 ..	Language Specialist.	1811 ..	Criminal Investigating.
0486 ..	Wildlife Biology.	1051 ..	Music Specialist.	1812 ..	Game Law Enforcement.
0487 ..	Animal Science.	1054 ..	Theater Specialist.	1815 ..	Air Safety Investigating.
0493 ..	Home Economics.	1056 ..	Art Specialist.	1825 ..	Aviation Safety.
0501 ..	Financial Administration and Program.	1060 ..	Photography.	1831 ..	Securities Compliance Examining.
0505 ..	Financial Management.	1071 ..	Audiovisual Production.	1890 ..	Customs Inspection.
0510 ..	Accounting.	1082 ..	Writing and Editing.	1910 ..	Quality Assurance.
0511 ..	Auditing.	1083 ..	Technical Writing and Editing.	1980 ..	Agricultural Commodity Grading.
0526 ..	Tax Specialist.	1084 ..	Visual Information.	2001 ..	General Supply.
0560 ..	Budget Analysis.	1101 ..	General Business and Industry.	2003 ..	Supply Program Management.
0592 ..	Tax Examining Series.	1102 ..	Contracting.	2010 ..	Inventory Management.
0601 ..	General Health Science.	1103 ..	Industrial Property Management.	2030 ..	Distribution Facilities and Storage Management.
0603 ..	Physician's Assistant.	1104 ..	Property Disposal.	2032 ..	Packaging.
0610 ..	Nurse.	1130 ..	Public Utilities Specialist.	2050 ..	Supply Cataloging.
0630 ..	Dietitian and Nutritionist.	1140 ..	Trade Specialist.	2101 ..	Transportation Specialist.
0631 ..	Occupational Therapist.	1144 ..	Commissary Store Management.	2110 ..	Transportation Industry Analysis.
0633 ..	Physical Therapist.	1150 ..	Industrial Specialist.	2123 ..	Motor Carrier Safety.
0638 ..	Recreation/Creative Arts Therapist.	1152 ..	Production Control.	2130 ..	Traffic Management.
0639 ..	Educational Therapist.	1160 ..	Financial Analysis.	2150 ..	Transportation Operations.
0644 ..	Medical Technologist.	1163 ..	Insurance Examining.	2152 ..	Air Traffic Control.
0660 ..	Pharmacist.	1170 ..	Realty.	2161 ..	Marine Cargo.
0662 ..	Optometrist.	1171 ..	Appraising.	2181 ..	Aircraft Operation.
0665 ..	Speech Pathology and Audiology.	1173 ..	Housing Management.	2183 ..	Air Navigation.

Series	Occupational series title
2185 ..	Aircrew Technician.
2210 ..	Information Management. Technology

Appendix B: Occupational Series in Career Group 3, Engineering, Scientific, and Medical Support

Series	Occupational series title
0102 ..	Social Science Aid and Technician.
0119 ..	Economics Assistant.
0181 ..	Psychology Aid and Technician.
0186 ..	Social Services Aid and Assistant.
0187 ..	Social Services.
0404 ..	Biological Science Technician.
0455 ..	Range Technician.
0458 ..	Soil Conservation Technician.
0462 ..	Forestry Technician.
0620 ..	Practical Nurse.
0621 ..	Nursing Assistant.
0625 ..	Autopsy Assistant.
0636 ..	Rehabilitation Therapy Assistant.
0640 ..	Health Aid and Technician.
0642 ..	Nuclear Medicine Technician.
0644 ..	Medical Technologist.
0645 ..	Medical Technician.
0646 ..	Pathology Technician.
0647 ..	Diagnostic Radiologic Technician.
0648 ..	Therapeutic Radiologic Technician.
0649 ..	Medical Instrument Technician.
0651 ..	Respiratory Therapist.
0661 ..	Pharmacy Technician.
0667 ..	Orthotist and Prosthetist.
0681 ..	Dental Assistant.
0682 ..	Dental Hygiene.
0683 ..	Dental Laboratory Aid and Technician.
0698 ..	Environmental Health Technician.
0704 ..	Animal Health Technician.
0802 ..	Engineering Technician.
0809 ..	Construction Control.
0817 ..	Surveying Technician.
0818 ..	Engineering Drafting.
0856 ..	Electronics Technician.
0895 ..	Industrial Engineering Technician.
1311 ..	Physical Science Technician.
1316 ..	Hydrologic Technician.
1341 ..	Meteorological Technician.
1371 ..	Cartographic Technician.
1374 ..	Geodetic Technician.
1521 ..	Mathematics Technician.
1531 ..	Statistical Assistant.

Appendix C: Occupational Series in Career Group 4, Business and Administrative Support

Series	Occupational series title
0019 ..	Safety Technician.
0021 ..	Community Planning Technician.
0025 ..	Park Ranger.
0029 ..	Environmental Protection Assistant.
0081 ..	Fire Protection and Prevention.
0083 ..	Police.
0085 ..	Security Guard.
0086 ..	Security Clerical and Assistance.
0090 ..	Guide.
0120 ..	Food Services.
0134 ..	Intelligence Aid and Clerk.
0189 ..	Recreation Aid and Assistant.
0203 ..	Human Resources Assistance.
0302 ..	Messenger.
0303 ..	Miscellaneous Clerk and Assistant.
0304 ..	Information Receptionist.
0305 ..	Mail and File.
0309 ..	Correspondence Clerk.
0312 ..	Clerk-Stenographer and Reporter.
0313 ..	Work Unit Supervising.
0318 ..	Secretary.
0319 ..	Closed Microphone Reporting.
0322 ..	Clerk-Typist.
0326 ..	Office Automation Clerical and Assistance.
0332 ..	Computer Operation.
0335 ..	Computer Clerk and Assistant.
0342 ..	Support Services Supervisor.
0344 ..	Management and Program Clerical and Assistance.
0350 ..	Equipment Operator.
0351 ..	Printing Clerical.
0355 ..	Calculating Machine Operation.
0356 ..	Data Transcriber.
0357 ..	Coding.
0361 ..	Equal Opportunity Assistance.
0382 ..	Telephone Operating.
0390 ..	Telecommunications Processing.
0392 ..	General Telecommunications.
0394 ..	Communications Clerical.
0503 ..	Financial Clerical and Technician.
0525 ..	Accounting Technician.
0530 ..	Cash Processing.
0540 ..	Voucher Examining.
0544 ..	Civilian Pay.
0545 ..	Military Pay.
0561 ..	Budget Clerical and Assistance.
0622 ..	Medical Supply Aide and Technician.
0664 ..	Restoration Technician.
0675 ..	Medical Records Technician.
0679 ..	Medical Support Assistance.

