

NSPS UPDATE

25 October 2007

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LRD CPAC

AFGE v. Gates/Hill Activity

- **Lawsuit:**
 - On February 27, 2006, D.C. District Court permanently enjoined adverse actions, appeals, and labor relations regulations
 - Matter appealed to D.C. Circuit Court of Appeals
 - **May 18, 2007 District Court judgment was reversed, DoD regulations upheld**
 - Adverse actions, appeals, and labor relations regulations remain enjoined pending issuance of a “mandate” by the Appeals Court
 - Unions say they will appeal within the 45 day limit
- **Congressional Activity on 2008 NDAA**
 - **House:** revokes authority to reform adverse actions, appeals and labor relations; imposes such burdensome processes for HR system that it effectively revokes critical flexibilities
 - **Senate:** revokes LR, however preserves HR system; will analyze further when we see actual language
 - **Next steps:** Senate will vote on Committee action; bill will go to conference
- ***Department is proceeding with Spiral 2 implementation plan***

Key Events and Activities

2003

- NSPS authorized by National Defense Authorization Act

2004

- Working groups developed human resources, labor relations, and appeals options
- Conducted Focus Groups and Town Halls worldwide
- Met with labor organizations on design input

2005

- Published proposed and final NSPS Regulations
- Considered 58K comments received during public comment period
- Held meet and confer sessions and continued collaboration with unions
- Testified before Congress
- Conducted Train-the-Trainer sessions

2006

- Implementing issuances published and released
- Trained employees and supervisors
- Implemented Spiral 1.1 and began implementation of Spiral 1.2
- Completed first performance appraisal cycle under NSPS

2007

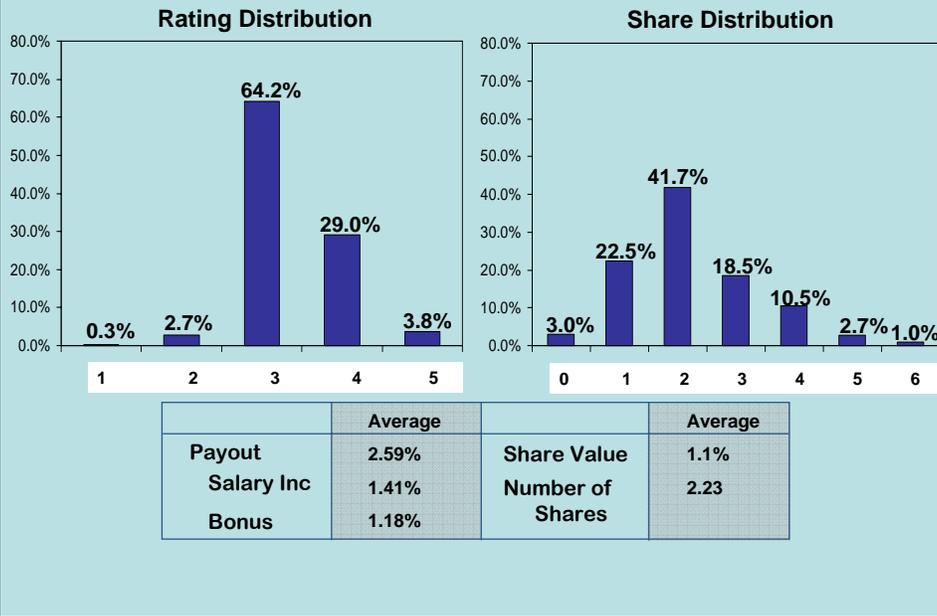
- Spiral 1.1 payouts in January
- Spiral 1.3 implementation in March/April
- Spiral 2 implementation begins in November

Where Are We With Spiral 1.1?

CPACs/CPOCs successfully implemented the first NSPS spiral

- Performance appraisal cycle completed January 2007
- Job objectives aligned with DoD mission
- Meaningful distinctions about employee performance
- Rewards based on performance distinctions

Spiral 1.1 Preliminary Results



Spiral 1.2

- Started Jan 2007 – about 400 supervisors in LRD
- Conversion to NSPS – 21 Jan 07
- Mock Pay Pools 7-18 May 07
- Rating Cycle ended 30 Sep 07
- Pay Pool meetings – Oct-Nov 07
- Performance-Based Payouts in Jan 08
- Employees with a performance rating above unacceptable will receive:
 - Half of the Jan 08 comparability increase (1.25%)
 - Full locality increase (1% average but varies depending on locality pay)
 - NSPS performance-based increase
 - Total pool will include 2.26% (salary) + 1.25% (salary) + 1.5% (awards)
 - Amount of pool allocated to each person varies depending on rating and shares

What's Next?

