

***U.S. Army Edgewood Chemical Biological Center
(ECBC)
Personnel Demonstration Project***



V.2 April 2010

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ECBC Personnel Demonstration Project

Introduction

The Secretary of Defense approved the U.S. Army Edgewood Chemical Biological Center's (ECBC) request to implement a personnel demonstration (demo) project as contained in Federal Register Notice, Vol. 74, No. 248, dated December 29, 2009. The flexibilities afforded under the demo will permit adoption of a more responsive and flexible human resources system intended to enhance ECBC's ability to recruit, develop, reward and retain the best possible workforce. Eight Department of Defense (DoD) labs and research development and engineering centers (RDEC) have successfully implemented demo projects, while several labs and RDECs are pursuing approval for such projects. In fact, the FY 10 National Defense Authorization Act directs DoD labs/RDECs to adopt personnel demo projects. The Center's demo adopts innovative practices that have been tested in other organizations, tailors policies and procedures to meet ECBC's needs and allows the Center to continue to explore and adapt innovative practices to meet future needs.

Demo projects waive or amend specific provisions of statute or regulation in order to test and implement innovative personnel practices. Although the demo changes certain aspects of the personnel system, many features remain the same, such as protections specified under the merit system principles (e.g., selection based on merit factors), the prohibited personnel practices and veteran's preference. Laws and regulations governing leave, health and life insurance and retirement benefits are also unaffected by the demo.

This booklet summarizes the major features of the ECBC demo project. Refer to our Federal Register at <https://cbnet.apgea.army.mil/dpi/hr/PersDemo/docs/E9-30479.pdf> for specific language. Internal operating procedures will be made available on the ECBC lab demo web page to provide more detailed descriptions of the demo features, processes and procedures.

Who is Included in the Demo?

The demo is intended to cover the great majority of ECBC employees. This includes employees at any duty station, as well as ECBC employees who are matrixed to other organizations. However, bargaining unit employees may not be included prior to agreement with the union. In addition, some specific categories of employees are excluded. These include: Federal Wage System employees (WG, WL and WS), temporary employees, Department of the Army (DA) interns and other personnel not directly employed by ECBC, Defense Civilian Intelligence Personnel System (DCIPS), Senior Scientists (ST) and Senior Executive Service (SES). With union agreement, interns join the demo upon promotion to their full performance level. Likewise, local interns hired after demo implementation are included.

Summary of ECBC Personnel Demonstration Project

Pay Banding and Classification

Pay Banding. The 15 individual General Schedule (GS) grade levels are restructured into pay bands that typically cover more than one grade level. The beginning and end points of the bands are linked to the beginning and end points of the GS grades encompassed by the band. Under pay banding, grades and steps — including within grade increases and quality step increases — no longer exist. An employee has the potential to advance without competition within the band, thus eliminating previous promotion requirements and grade limitations. The key to pay progression through the pay band is individual performance. As an employee advances within a pay band, responsibility and/or performance should increase in line with pay.

Employees retain their occupational series. Occupational series track to one of three occupational families: Engineering and Science (E&S), Business and Technical (B&T) and General Support (GEN).

The E&S family (DB) includes engineers, physicists, chemists, mathematicians, operations research analysts, computer scientists, etc. The B&T family (DE) includes computer specialists, quality assurance specialists, engineering and electronics technicians, program analysts, budget analysts, etc. The GEN family (DK) includes secretaries, office automation clerks, program/budget assistants, etc. The pay bands are listed below:

| Occupational Family | Pay Bands and Equivalent GS Grades | | | | |
|-----------------------------|------------------------------------|--------------------|-----------------------|----------------------|---------------|
| Engineering & Science DB | GS-1 - GS-4 I | GS-5 - GS-11 II | GS-12 - GS-14* III | GS-14* - GS-15 IV | >GS-15** V |
| Business & Technical DE | GS-1 - GS-4 I | GS-5 - GS-11 II | GS-12 - GS-13 III | GS-14 - GS-15 IV | |
| General Support DK | GS-1 - GS-4 I | GS-5 - GS-8 II | GS-9 III | | |

*The end point of Band III and the start point of Band IV overlap. Upon conversion into the demo, GS-14s are assigned to Band III or Band IV based on a review of the duties and responsibilities of the position as compared to the demo classification criteria.

