



HR Elements for

*Managers
Supervisors
and Employees*

A Guide to NSPS



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NATIONAL SECURITY PERSONNEL SYSTEM
PROGRAM EXECUTIVE OFFICE
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Dear Colleague,

You are a vital part of transforming the way civilians contribute to the Department of Defense (DoD) mission success. Since conversion into the National Security Personnel System (NSPS) changes the way you are compensated, promoted, and rewarded, you have a legitimate expectation that the Department will guide you to success in NSPS.

NSPS changes some fundamental business practices: job objectives will have a line of sight to organizational objectives; raises and bonuses will be based on performance; and salaries will be based on market conditions. While these changes may be unsettling, the training you get on NSPS will help to prepare you for this new approach and facilitate your transition to NSPS. Your comfort level should increase once you engage in meaningful conversations with your supervisor on how NSPS will “really” work in your unit. We encourage you to work with your supervisor on establishing job objectives that reflect the important things you do every day to ensure mission success, discuss how you will be evaluated, and talk through how you can be more successful.

This material serves as a handy desk guide to your pressing questions. It is impossible to cover the unique situations of every employee in a document like this, so I encourage you to use all the resources available to answer questions you might have. Your supervisor is the best first source. Other sources include your Human Resources experts, Component, and DoD websites as well as the multitude of print materials that have been made available to you.

NSPS is a system that is good for the Department, and it is good for you. It will provide opportunities to enhance your personal growth and development, while strengthening our ability to accomplish our national security mission. This is the beginning of a long journey, and we will continue learning from one another. I wish you the greatest success.

Sincerely,

A handwritten signature in black ink that reads "Mary E. Lacey".

Mary E. Lacey
Program Executive Officer



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What's New:

In this version, we have included additional information in the Performance Management chapter on using the SMART framework to write effective job objectives; the importance of communicating your accomplishments; and how the pay pool process aligns with and supports the performance management cycle.

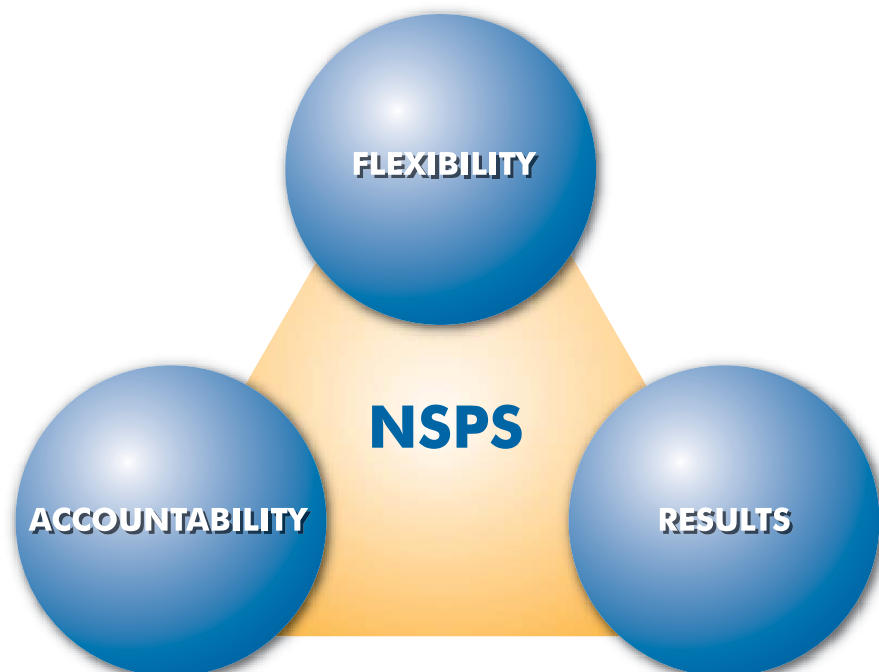
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NSPS at a Glance: Transforming DoD

NSPS is a management system that provides DoD with the tools necessary to compensate and reward its most valuable asset — its employees. Three concepts are core to the system:

- **Accountability**—You are responsible for your career and performance. Your performance and contributions will pay off through salary increases and bonuses.
- **Flexibility**—NSPS is a simplified and adaptable management system that places the right people in the right jobs at the right time.
- **Results**—Your performance and contribution link to achieving organizational goals and DoD’s critical mission.





The *HR Elements for Managers, Supervisors, and Employees Guide* provides you with an overview of the critical elements that you need to understand and be comfortable with as you convert to NSPS.

When you convert to NSPS,
you will not experience
a loss in pay.

We recognize that this transition will take time and that some of you may be concerned – this makes sense. What we hope is that by reading this guide you will become more familiar with the system and concepts and see some of the advantages NSPS has to offer. This guide covers the following topics:

Classification Architecture

True or False? – “I keep hearing I am going to be in a pay band and I am no longer going to have a grade.”

True – You are assigned to a pay band based upon your permanent position of record and will no longer have a grade. In this guide, we break down the architecture, so you understand the key concepts and see where your position fits.

Conversion

True or False? – “I heard that I am going to lose money when I go into NSPS.”

False – There is no loss in pay when you convert. We explain how the conversion process works, so you understand what is going to happen.

Pay and Compensation

True or False? – “NSPS is eliminating locality pay.”

True – Locality pay is replaced by local market supplements. We explore how your pay is determined and how pay and compensation work together under NSPS.

Performance Management

True or False? – “NSPS is designed so that we never get any pay increases.”

False – There are a number of ways that your pay can be increased under NSPS. We explain how performance is rewarded and compensated and provide an overview of the performance management system, so you understand the key principles and see how it works.

Hiring and Employment

True or False? – “NSPS makes it easier to hire new people.”

True – NSPS provides increased flexibility in the hiring and employment processes. We explain why this flexibility is critical to achieving DoD’s mission.

Workforce Shaping

True or False? – “NSPS is designed to minimize disruption during a RIF.”

True – NSPS focuses on ways to minimize disruptions to the workforce and mission when a RIF becomes necessary. We talk about workforce shaping and explain how a RIF works under NSPS.