- Spiral 2.1c: 11 Nov 07
 - Includes Logistics Management ULA and IM/IT CGO (HQ)
- Spiral 2.2d: 17 Feb 08
 - Includes non-bargaining unit positions/employees
 - About 740 total in LRD
 - 274 LRH, 354 LRN, 13 LRB, 13 LRC, 42 LRD, 10 LRE, 12 LRL, 22 LRP
- Spiral 3: Oct 08 (tentative)
 - Remaining GS employees
- WG employees to be added at a future date
- Current NSPS authority expires FY09

Conversion to NSPS

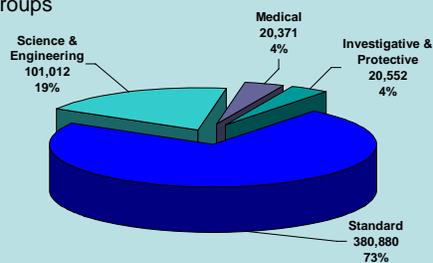
- Employees will not lose pay upon conversion
- Conversion based on current position of record
- Employees eligible for a within-grade increase (WGI) will receive a pro-rated increase in salary
 - One-time salary increase at time of conversion, equal to percentage of WGI earned
 - For example:
 - Employee is in a 2-year waiting period
 - Has served 1 year at current step
 - WGI buy-in increase is equal to 50% of the difference between current and next step

Major Design Elements

- **Classification**
 - Jobs in broad “pay bands” based on work nature and competencies
- **Compensation**
 - Pay directly linked to performance and mission accomplishment
- **Performance Management**
 - Linked to agency mission
 - Job objectives and contributing factors influence rating
 - Meaningful distinctions in employee performance
 - Employee development with ongoing feedback and dialogue
- **Staffing**
 - Flexibility to respond to mission changes
 - The right person, in right place, at the right time
- **Workforce Shaping**
 - Emphasis on performance
- **Adverse Actions and Appeals / Labor Relations System**
 - On hold

Classification

- **Simple – Flexible**
 - Based on natural career groups, typical career progression and compensation
 - Sunset special salary rates
- **Career Groups**
 - Establish new groups as needed
 - Combine current groups if differences become unimportant
 - Add, combine, eliminate, and/or move occupations
- **Pay Schedules and Bands**
 - Stratify occupations within career groups
 - Reflect distinctions in occupations
 - Types of work
 - Education requirements
 - Career progression
 - Pay practices



Career Groups/Pay Schedules

<p style="text-align: center;">STANDARD</p> <ul style="list-style-type: none"> • Professional/Analytical (YA) • Tech/Support (YB) • Supervisor/Manager (YC) • Student Employment (YP)* 	<p style="text-align: center;">ENGINEERING & SCIENTIFIC</p> <ul style="list-style-type: none"> • Professional (YD) • Tech/Support (YE) • Supervisor/Manager (YF)
<p style="text-align: center;">MEDICAL</p> <ul style="list-style-type: none"> • Physician/Dentist (YG) • Professional (YH) • Tech/Support (YI) • Supervisor/Manager (YJ) 	<p style="text-align: center;">INVESTIGATIVE & PROTECTIVE SERVICES</p> <ul style="list-style-type: none"> • Investigative (YK) • Fire Protection (YL) • Police/Guard (YM) • Supervisor/Manager (YN)

*Student Employment (YP) covers all 4 groups.