**Band V is a senior scientific-technical manager track. The pay range for a Band V employee is above a GS-15. No employee will initially convert to Band V. Band V positions are centrally controlled by DA.

Pay Band Placement Upon Conversion to the Demo. Upon initial conversion to the demo, employees are placed into an occupational family and pay band based upon the series and grade of their position. Employees who are at steps 1 to 9 receive a within grade increase buy-in, which compensates employees for the length of time served toward the next step increase. Therefore, some employees will experience an increase in pay as a result of the within grade increase buy-in. No employee loses pay upon conversion.

Position Series and Grading Standards. The Office of Personnel Management (OPM) references (i.e., Handbook of Occupational Groups and Families and classification guides and standards) continue to be used to determine the proper series and title of positions. The OPM classification guides and standards are used to develop simplified classification criteria for the demo. These simplified criteria are used to determine placement of a position into a pay band.

Position Descriptions (PDs). Each employee is provided with a position description, which includes title, series and pay band and a description of the major duties and responsibilities. The major duties are standardized for similar positions. Many position descriptions also include a description of specialized skills, called specialty work codes, required for the position.

Classification Appeals. An employee may appeal the occupational family, occupational series, title and pay band of his/her position at any time. An employee must formally raise the specific concern to his/her supervisor verbally or in writing to attempt resolution at the lowest practical level within the organization. If the employee is not satisfied with the supervisor's response, he/she may then appeal to DoD. The appeal is processed through the servicing Civilian Personnel Advisory Center (CPAC), which reviews the substance of the appeal and may conduct a position audit before further processing to DoD. Appeal decisions rendered by DoD are final and binding on all administrative, certifying, payroll, disbursing and accounting officials.

Performance Management System

Performance Management. The purpose of the demo's performance management system is to provide an effective method for managing, assessing, compensating and rewarding the workforce. It emphasizes improving performance results by providing an understandable and rational basis for pay changes by linking performance and pay. This system allows managers to make meaningful performance distinctions, considers pay in making performance-based pay decisions and provides information to employees about the results of the appraisal process and pay decisions. A web-based application, the Performance Evaluation Tool (PET), is used to manage the actions of the performance management process. The performance management system ties annual performance ratings to future base pay increases and/or bonuses and is based on the concept that pay should be commensurate with the level of the performance and contribution to the organization.

Each employee begins the rating cycle with individual, results-oriented performance objectives tied to the organizational mission. An employee's accomplishments toward his/her objectives as a whole are measured using performance elements. Performance elements (described below) identify common performance characteristics. Elements are rated and scored using a set of benchmark performance standards, which describe levels of performance for each element and provide a standard to compare actual performance. The use of performance elements and benchmark performance standards helps to ensure comparable scores are assigned while accommodating diverse individual objectives.

Performance Elements. All employees are rated against the first four elements noted below. Team Leadership is mandatory for personnel designated as team leaders and Supervision/Leadership/Equal Employment Opportunity (EEO) is mandatory for all managers/supervisors.

- | | | |
|--|---|-------------------------------|
| <ol style="list-style-type: none">1. Technical Competence, minimum weight: 15%2. Interpersonal Skills, minimum weight: 10%3. Management of Time and Resources, minimum weight: 15%4. Customer Satisfaction, minimum weight: 10% | } | Common to All Positions |
| <ol style="list-style-type: none">5. Team/Project Leadership, Minimum weight: 15% (mandatory for team leaders) OR6. Supervision/Leadership/EEO, Minimum weight: 25% (mandatory for managers/supervisors) | | |

Each performance element is assigned a weight, reflecting its importance in accomplishing an individual's performance objectives. A minimum weight is established for each performance element. The sum of the weights for all of the elements must equal 100%.