NSPS Upholds the Values and Principles of the Civil Service

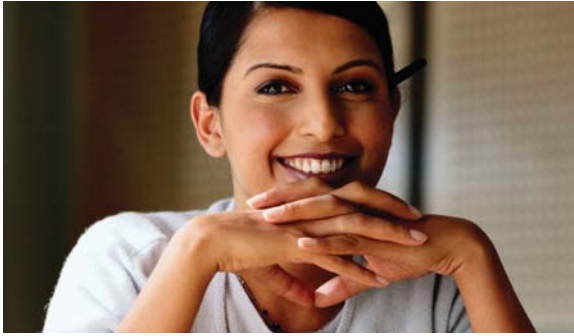
NSPS changes many aspects of the current HR system, however, much remains the same. NSPS will not change the scope of your position nor your ability to influence your success. NSPS also upholds the enduring values and principles upon which the civil service was founded. NSPS protects your fundamental rights and entitlements, such as:

- Protection from prohibited personnel practices.
- Merit System Principles.
- Anti-discrimination laws.
- Fundamental due process.
- Whistleblower protections.
- Veterans' preference principles.
- Benefit laws such as retirement and health and life insurance.
- Allowances and travel and subsistence expenses.
- Training.
- Leave and work schedules.

What You Need to Know...

- When you convert to NSPS, you will not lose pay.
- NSPS is based on three core concepts:
 - Accountability
 - Flexibility
 - Results
- You are compensated and rewarded for your contributions to achieving DoD's mission.

Read on to learn more...



Converting to NSPS: Where Do You Fit In?

Many employees have questions about conversion. In this lesson, we explain how the conversion process works and discuss the classification structure. At the end of the lesson, you put the pieces together to see where you fit.

Conversion – How It Works

Your conversion to NSPS happens automatically. Your permanent position of record converts from the General Schedule (GS) to the NSPS classification structure without changing your roles and responsibilities.

The most important point to remember about conversion is that your position converts into NSPS without a loss of pay. Your total pay remains the same. For most of you, it will increase if you are eligible for a one-time, prorated Within-Grade-Increase (WGI) buy-in. Your prorated WGI buy-in is based on the length of time (calendar days) accumulated toward your next WGI. The prorated WGI is also available to GM employees who meet the requirements. The WGI buy-in is added to your base salary when your position converts.

To receive the one-time, prorated WGI buy-in at conversion:

- Your performance must be acceptable.
- You must be below step 10 of your current grade.

Once your position is converted, you will be placed into a **career group**, **pay schedule**, and **pay band**. We describe what these terms mean after we discuss a few special conversion issues.

- Your conversion to NSPS happens automatically based on your permanent position of record.
- Your full salary is retained.

Special Conversion Issues

Let's take a look at the special conversion issues that affect some employees.

If you are entitled to **pay retention**, your eligibility may continue under NSPS. As there are no grades in NSPS, there is no grade retention.

At the time of conversion, if you are on a **temporary promotion, reassignment, or detail**, your position will be converted on the basis of your permanent position.

Immediately after conversion, your manager has the option of temporarily returning you to the position you previously held.

NSPS does not recognize **leader** positions either by using a special title of leader or by assigning a separate pay schedule or pay band to these positions. If you are in a leader position, you are converted into the non-supervisory career group and pay schedule that corresponds to the occupational series of your current position.

The NSPS Implementing Issuances provide guidelines for these and other unique conversion issues.

If you are in a **supervisory or managerial** position, you are converted into the appropriate Supervisor/Manager Pay Schedule in the career group corresponding to your occupational series of your current position. (Management will review supervisory GS-14 positions to determine if they will be in Pay Band 2 or Pay Band 3.)

Now that you have a better understanding of the conversion process and how it may affect you, let's look at the NSPS Classification Architecture. It's important to understand the classification architecture because it provides the basic structure for how you are paid, promoted, reassigned, and rewarded.

NSPS Classification Architecture at a Glance

The NSPS classification architecture is designed so that management officials can readily make classification decisions and employees and supervisors can understand the rationale. Positions are classified based on the following:

- Overall nature and purpose of the position’s duties and responsibilities
- Position’s level of difficulty
- Occupational qualifications
- Competency requirements
- Mission of the organization
- Relationship to other positions or organizational levels

Under the NSPS classification system, every GS position within DoD will be assigned to a career group, pay schedule, and pay band. Many of the factors used to classify your position under NSPS are the same as in the old system, such as complexity and level of work. This flexible system was designed, in part, to allow greater movement both within and outside your career group and to develop and enhance employee skills and talents. To gain an understanding of what the differences are between GS and NSPS, review the following table.

Learning New Terms	
Under GS	Under NSPS
Occupational Family	Career Group
Pay Plan	Pay Schedule
Grade	Pay Band
Title and Occupational Series	Title and Occupational Code
OPM Classification Standards	NSPS Classification Standards

Now that you see what the changes are, let's take a moment to explain what some of these key terms mean and how they relate to one another.

First, based on your occupation, you are placed in a career group. A career group is a broad grouping of occupations that perform similar types of work and have similar career progression patterns.

There are four career groups:

- **Standard Career Group**
73 percent of our workforce is in this group.
- **Scientific and Engineering Career Group**
19 percent of our workforce is in this group.
- **Investigative and Protective Services Career Group**
4 percent of our workforce is in this group.
- **Medical Career Group**
4 percent of our workforce is in this group.

Next, you are assigned a pay schedule. A pay schedule combines similar types of work within a career group.

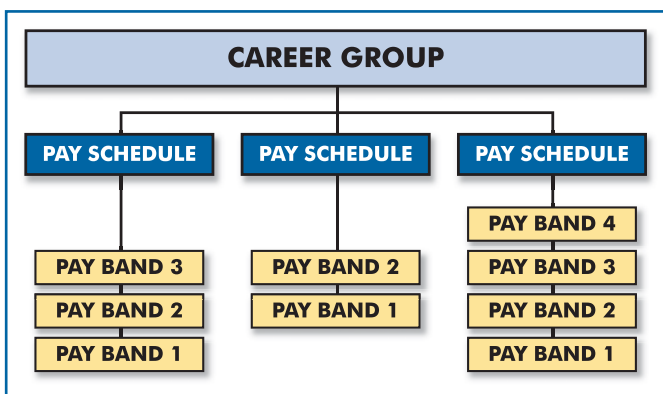
There are typically four pay schedules (this varies by career group):

- Professional/Analytical
- Technician/Support
- Supervisor/Manager
- Student

Pay schedules define and categorize positions based on these similarities:

- Nature of work performed
- Career patterns
- Mission
- Job competencies

Finally, you are placed into a pay band. A pay band combines a range of work into a discrete level. For each pay band, there is a pay range with a minimum and maximum pay rate. NSPS pay schedules have between one and four pay bands.



Pay Schedules within Career Groups

Each pay schedule is identified by a two-letter code.