Sample Conversion Chart

Pay Schedules	Pay Band 1	Pay Band 2	Pay Band 3	Pay Band 4
YA – STND – Prof / Analytical YD – E&S - Prof	GS-5 to 8 GS-9 to 11*	GS-9 to 13	GS-14 to 15	N/A
YB – STND – Tech / Support YE – E&S – Tech/Spt	GS-1 to 6	GS-7 to 10	GS-11 to 12	N/A
YP – STND – SEEP PGM (Student)	GS-1 to 11	N/A	N/A	N/A
YC – STND – Supv YF – E&S - Supv	GS 6-11	GS 12-14	GS-15**	N/A

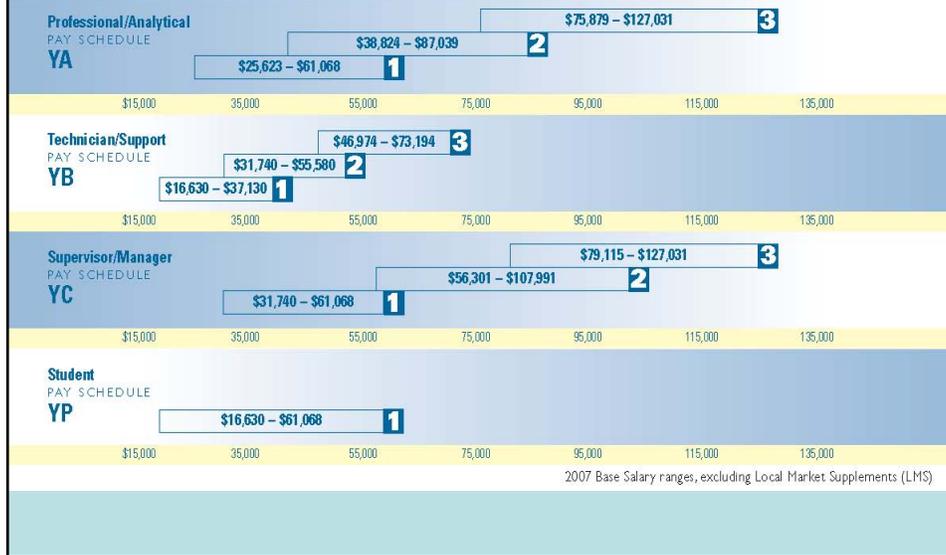
*Positions with a target grade above the current grade are converted to pay band 1

**Some GS-14 supervisory positions are also converted to PB3; most are PB2

See the NSPS Handbook (starting on page 3) for the complete table



Standard Career Group 2007



New Definitions

- **Promotion:** Movement of an employee from one band to a higher band
 - *Example:* Pay Band 2 to Pay Band 3
 - Pay increase allowed: 6-20%
- **Reassignment:** Movement of an employee to a different position or set of duties in the same or a comparable pay band on a permanent or temporary/time-limited basis
 - *Example:* YA-2 to YC-2 (Non-supervisory analytical to supervisory)
 - Pay increase limited to 5% at a time (5% per year if employee-initiated)

Staffing

- Eliminates time-in-grade requirement
- Eliminates time after competitive appointment restriction
- Establishes alternative forms of competition
- Changes / creates definitions for promotion, reassignment, reduction in band
- Changes time limits for temporary promotions

Cultural Change

Alternative Forms of Competition

Not currently available

1. Alternate Certification

- By-name request
- Candidate must meet criteria of highest group

2. Exceptional Performance Promotion

- Requires Level 5 performance rating
- Same occupational series and function

3. Assessment Boards

- Pre-established criteria, ranked specific to the occupation
- Selection unique to actual vacancy

New Definitions

- **Promotion:** Movement of an employee from one band to a higher band
 - *Example:* Pay Band 2 to Pay Band 3
- **Reassignment:** Movement of an employee to a different position or set of duties in the same or a comparable pay band on a permanent or temporary/time-limited basis
 - *Example:* Non-supervisory professional and/or analytical pay schedule to supervisory PS across corresponding pay bands (2 to 2)
- **Reduction in Band:** Movement of an employee either voluntary or involuntary from one pay band to a lower pay band
 - *Example:* PB 2 to PB 1

Promotion

- Entitled to a minimum 6% increase
- May receive up to a 20% increase subject to authorized management approval
- May receive greater than a 20% increase if:
 - Approved by higher-level management official (as defined by the Component) OR
 - Needed to reach minimum rate of new pay band (higher-level approval not required)
- Pay cannot be lower than the minimum or higher than the maximum of the new rate range

Reassignment

- Voluntary reassignment – Employees are eligible for a discretionary increase
 - Employee-initiated – May receive up to a 5% increase in a 12-month period
 - Management-directed – May receive up to a 5% increase with each reassignment
- Involuntary reassignment – Employees may receive a reduction in pay
 - Result of poor performance or misconduct – May receive up to a 10% reduction in pay in a 12-month period