Rating Period. The rating period is the same for all employees and covers performance from 1 February to 31 January. The minimum rating period is 120 days under approved performance objectives.

Performance Planning. The supervisor and the employee are encouraged to jointly develop performance objectives and discuss the weights for each performance element. Clear, mutually understood performance objectives and expectations that are linked to organizational goals, strategies and values are fundamental to successful individual and organizational performance. Employees and supervisors are expected to actively participate in these discussions, seek clarity regarding expectations and identify potential obstacles to meeting goals.

Performance Feedback and Rating. Continuous feedback between the rater and the employee is encouraged throughout the rating period. Performance reviews will occur at least at the mid-point and end of the rating period. Performance reviews provide an opportunity to validate performance to date, allow for adjustments and offer feedback. Changes may be made during the rating cycle to accommodate circumstances such as new or changing missions, shifts in workload and obstacles to effective performance. Employees are expected to record accomplishments throughout the rating cycle.

At the end of the rating period, employees finalize their accomplishments using the PET. Supervisors use this information along with personal observations and any other appropriate sources to prepare the performance evaluation. The supervisor initially rates each performance element, not the individual objectives. The score for each element is based on how an employee performs against his/her objectives in their entirety. The benchmark performance standards describe a level of performance associated with a range of scores. The supervisor assigns a score between 0 and 50 for each performance element using the benchmark performance standards. This is the unweighted score.

Each element score is multiplied by the element weight and carried out to two decimal points. These scores are added and then rounded to the nearest whole number to produce the initial total performance score. A total performance score of 10 or above, provided that each unweighted element score is 10 or above, results in a rating of Acceptable. A total performance score of 9 or below or an unweighted score of 9 or below in any element results in a rating of Unacceptable. An employee with an Unacceptable rating may be placed on a Performance Improvement Plan (PIP). Scores are not discussed with the employee or considered final until all scores are reconciled and approved by the pay pool manager.

Reconciliation Process. Following the initial scoring of each employee, review of the scores across organizational lines continues at succeeding levels up the management chain to the final level of review, which is performed by the pay pool manager. During the initial review, raters analyze performance element scores by assessing individual accomplishments against the performance objectives and applying the benchmark performance standards to validate the assigned score. Through open discussion and consensus building at each level of review, consistent and equitable ratings are determined based on similar levels of performance, level of work and level of base pay. Throughout this process, there will be no prescribed distribution of total scores and no required average score or other quota. The pay pool manager resolves any scoring issues and approves the final rating scores.

Grievances. An employee may grieve the performance rating/score received. Non-bargaining unit employees use the administrative grievance procedure. Bargaining unit members, if participating in the demo, use the negotiated grievance procedure in the collective bargaining agreement.

Pay Pools. Pay pools are established for determining performance pay outs and are approved by the Technical Director. Pay pools are generally defined by organizational grouping and supervisors are normally in separate pay pools from non-supervisory employees. Pay pools typically range from 35 to 300 employees to allow for a reasonable distribution of ratings while not compromising rating consistency.

Pay pools are funded as a percentage of the adjusted base pay of all employees in the respective pay pools as of the end of the rating period. The amount of the pay pool funding is set annually and includes two components: base pay increase and bonus. The base pay increase amount, which is set at no less than 2%, compares to funds that would have been available under the General Schedule for within grade increases, quality step increases and promotions that are within the demo pay bands. The bonus portion, which is set no less than 1%, reflects funds that are available for performance awards. The percentage sum of these two components is the performance payout factor (also termed as "pay pool percentage factor" in the Federal Register). The pay pool manager is accountable for staying within the pay pool funding limits.

Performance Pay Outs. Performance payouts are determined based on a formula and the resulting payout is a base pay increase and/or bonus. Individual performance payouts are based on the employee's performance score, the pay pool share value and the employee's pay.