Standard Career Group

- Professional/Analytical (YA)
- Technician/Support (YB)
- Supervisor/Manager (YC)
- Student Educational Employment (YP)

Scientific and Engineering Career Group

- Professional (YD)
- Technician/Support (YE)
- Supervisor/Manager (YF)

Medical Career Group

- Physician/Dentist (YG)
- Professional (YH)
- Technician/Support (YI)
- Supervisor/Manager (YJ)

Investigative and Protective Services Career Group

- Investigative (YK)
- Fire Protection (YL)
- Police/Security Guard (YM)
- Supervisor/Manager (YN)

Putting It All Together

Now that you understand the conversion process and classification architecture elements, take a look at how the pay schedules and pay bands work within each career group. As you look at the different career groups, pay schedules, and pay bands on the following pages, you may notice that pay ranges, except for dentists and physicians, are pegged to the GS structure. The pay bands will continue to be aligned with the GS pay structure until DoD has independently analyzed market data. In the future, pay ranges for the pay schedules and pay bands may be adjusted based on market conditions and other factors.

Where I Fit In —

See the online Conversion Tool on the NSPS website at www.cpms.osd.mil/nsps to find out how your position converts to NSPS. Jot down what your career group, pay schedule, and pay band will be when your position is converted. Then take a look at your career group to see how it is structured.

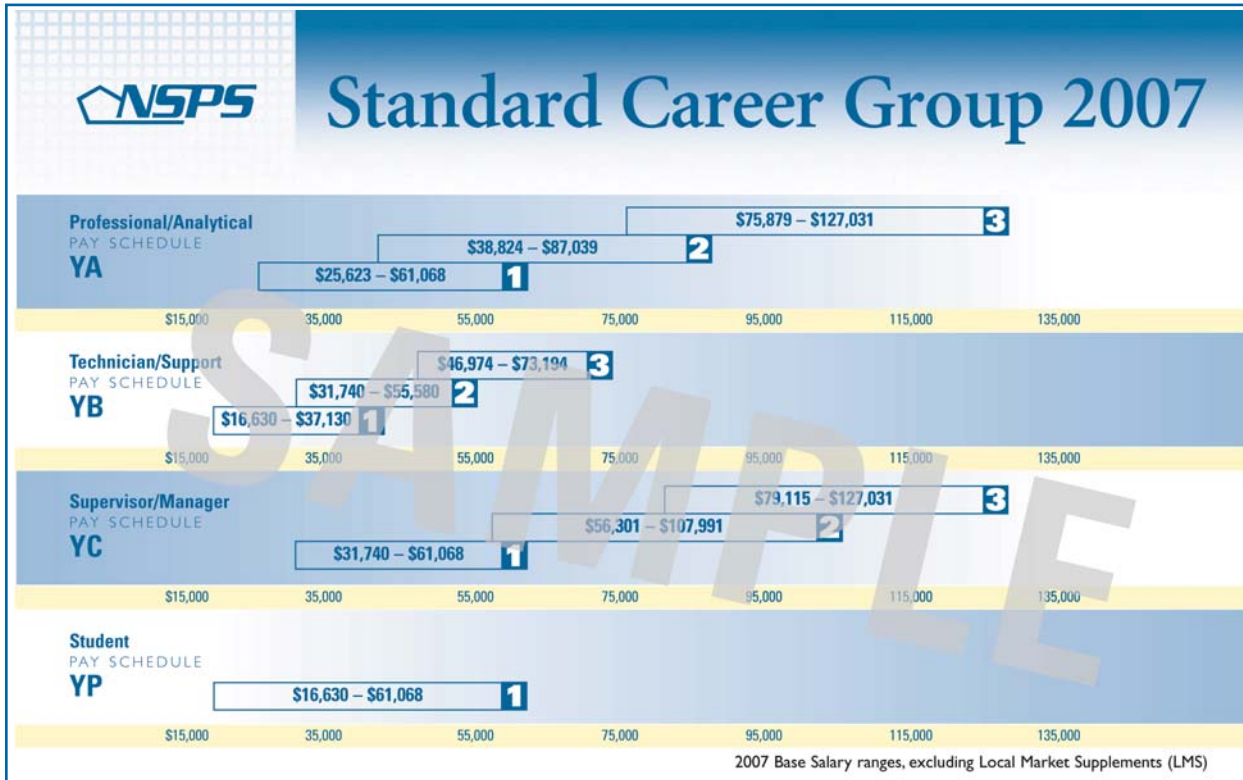
Career Group: _____

Pay Schedule: _____

Pay Band: _____

Standard Career Group

The Standard Career Group contains all of the NSPS positions not covered by one of the other three specialized career groups. There are four pay schedules in the Standard Career Group. Each Pay Schedule is designated by a pay code. You can find a copy of the most recent Career Group in the back pocket of this guide or on the NSPS website.



The **Professional/Analytical Pay Schedule (YA)** includes occupations that perform work involving judgment, discretion, and personal responsibility. The term “professional” refers to positions that have a positive educational requirement. Examples of professional and analytical positions include:

0510 Accountant

0905 Attorney

1670 Equipment Specialist

0343 Management and Program Analyst

The Professional/Analytical Pay Schedule consists of three pay bands: Pay Band 1 is for entry and developmental positions only; Pay Band 2 is for work at the full-performance level; Pay Band 3 is for expert work.

The **Technician/Support Pay Schedule (YB)** includes occupations that typically provide support to professional or analytical occupations. Examples are:

0525 Accounting Technician

1603 Equipment Facilities and Service
Support Assistant

0963 Legal Instruments Examiner

0344 Management and Program Technician

This pay schedule also contains three pay bands. Pay Bands 1 and 2 represent typical full-performance work; Pay Band 3 is considered expert level.