Reduction in Band

- Voluntary reduction in band - Employees are eligible for a discretionary increase
 - May receive up to a 5% increase in a 12-month period
- Involuntary reduction in band – Employees may receive a reduction in pay
 - Result of poor performance or misconduct – May receive up to a 10% reduction in pay in a 12-month period
 - Pay cannot be lower than the minimum or higher than the maximum of the new rate range

Competitive / Non-Competitive

Competitive

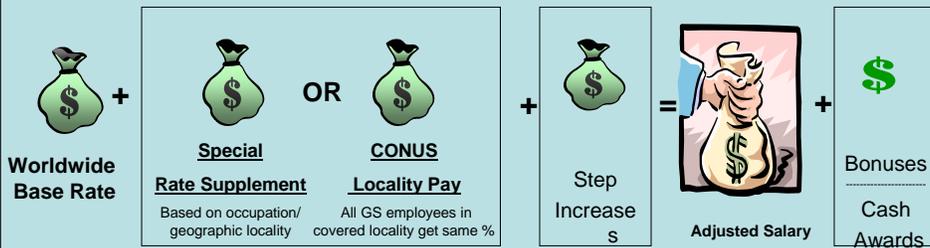
- Movement to higher band/higher level of work
- Same basic concepts apply:
 - Reassignment or reduction in band to a position with more promotion potential
 - Transfer to a higher pay band or to a position with more promotion potential
- Changed under NSPS:
 - **Temporary promotion over 180 days to a higher pay band position**

Exception to Competition

- Movement to same band or comparable level of work (technician to technician)
- Same basic concepts apply:
 - Promotion resulting from previous competitive selection with documented career ladder to higher pay band
 - Promotion resulting from classification at higher pay band because of additional duties and responsibilities
 - Promotion to higher pay band previously held on a term or permanent basis in competitive service
 - Consideration of a candidate not given proper consideration in a competitive promotion action
- Changed under NSPS:
 - **Temporary promotion to a position in a higher pay band for 180 days or less**

What Constitutes Compensation

General Schedule



NSPS



Pay Overview

SECDEF Decisions (Outside Pay Pool)

- Rate Range Adjustments *
- Local Market Supplement (LMS) *

Performance-Based Pay (Inside Pay Pool) [may be Continuing and/or Bonus]

- WGs **
- QSIs **
- Promotions
- Annual Bonuses
- Portion of GPI ***

Money historically spent

Chapter 45 Incentive Awards (Outside NSPS)

- Special Act
- On-the-Spot
- Time Off

Element 1 2 3

* Funded by annual January pay increase

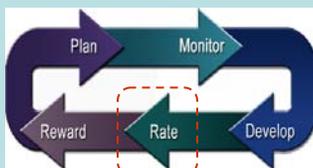
** Does not exist under NSPS

*** Portion remaining after funding Rate Range Adjustments and LMS

NOTE: - Organizations can add additional dollars for either salary increases, bonuses or both
- Extraordinary Pay Increases (EPIs) and Organizational/Team Achievement Recognitions (OARs) are funded from other sources (NOT from pay pool)

Rate Employee Performance

Performance	Rating	Employees are eligible to receive.....
Role Model	5	Performance Based Pay
Exceeds Expectation	4	Rate Range Adjustments
Valued Performance	3	Local Market Supplement Increases
Fair	2	Rate Range Adjustments Local Market Supplement Increases
Unsuccessful	1	No Increases

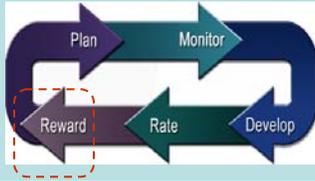


- Employee performance payout = salary increase or bonus

Reward Employee Performance

- Supervisors recommends performance ratings
 - Employees' with ratings from 3 to 5 are eligible for performance base shares
 - Share value = % of employee's salary

Performance	Rating	Shares
Role Model	5	5 - 6
Exceeds Expectations	4	3 - 4
Valued Performance	3	1 - 2
Fair	2	0
Unsuccessful	1	0