The employee's final score equates to a number of shares. Shares are awarded on a continuum as follows:

Score = Shares
50 = 3
40 = 2
30 = 1
21 = .1
≤20 = 0, no performance payout

Fractional shares in one-tenth increments are awarded for scores that fall between these scores. For example, a score of 35 equates to 1.5 shares.

The value of a share is calculated within each pay pool using a standard formula and is expressed as a percentage. The value of a share is computed after the rating and reconciliation process is completed and all scores are finalized. The formula for computing the value of a single share is:

$$\text{Share value} = \frac{\text{Sum of base pay of employees in pool X performance payout factor}}{\text{Sum of (base pay X shares earned) for each employee}}$$

An employee's payout is first calculated by multiplying the employee's shares earned by the pay pool share value. That product is then multiplied by the employee's base pay and adjusted to account for locality pay. This method assures that each employee within the pool receives a share amount equal to all others in the same pay pool who are at the same rate of base pay and receive the same score.

Base Pay Increases and Bonuses. A base pay performance payout increases an employee's rate of pay. A bonus is a one-time cash payment that does not affect an employee's rate of pay. The split between base pay increase and bonus received by an employee generally reflects the split in the pay pool funding between base pay increase and bonus funding. However, there are several factors that can affect this split.

Employees at Pay Band Maximum. An employee's pay cannot exceed the maximum of the pay band. Any base pay increase that would be over the maximum of the pay band is received as bonus.

Mid-Point Rule. All employees in each occupational family and pay band must receive a score of 30 or higher for their base pay to cross the mid-point of the base pay range for their pay band. Also, once base pay exceeds the mid-point, a score of 30 or higher is required to receive any additional base pay increase. Any amount of a performance payout not paid in the form of a base pay increase because of the mid-point rule is paid as a bonus. This rule effectively raises the standard of performance expected of an employee once the mid-point of a band is crossed.

Significant Accomplishment/Contribution Rule. This rule applies only to employees in Band III of the E&S occupational family (DB-III) whose base pay falls within the top 15% of the pay band, which is defined as 85% to 100% of the maximum base pay rate of the band. This rule is designed to maintain cost discipline while ensuring employee payouts are in keeping with accomplishments and increasing levels of responsibilities. To determine the impact of the significant accomplishment rule on the performance payout, all scores in the entire pay pool are listed in rank order. The performance payouts of DB-III employees in the top 15% base pay range of DB-III are affected as follows:

- Employees with scores in the top one-third of their pay pool receive their full allowable base pay increase and their full bonus.
- Employees with scores in the middle one-third of their pay pool receive a base pay increase limited to 1% of their base pay with the balance converted and added to their bonus.
- Employees with scores in the bottom one-third of their pay pool receive their full pay out in bonus (no base pay increase).

Reverse Feedback. Employee feedback to supervisors is considered essential for the success of the performance management system. A feedback instrument for subordinates to anonymously evaluate the effectiveness of the performance management system is used following the conclusion of each rating period. Supervisors and their managers are provided the results of that feedback in a format that does not identify individual raters or ratings. The data are aggregated into a summary and used to establish both personal and organizational performance development

goals. The use of this type of instrument helps to provide constructive feedback and improve the effectiveness of performance management.

Unacceptable Performance. Performance reviews are a continuous process. Corrective action, to include placing an employee on a PIP, may be taken at any time during the rating cycle. Whenever a supervisor recognizes an employee's performance on one or more performance elements is unacceptable, the supervisor should immediately inform the employee. Efforts are made to identify the possible reasons for the unacceptable performance.

If an employee continues to perform at an unacceptable level, or has received a rating of Unacceptable, an opportunity to improve will be structured in a PIP. If at the conclusion of the PIP the employee's performance is acceptable, no further action is necessary. If the employee fails to improve during the PIP, the employee is given notice of proposed appropriate action. This action can include removal from Federal service, placement in a lower pay band with a corresponding reduction in pay (demotion), reduction in pay within the same pay band, or a change in position or occupational family.