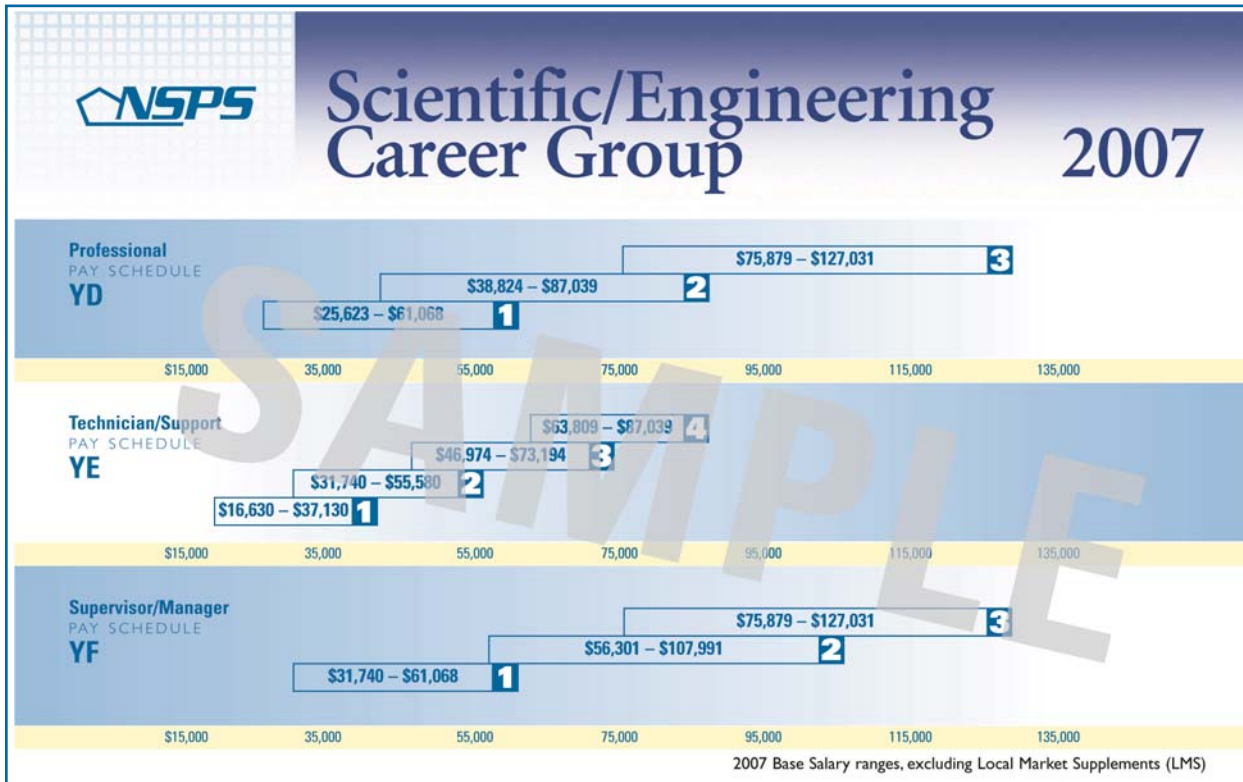
Employees who supervise work in the Standard Career Group are classified in the **Supervisor/Manager Pay Schedule (YC)**. There are three pay bands in this pay schedule. The level of supervision and other related factors determine assignment within each band. The classification criteria for supervisory positions are consistent across all four career groups.

The **Student Educational Employment Program (SEEP) Pay Schedule (YP)** is used for all student positions, regardless of the field of study or related career field. Employees remain in the SEEP Pay Schedule until they complete their education. At that time, if they continue their NSPS employment, they are permanently assigned to the appropriate career group applicable to their field of study.



Scientific and Engineering Career Group

The Scientific and Engineering Career Group covers professional, technician, and supervisory work in the engineering and scientific disciplines. Each Pay Schedule is designated by a pay code. You can find a copy of the most recent Career Group in the back pocket of this guide or on the NSPS website.



The **Professional Pay Schedule (YD)** has three pay bands: Pay Band 1 is for entry or developmental positions only; Pay Band 2 is for work at the full-performance level; Pay Band 3 is for expert work. Examples of positions within YD are:

0855 Electronics Engineer

1520 Mathematician

The **Technician/Support Pay Schedule (YE)** covers specialized technician work in support of professional engineering and scientific work and includes four pay bands. Examples of positions within YE are:

0856 Electronics Technician

1521 Mathematics Technician

Pay Bands 1 and 2 represent typical full-performance work; Pay Band 3 is expert work. The fourth pay band is designed to accommodate work that requires an unusually high degree of expertise and only includes two occupational codes: 0802 Engineering Technician and 0856 Electronics Technician.

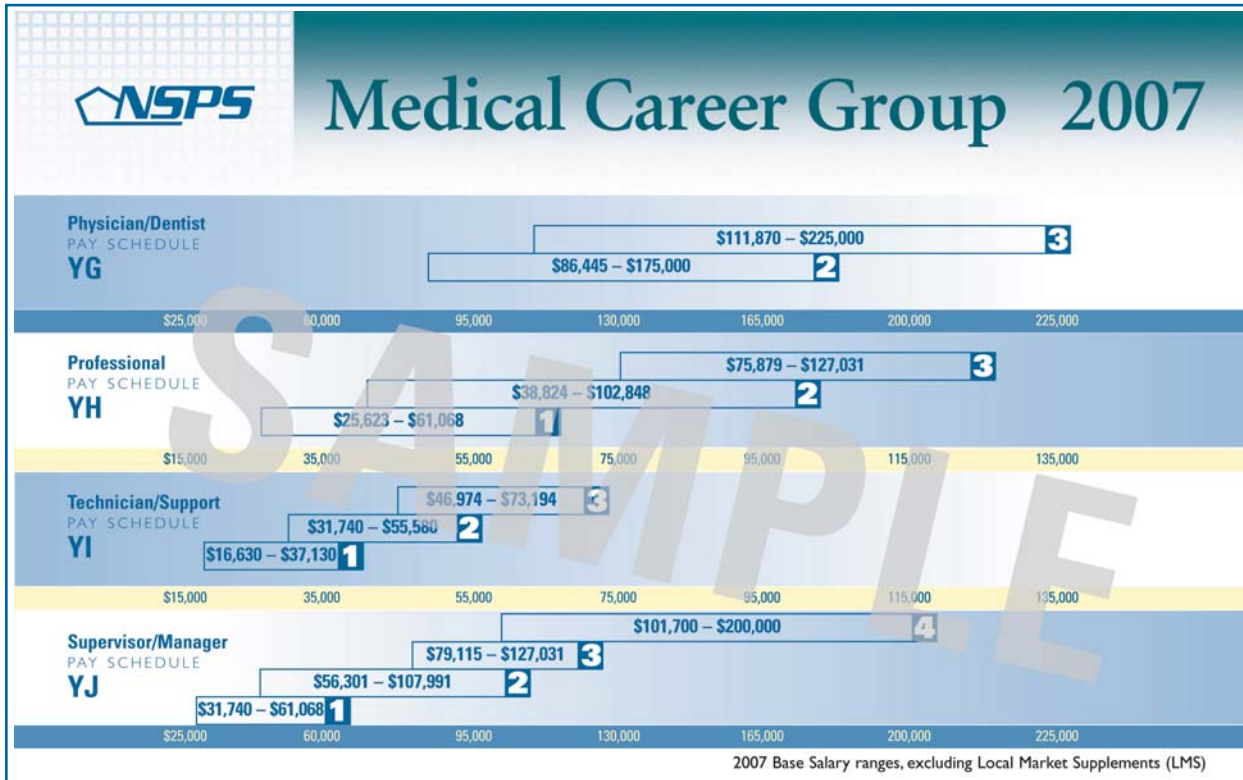
The **Supervisor/Manager Pay Schedule (YF)** is used to classify supervisors of employees performing engineering and scientific work. Supervisory classification is similar across all career groups.