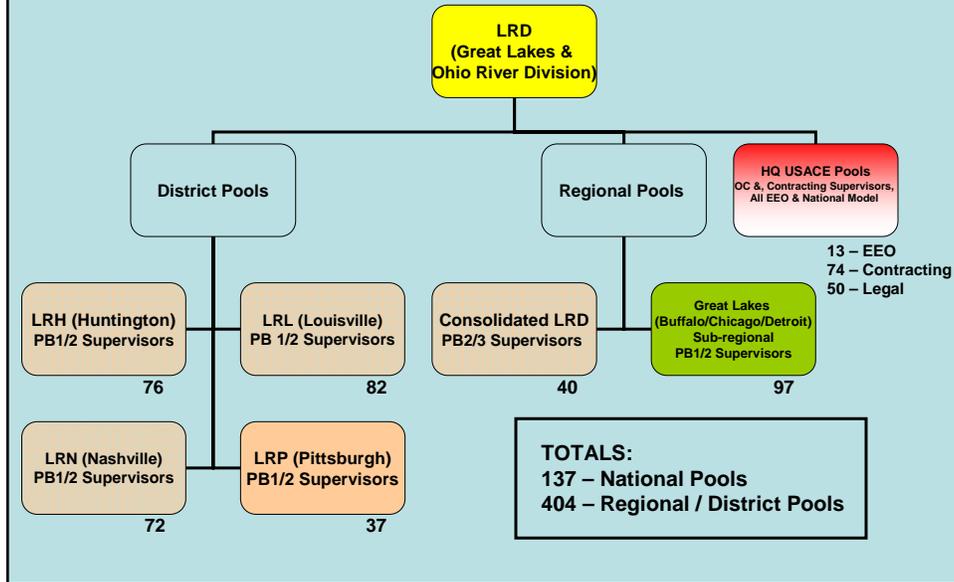


Pay Pool – The Group of People

- Potential Pay Pool Structure
 - Along organizational lines (used by majority)
 - Mission/Mission Support
 - By function
 - Career Groups
 - Pay Bands
 - Occupation
 - By geographic location
 - By workforce
- Size: 35 to 150 employees