Extraordinary Achievement Recognition. Such recognition grants an additional base pay increase or bonus to an employee beyond the performance payout generated by the compensation formula for that employee. Examples that might warrant consideration are extraordinary achievements and accelerated compensation for high performing interns. Any base pay increase granted cannot cause the employee to exceed the maximum rate of base pay in the assigned pay band. An extraordinary achievement recognition is funded within the constraints of the organization's budget.

Awards. Awards other than for annual performance continue to be available. These types of awards include special acts, patents, suggestions, on-the-spot and time-off. The funds available for awards do not come from the pay pool funding, but are separately funded within the constraints of each organization's budget.

Pay

General Pay Increase. All employees (who are not on retained pay) with a performance rating of Acceptable receive the full annual general pay increase. An employee whose performance is unacceptable does not receive the general pay increase until his/her performance improves to an acceptable level and remains acceptable for at least 90 days.

Locality Pay. There is no change in locality pay.

Pay Setting.

New Appointment. The selecting official may set the pay at the lowest pay rate within the pay band or anywhere within the pay band consistent with the qualifications of the individual and the complexity and responsibility of the position. Other factors considered include the labor market, available pay data, starting pay of other comparable employees, affordability and any competing job offers.

Promotion. An employee receives a minimum of a 6% increase in base pay or the lowest level in the pay band to which he/she is promoted, whichever is greater. The maximum amount of the base pay increase cannot exceed \$10,000 except to allow for the minimum base pay increase.

Reassignment. A reassignment may be effected without a change in base pay. Where a reassignment significantly increases the responsibility, complexity, or authority, or for other compelling reasons, an employee may receive a base pay increase of up to 6%. Examples of reassignments that may warrant a base pay increase are from a team to a directorate secretary or from a first to a second level supervisor.

Supervisory/Team Leader Pay Flexibilities. To be eligible for consideration for an adjustment or a differential, an employee must be classified as a "Supervisor" or "Lead". Neither an adjustment nor a differential is automatic by virtue of holding a supervisory or lead position. Criteria to be considered include the amount needed as an incentive to accept the position and other factors such as budgetary constraints/affordability, organizational level of the position and its impact and number of subordinates or subordinate supervisors in the same pay band. These flexibilities are funded through organizational resources, not pay pool funds.

Pay Adjustment. A pay adjustment may be used to increase base pay up to 10% for supervisors and team leaders. It cannot cause the employee's base pay to exceed the maximum base pay for the employee's pay band. Pay adjustments are reviewed annually and may be revised.

Pay Differential. A pay differential may be used as a cash bonus (not an increase in base pay) of up to 10% for supervisors and team leaders. It always specifies a not-to-exceed (NTE) date of one year or less. Since the pay differential is a cash bonus, it is not subject to the maximum adjusted base pay rate limitation of the pay band.

Hiring and Appointment Authorities

Delegated Examining Authority. To streamline the hiring process, the demo eliminates the “rule of three” when there are no more than 15 qualified candidates and no candidate is eligible for veteran's preference. In this situation, all qualified candidates are referred to the selecting official without rating or ranking.

Term Appointments. Employees can be hired under a “modified term appointment” for a period of more than 1 year, but no more than 5 years. An extension of 1 additional year beyond the 5-year period may be authorized. Additionally, in certain situations, term employees may be eligible for conversion to career-conditional employment.

Probationary Periods. Newly hired career-conditional employees in the E&S occupational family have an extended probationary period of up to 3 years. A supervisor has the option of ending the probationary period sooner, but not before the employee completes a minimum of 1 year of continuous service. The purpose of extending the probationary period is to allow supervisors an adequate period of time to evaluate an employee's ability to complete a cycle of work and fully assess his/her contributions and conduct.

Volunteer Service. The Technical Director has the authority under the demo to offer retired or separated employees a volunteer position, under a special program called the “Volunteer Emeritus Corps.” Assignments under this authority are not considered employment by the Federal government except for purposes of injury compensation. Such assignments do not affect an employee's entitlement to buyouts or severance payments based on an earlier separation from Federal service.