Students hired under the Student Educational Employment Program (SEEP) who are enrolled in scientific and engineering degree programs are classified under the Standard Career Group, SEEP Pay Schedule (YP) for the duration of their student appointment.



Medical Career Group

The Medical Career Group covers professional, technician, and support work in the medical field. Each Pay Schedule is designated by a pay code. You can find a copy of the most recent Career Group in the back pocket of this guide or on the NSPS website.



There are two pay schedules for professional occupations. The **Physician/Dentist Pay Schedule (YG)** covers those two occupations exclusively and has two pay bands.

The **Professional Pay Schedule (YH)** covers all other professional occupations within the medical career field. Examples of positions within YH are:

0631 Occupational Therapist

0660 Pharmacist

There are three pay bands covering entry/developmental, full-performance level, and component/command-level program managers/experts.

The **Technician/Support Pay Schedule (YI)** covers specialized technician and other medical and health support work.

Examples of positions within YI are:

0661 Pharmacy Technician

0636 Rehabilitation Therapy Technician

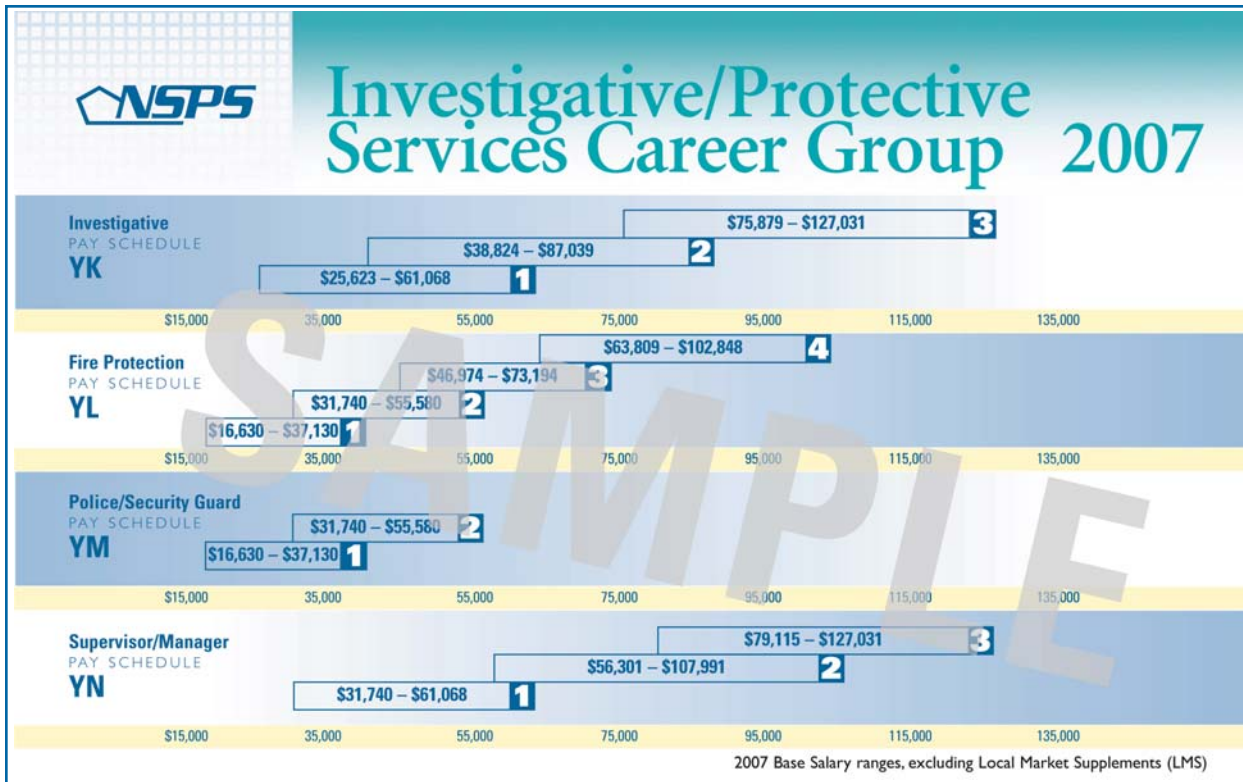
There are three pay bands: Pay Bands 1 and 2 represent typical full-performance work and Pay Band 3 is considered expert level.

The **Supervisor/Manager Pay Schedule (YJ)** covers employees who supervise work in the Medical Career group. Supervisory classification criteria are similar across all career groups.



Investigative and Protective Services Career Group

The Investigative and Protective Services Career Group covers investigative, security, and fire protection work. Each Pay Schedule is designated by a pay code. You can find a copy of the most recent Career Group in the pocket of this guide or on the NSPS website.



The **Investigative and Protective Services Career Group** has four separate pay schedules to cover groupings of related occupations involved in investigative and protective services work.

The **Investigative Pay Schedule (YK)** covers investigative and security work. Examples of positions within YK are:

1811 Criminal Investigator

1812 Game Law Enforcement Specialist

Three pay bands cover the entry/developmental-level, full-performance-level, and expert-level work.

The **Fire Protection Pay Schedule (YL)** has four pay bands that apply to the firefighter, fire chief, and fire protection inspector/specialist occupations in the 0081 occupational code.

The **Police/Security Guard Pay Schedule (YM)** has two pay bands and covers two occupations exclusively: 0083 Police Officer and 0085 Security Guard.

The **Supervisor/Manager Pay Schedule (YN)** has three pay bands corresponding to the level of work supervised and other relevant factors consistent across all career groups.



Appealing Your Classification

Just as today, if you believe that your position is misclassified, you are encouraged to speak directly with your supervisor to discuss your concerns. After the discussion, if you still believe that your position is misclassified, you have the right to appeal. Your human resources advisor can assist you.

What You Need to Know...

- Your position is converted into NSPS with no loss in pay to your total pay.
- If you are eligible, you will receive a pay increase through a one-time, prorated WGI buy-in when your position is converted.
- The NSPS classification structure replaces the GS grade structure.
- Generally, your title and occupational code will be the same as your GS series today.
- Your position is classified based on the occupational code, title, career group, pay schedule, and pay band.