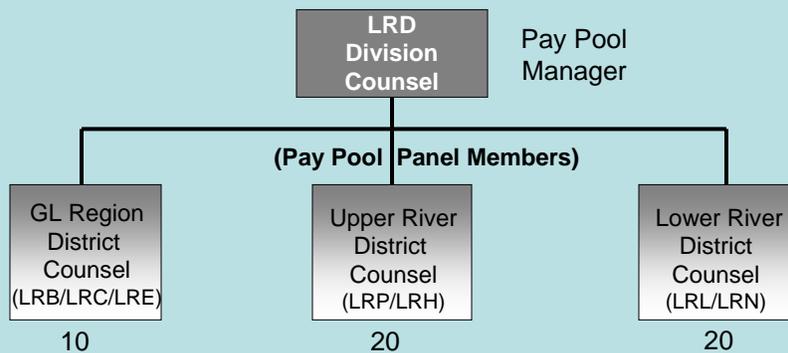
**Leadership
Decides**

LRD Pay Pools – Spiral 1.2



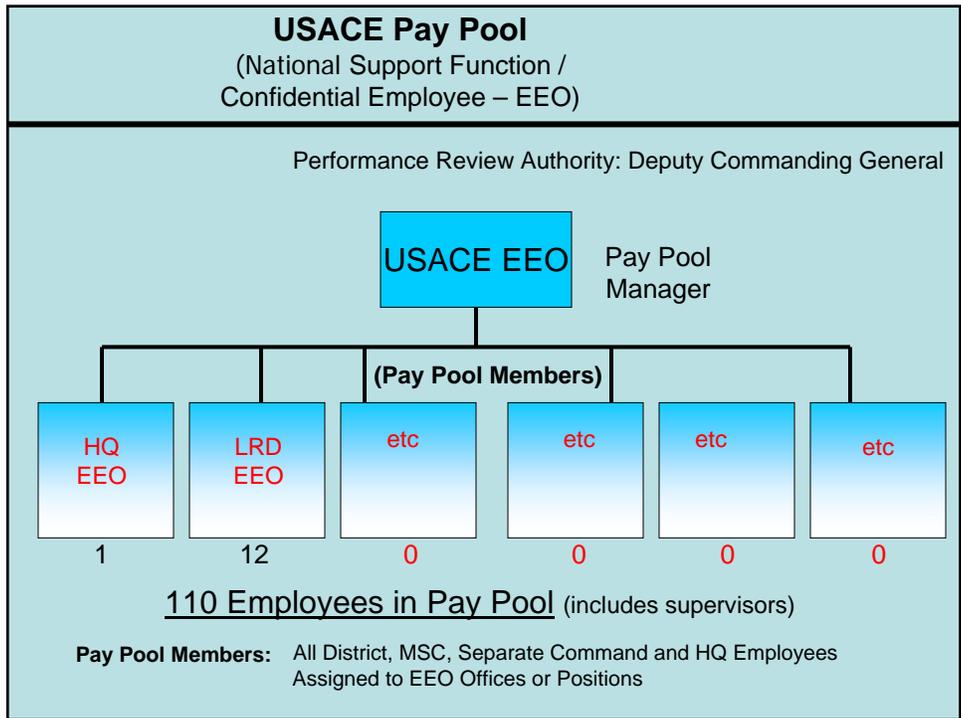
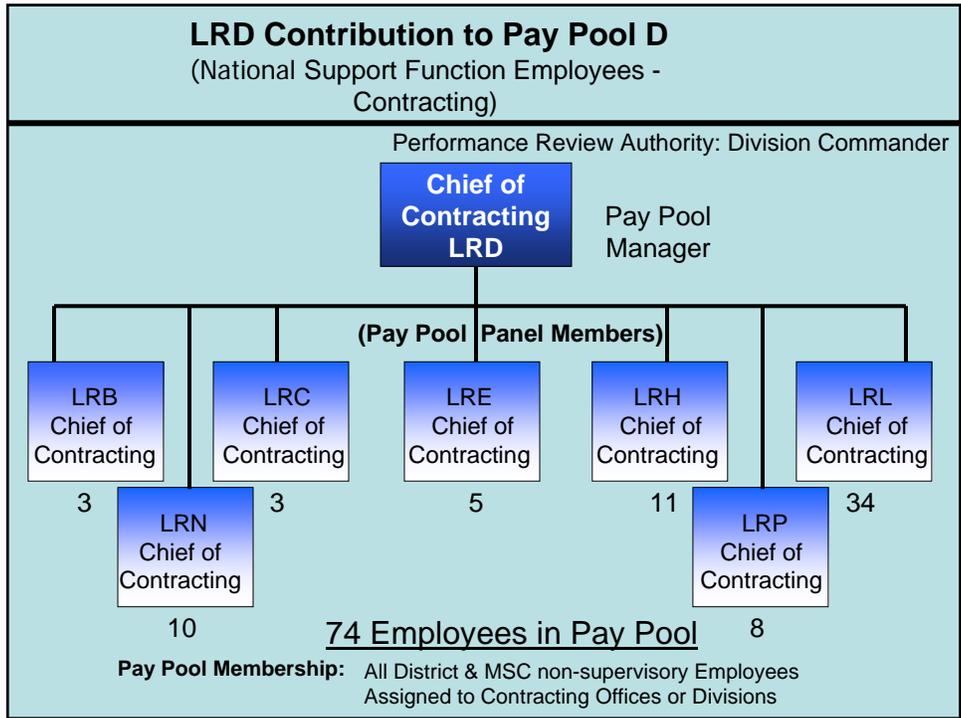
LRD Contribution to Pay Pool C (National Support Function – OC)

Performance Review Authority: USACE Chief Counsel



50 Employees in Pay Pool

Pay Pool Membership: All District non-supervisory OC Employees



NSPS

Learning Products Available Now

- Web based
 - NSPS 101 With Conversion Calculator
 - HR Elements for Managers, Supervisors, and Employees - a Guide for NSPS for Spiral 1.1 Employees
 - Web-based NSPS Fundamentals
 - Human Resources Elements Primer
 - Senior Leaders' Forum
 - Brochures
 - Communicating with Your Staff
 - Role of the HR Practitioner
 - Communicating with Your Supervisor
 - Helping Organizations Thrive Under NSPS
 - Focus on Performance for Managers
 - Focus on Performance for Employees
- Hand-outs
 - NSPS: A Roadmap for Leading Change
 - 7 Ways for Supervisors to Get Ready for NSPS
 - 6 Ways for Employees to Get Ready for NSPS
- Video

QUESTIONS?