Reduction-in-Force

Reduction-in-force (RIF) procedures are used for such reasons as a lack of work or a shortage of funds. The demo project modifies existing RIF rules in defining competitive areas, assignment rights and credit for performance ratings.

Competitive Areas and Levels. Separate competitive areas for demo and non-demo employees are established at each geographic location.

Within each competitive area, competitive levels are established based on the occupational family, pay band, occupational series, specialty work code(s), duties and qualifications required for the position.

Assignment Rights. Within the same competitive area, an employee may displace another employee when the employee has a higher retention standing and is qualified (including medical and/or physical qualifications) for the position occupied by an employee with a lower standing. Retention standing is based on tenure group (i.e., career, career-conditional, term), veteran's preference and adjusted length of service. Displacement is limited to one pay band below the employee's current band. The only exception is for veterans who are compensated based on a service-connected disability of 30% or more. They may displace up to two bands below their current band.

Credit for Performance Ratings. Additional RIF service credit for performance is based on the last three total performance scores during the preceding 4 years and is applied as follows:

| Total Performance Scores | = | Years of Service Credit |
|--------------------------|---|-------------------------|
| 48-50 | = | 10 years |
| 45-47 | = | 9 years |
| 42-44 | = | 8 years |
| 39-41 | = | 7 years |
| 36-38 | = | 6 years |
| 33-35 | = | 5 years |
| 30-32 | = | 4 years |
| 27-29 | = | 3 years |
| 24-26 | = | 2 years |
| 20-23 | = | 1 year |

A score of 19 or below earns no credit for RIF.

The additional years of service credit are added, not averaged. Ratings given from a non-demo organization are converted to the demo rating scheme and provided the equivalent rating credit. A full explanation of how the ratings are converted is contained in the Federal Register.

Expanded Developmental Opportunities

Sabbaticals. Existing developmental opportunities are expanded under the demo to include both paid and unpaid sabbaticals. The purpose is to permit employees to engage in a study program or work experience that benefits the organization and contributes to the employee's development and effectiveness. Examples include advanced academic teaching, research, self-directed or guided study and on-the-job work experience with a public, private, or commercial organization. The sabbatical must result in a product, service, report, or study that will benefit the employee's organization or customer organization, as well as the employee's individual effectiveness. Employees are eligible to request a sabbatical after completing 7 years of Federal Service. Career employees can apply for a paid sabbatical of up to 12 months or an unpaid sabbatical up to 6 months in a calendar year.

Degree/Certificate Critical Skills Training. The demo expands the authority to pay for degree/certificate training to meet critical skill requirements and acquire advanced technical knowledge essential to the organization. Employees in all occupational families are eligible to compete for such opportunities.

Continued Service Obligation. Employees approved for a paid sabbatical and/or degree training are required to sign a service obligation agreement for a period of three times the length of the sabbatical or training period. If the service obligation is not satisfied, the employee is liable for repayment of expenses (not including pay) associated with the sabbatical or training.

Additional Demo Project Information

For more information go to ECBC's Lab Demo webpage at:

<https://cbnet.apgea.army.mil/dpi/hr/PersDemo/index.html>

Questions can be submitted to ecbc-labdemo@conus.army.mil.

ECBC Personnel Demonstration Project

The demo supports the ECBC strategic goal of fostering an exceptional workforce by enhancing our ability to *recruit, develop, reward and retain* a high quality workforce.

Recruit

- Competitive salary offers
- Expanded hiring flexibilities

Develop

- Broad pay bands
- Enhanced employee/supervisor communication
 - Sabbaticals
- Expanded degree/certificate critical skills training

Reward

- Pay linked to performance
- Extraordinary Achievement Recognition
 - Supervisor/Lead incentives

Retain

- Performance culture
- Greater employee engagement
- Voluntary Emeritus Program