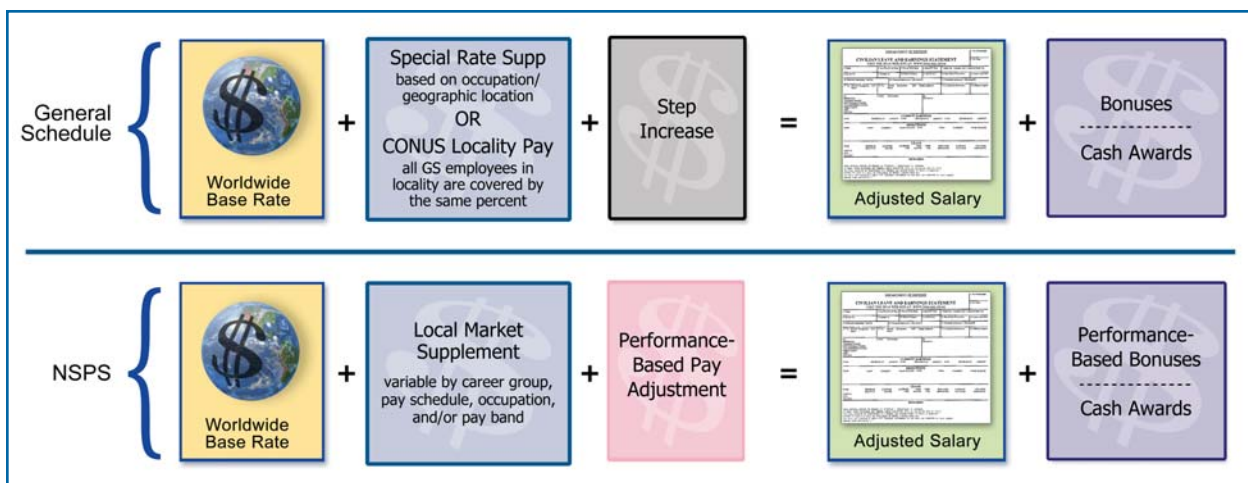
Pay and Compensation: An Overview

In this lesson, we address what comprises pay under NSPS and how you can get a pay raise. First, let's look at a comparison between how your pay is calculated under GS and how it will be calculated under NSPS.

There are five ways you can receive a pay increase under NSPS:

- Local market supplement (LMS) adjustment
- Rate range adjustment
- Performance-based increase
- Promotion
- Reassignment or other placement action

The following chart shows what comprises pay under the GS system versus what comprises pay under NSPS.



Now take a look at what this means.

Determining Your Pay

Under NSPS, your pay is determined by adding your worldwide base rate to your local market supplement (LMS). Let's take a moment to explain the terms.

- **Worldwide Base Rate**

You will recall that your career group, pay schedule, and pay band determine your base salary.

A pay band covers one or more of the grade levels used under the GS system, allowing a wide range of pay within each pay band. For example, the Standard Career Group, Pay Band 2 of the Professional/Analytical Pay Schedule covers a base salary range with a minimum and maximum rate of pay. This range equates to the salary range for employees currently in GS 9–13 positions under the GS system.

- **Local Market Supplement**

NSPS replaces locality pay and special salary rates with a local market supplement.

You are eligible to receive a base salary increase and/or LMS adjustment if you have a rating of record of Level 2 (Fair) or higher.

About Local Market Supplement Adjustments

At least once a year, DoD reviews local market supplements (LMS) and adjusts them as appropriate. A variety of factors are reviewed in making LMS determinations:

- Mission requirements
- Labor market conditions
- Availability of funds
- Allowances and differentials, such as those paid to employees overseas and in Alaska and Hawaii
- Similar pay adjustments received by employees of other federal agencies
- Other relevant factors

Of Special Note

- Local market supplements are not portable. If you move into a different position or geographic location, you receive the local market supplement for the new position and location.
- Local market supplements replace both GS locality pay and special salary rates. There are no special salary rates in NSPS.
- Because LMS is a percentage of base salary, an increase to base salary will translate to a proportional increase in LMS.
- When an LMS is decreased, the decrease applies to all employees to whom the supplement applies, regardless of current rating of record.

Rate Range Adjustments

Another factor that can affect your pay is a rate range adjustment. Each pay band has a rate range (minimum and maximum). Each end of the rate range can increase, decrease, or remain the same depending on market drivers. Rate ranges are reviewed at least once a year, but adjustments can be made at any time during the year. To receive an increase, you must not be at the maximum of the pay band's new rate range or have an "unacceptable" performance rating.

The examples to the right illustrate what happens if an adjustment is made to the minimum or maximum of a rate range.

Also you may receive pay increases from performance payouts based on your annual performance review. Under NSPS, step increases are eliminated because there are no GS grades.

Examples of Minimum and Maximum Rate Range Adjustments

Using the sample 2007 pay chart on page 16, take a look at how the minimum and maximum rate ranges are adjusted.

-
- Maddie is a Safety Engineer, Occupational Code 0803, Pay Band 2, (YD-0803-2) and her salary is \$38,824. Damon works with Maddie. He is also a Safety Engineer, Occupational Code 0803, Pay Band 2. He is at the maximum rate of the pay band. His salary is \$87,039.
-
- The pay band rate range for the Scientific and Engineering Career Group, Professional Pay Schedule, Pay Band 2 is:
Minimum = \$38,824
Maximum = \$87,039
-
- The minimum range is increased by 2 percent. The new pay band rate range becomes:
Minimum = \$39,600
Maximum = \$87,039
-
- Maddie's base pay before the increase was \$38,824; after the 2 percent increase of \$776 is applied to the minimum rate of the range, her base pay is \$39,600.
-
- Because Damon is at the maximum of the pay band, which is \$87,039, he does not receive a rate range adjustment.
-
- Later, the maximum to the rate range is increased by 2 percent. When this happens, Damon is eligible for a salary increase up to the top of the pay band based on his performance.

Pay for Promotions, Reassignments, and Other Placement Actions

Under NSPS, you have the opportunity to affect your pay based on your performance and the opportunities you seek for promotions and reassignments.

Promotions

Under NSPS, a promotion is a temporary or permanent move to a position in a higher pay band. When you receive a promotion, your pay increases by a minimum of 6 percent and, with management approval, may increase up to 20 percent or higher. Your base salary cannot be lower than the minimum or higher

than the maximum of the pay band of the position to which you are promoted.

If your promotion is temporary, your base salary reverts to that of your permanent position upon your return, plus any increases you may have been eligible for while in the temporary promotion.

Reassignments and Other Placement Actions

Reassignments and other placement actions occur when you move, voluntarily or involuntarily, to different positions within your pay band or to a position in a comparable pay band. Review the following table to understand what this means.