Series	Occupational series title
0962 ..	Contact Representative.
0963 ..	Legal Instruments Examining.
0986 ..	Legal Assistance.
0994 ..	Unemployment Compensation Claims Examining.
0995 ..	Dependent and Estate Claims Examining.
0998 ..	Claims Assistance and Examining.
1001 ..	General Arts and Information.
1021 ..	Office Drafting.
1046 ..	Language Clerical.
1087 ..	Editorial Assistance.
1101 ..	General Business and Industry.
1105 ..	Purchasing.
1106 ..	Procurement Clerical and Technician.
1107 ..	Property Disposal Clerical and Technician.
1182 ..	Retail Manager.
1202 ..	Patent Technician.
1411 ..	Library Technician.
1421 ..	Archives Technician.
1702 ..	Education and Training Technician.
1802 ..	Compliance Inspection and Support.
1860 ..	Public Health Inspection.
1863 ..	Food Inspection.
1890 ..	Customs Inspection.
1897 ..	Customs Aid.
2005 ..	Supply Clerical and Technician.
2091 ..	Sales Store Clerical.
2102 ..	Transportation Clerk and Assistant.
2111 ..	Transportation Rate and Tariff Examining.
2131 ..	Freight Rate.
2135 ..	Transportation Loss and Damage Claims Examining.
2144 ..	Cargo Scheduling.
2151 ..	Dispatching.
2154 ..	Air Traffic Assistance.

Appendix D: Supervisory Pay Tables

(Based on 2003 Basic General Schedule Salary Table)

The supervisory rate ranges include basic pay and supervisory adjustment in the following percentages:

- Supervisor A—10%
- Supervisor B—20%
- Supervisor C—30%
- Supervisor D—45%

Locality pay adjustments will apply to the nonsupervisory and supervisory pay ranges, as appropriate

Career Group 1	Level 1 rate range \$23,442–\$66,961	Level 2 rate range \$61,251–\$110,682	Level 3 rate range \$102,168– \$133,800	Level 4 does not exist in this Career Group
Supervisor A	N/A	N/A	N/A	
Supervisor B	N/A	\$61,241–\$129,498	N/A	
Supervisor C	N/A	\$61,251– \$150,865 **	N/A	
Supervisor D	N/A	N/A	N/A	

Career Group 2	Level 1 rate range \$23,442–\$55,873	Level 2 rate range \$51,508–\$79,629	Level 3 rate range \$72,381–\$110,682	Level 4 rate range \$102,168– \$133,800
Supervisor A	\$23,442–\$61,460	\$51,508–\$87,592	N/A	N/A
Supervisor B	\$23,442–\$66,961	\$51,508–\$94,098	\$72,381–\$129,498	N/A

Career Group 2	Level 1 rate range \$23,442–\$55,873	Level 2 rate range \$51,508–\$79,629	Level 3 rate range \$72,381–\$110,682	Level 4 rate range \$102,168– \$133,800
Supervisor C	\$23,442–\$79,629	\$51,508–\$110,682	\$72,381– \$150,865 **	N/A
Supervisor D	\$23,442–\$94,098	\$51,508–\$129,498	N/A	N/A
Career Group 3	Level 1 rate range \$15,214–\$27,234	Level 2 rate range \$23,442–\$37,749	Level 3 rate range \$32,158–\$55,873	Level 4 does not exist in this Career Group
Supervisor A	\$15,214–\$28,868	\$23,442–\$40,014	\$32,158–\$61,460	
Supervisor B	\$15,214–\$30,471	\$23,442–\$41,806	\$32,158–\$66,961	
Supervisor C	N/A	\$23,442–\$46,175	\$32,158–\$79,629	
Supervisor D	N/A	\$23,442–\$50,851	N/A	
Career Group 4	Level 1 rate range \$15,214–\$27,234	Level 2 rate range \$23,442–\$37,749	Level 3 rate range \$32,158–\$50,851	Level 4 does not exist in this Career Group
Supervisor A	\$15,214–\$28,868	\$23,442–\$40,014	\$32,158–\$55,936	
Supervisor B	\$15,214–\$30,471	\$23,442–\$41,806	\$32,158–\$61,021	
Supervisor C	N/A	\$23,442–\$46,175	\$32,158–\$66,961	
Supervisor D	N/A	\$23,442–\$50,851	N/A	

Career Group 5 Does Not Have Associated Supervisory Tables.

** Not to exceed SES level 4 (ES-4 = \$133,800)

Note: The basis for “N/A” is that establishment of supervisory positions at these levels is not anticipated. However, if a supervisory position is established at such a level, the maximum rate of pay is 20 percent above the maximum rate for the base level

supervised (see VI.A.1). However, in no case will pay exceed the rate of basic pay for SES level 4 (ES-4).

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