Reassignment and Other Placement Actions	Eligibility for Pay Change
Employee-initiated reassignment	You may receive up to a cumulative 5 percent increase in base salary in a 12-month period, no matter how many times you reassign that year.
Management-directed reassignment	You may receive up to a 5 percent increase in your base salary for each reassignment. There is no limit to the number of times you can receive a management-directed reassignment.
Voluntary move to a lower pay band	Your base salary must be set within the assigned pay band. Management may increase your base salary up to 5 percent (not to exceed the maximum of the rate range).
Adverse action	Your base salary may be reduced by up to 10 percent. The reduction cannot cause your base salary to fall below the minimum rate of your new pay band or exceed 10 percent, unless a larger reduction is needed to place you at the maximum rate of the lower pay band. This reduction in pay band can only occur once in a 12-month period.
Reduction in force (RIF)	You are not eligible for a base salary increase.

Performance Affects Your Pay

Performance matters under NSPS. As such, your pay is affected by your performance and contribution. Along with your performance affecting your eligibility for rate range and local market supplement adjustments, it also affects what you receive as a performance payout. This is how it works. Every year your

organization receives funding that is set aside for performance payouts. Your performance is the key determinant of whether you will receive a performance payout. Your performance payout can be in the form of a base salary increase, a bonus, or a combination of the two. The performance payout is based on your rating of record and your current salary.

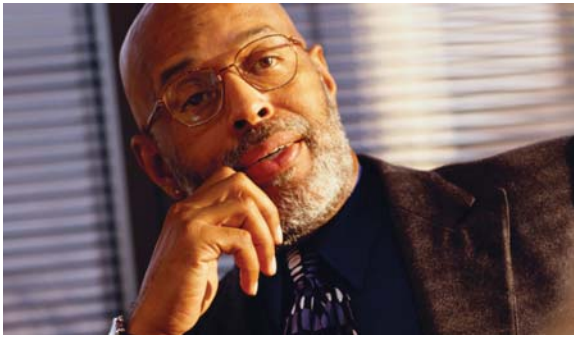
Performance Rating	Employees are Eligible to Receive...
5 – Role Model	<ul style="list-style-type: none"> • Performance-based pay increases • Rate range adjustments • Local market supplement increases
4 – Exceeds Expectations	
3 – Valued Performer	
2 – Fair	<ul style="list-style-type: none"> • Rate range adjustments • Local market supplement increases
1 – Unacceptable	<ul style="list-style-type: none"> • No increases

Pay for Developmental Employees

Accelerated Compensation for Developmental Positions (ACDP) is available to Pay Band 1 employees in developmental positions within certain pay schedules who have at least a Level 3 rating of record. Qualified employees are eligible to receive an increase to their base salary, bonus, or a combination of the two to recognize growth and development and reward performance.

What You Need to Know...

- Your base salary plus LMS equals your total salary.
- Performance payouts are paid as a base salary increase, a bonus, or a combination of the two.
- Performance affects pay — your eligibility for LMS, rate range adjustment, or a performance-based payout is tied to your annual performance rating.



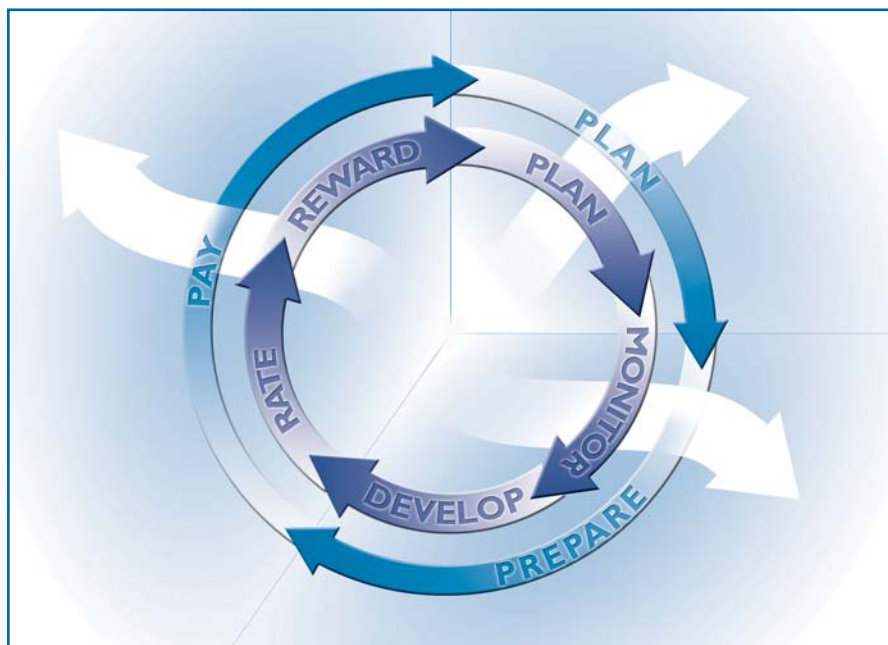
Performance Management: Setting the Context

One of the cornerstones of NSPS is the performance management system – a system that compensates and rewards you based on your performance and contribution to the mission of your organization. Understanding how your performance and contribution link to achieving organizational goals and DoD’s critical mission is important. When your performance expectations and work are aligned with organizational goals and DoD’s mission, your value to the organization and mission is enhanced.

NSPS performance management is an ongoing process that begins with the onset of the annual performance cycle where you and your supervisor discuss the year ahead, establish expectations, and develop your performance plan, including job objectives. The cycle ends the appraisal process where your supervisor submits your recommended rating of record, number of shares, and payout distribution to the pay pool panel for consideration. The graphic below shows how the NSPS performance management and pay pool process interact.

To prepare you for NSPS conversion, it is important to provide you with some grounding.

Get started by taking a few moments to read “Terms You Need to Know” – this section provides key terms and definitions that are important to the performance management lifecycle.



Terms You Need to Know

Performance Expectations – The duties, responsibilities, and competencies required by, or objectives associated with, your position and the contributions and demonstrated competencies that management expects of you.

Job Objectives – An expression of performance expectations in the performance plan that are linked to the organization's goal(s) and mission(s). Job objectives are used to communicate major individual, team, or organizational responsibilities, contributions, and the related outcomes and accomplishments expected of you during the appraisal period.

NSPS Performance Indicators - Rating Job Objectives – The general descriptions of levels or thresholds of your performance used to measure, evaluate, and score the achievement of your objective(s). The performance indicators are provided at Level 3 and Level 5 for each pay schedule and pay band.

Contributing Factors – The attributes and behaviors that are significant to the accomplishment of your job objectives. There are seven contributing factors:

- Communication
- Cooperation and Teamwork
- Critical Thinking
- Customer Focus
- Leadership
- Resource Management
- Technical Proficiency

Benchmark Descriptors - Evaluating Contributing Factors – The descriptions of the sets of work behaviors associated with each contributing factor. Established benchmark descriptors for each pay schedule and pay band are provided at the “expected” and “enhanced” performance levels for each contributing factor.

Rating of Record – You are assigned a rating of record for your overall performance. The rating of record is based on a scale of 1 to 5.

5 – Role Model

4 – Exceeds Expectations

3 – Valued Performer

2 – Fair

1 – Unacceptable

Performance Shares – Based on your rating of record, you are assigned a number of shares.

Performance Payout – If you received a rating of record of Level 3 or higher, you are eligible for a performance payout that consists of a base salary increase, a bonus, or a combination of the two.

Performance Management Cycle

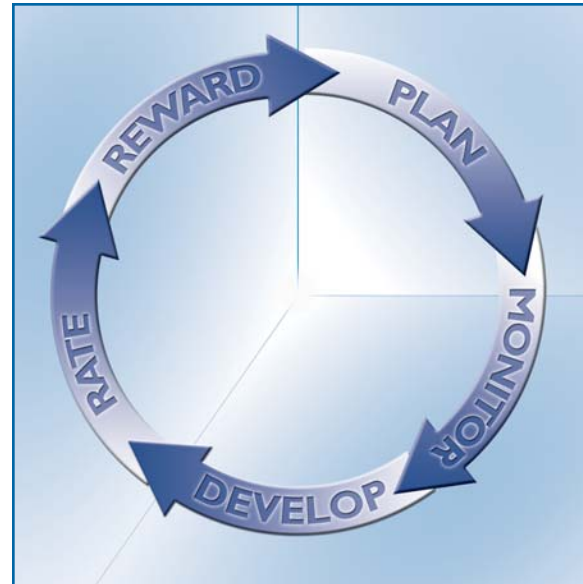
Performance management is an ongoing process beginning with you and your supervisor discussing the year ahead – establishing performance expectations and writing your job objectives – and ending with the appraisal process where your supervisor submits your recommended rating of record to the pay pool panel. Take a look at the performance management cycle. You can see it consists of five phases, and there are specific activities that take place during each. Let's take a closer look.

Planning Your Performance

During the planning phase, you and your supervisor develop your performance plan. Typically, the performance cycle is one year, ending on September 30. Your performance plan will be written for the work you complete from the time your performance plan is established through the end of the cycle.

You and your supervisor will:

- Discuss performance expectations for the performance cycle. You and your supervisor should have a shared understanding of what is expected of you.
- Develop your job objectives. Your job objectives focus on the critical work that you perform that is aligned with your organizational goals and focused on results. Job objectives identify “what” you do. Typically, most of us have three to five



objectives. Ultimately it is your supervisor's responsibility to document your objectives; however, your involvement is crucial.

- Identify the contributing factors. Along with identifying what you do, you and your supervisor discuss how you are going to do it. The contributing factors are the attributes and behaviors that identify “how” you will meet your objectives. When you and your supervisor develop your performance plan, you determine which contributing factors are important for each job objective. Typically, there are between one and three contributing factors for each job objective.
- Establish a process for ongoing communication. Communication is critical to the success of our performance management system. You and your supervisor should have a shared understanding of what is expected of you.

Keys to Writing Effective Job Objectives

Aligning Your Work with Organizational Goals

Understanding the linkage between organizational goals and objectives and individual performance is key to implementing the NSPS performance management system. Supervisors are responsible for ensuring that their employees are aware of organizational goals and how their employees' work aligns with the mission. Employees are responsible for understanding this alignment and working with their supervisors to gain a shared understanding of

responsibilities and priorities. Consider these questions:

- How does what I do relate to my organization achieving its goals?
- Am I focused on the right type of work?
- Is my work properly aligned?

Knowing how your work and performance relate to achieving organizational goals helps you maximize your performance and contributions.

The SMART Framework

When writing your job objectives, remember:

Performance focus: Job objectives are crafted to bring out the best in individual and team performance.

Alignment with the organization: Individual job objectives must align with the organization's goal and/or mission.

Appraisal/Management Tool: Job objectives drive the work and serve as a method to assess accomplishments. This means they can be an appraisal tool at the end of the performance management cycle.

One way to write job objectives is to use the SMART framework:

Specific – An observable action, behavior, or achievement is described.

Measurable (or observable or verifiable) – A method or procedure must exist to assess and record the quality of the outcomes.

Aligned – Drawing a line of sight between job objectives throughout the organization so that everyone is working toward the same goal.

Realistic – The job objective is achievable with the *resources* and *personnel* available and within the *time* available.

Timed – Sets limits on when the job objective will start or when it will be completed.

Monitoring Your Performance

Throughout the performance cycle, you and your supervisor monitor your performance. Why is this important? It is important for you and your supervisor to know what is working, address what is not working, and ensure that your performance plan accurately reflects what you are doing. It is a good idea for you to keep a record of your accomplishments so that you are able to discuss them throughout the cycle.

Along with ongoing monitoring activities, there is one required event – an Interim Review. Typically, an Interim Review occurs midway through the performance cycle. During the review, you and your supervisor take a look at your performance plan and make adjustments if there are significant changes to your work or your organizational goals.

Developing Your Performance

Developing performance is integrated with the performance management process. Along with meaningful performance-related discussions that help reinforce your strengths and correct weaknesses, discussing training and developmental opportunities is important.

Discuss any professional or technical development opportunities with your supervisor to further enhance your contribution to the organization's mission and career goals. Developmental opportunities may include training, mentoring, and coaching. You are encouraged to seek opportunities to improve your skills and abilities.

Communicating with Your Supervisor

As you are rewarded for your performance, you want to establish and maintain an effective way to get feedback from your supervisor. We all work differently, so it is important to work with your supervisor to gain a shared understanding about how you'll communicate. You want to know:

- What is working?
- Are there training or development opportunities that I could take advantage of to improve my skills?
- Is there something I need to be focusing on to improve my performance?
- Do I need to add, eliminate, or adjust any of my job objectives because my organization's priorities have shifted?
- Am I being challenged enough?

Rating Your Performance

At the end of the performance cycle, your performance is rated by your supervisor. You play an important role in the rating process—you document what you accomplished and discuss those accomplishments with your supervisor. Your performance is rated using a two-step process.

First, you are rated on what you accomplished. This is done by evaluating each job objective using the NSPS performance indicator appropriate to your pay schedule and pay band. You receive a rating of one to five for each job objective.

Then, based on your supervisor's assessment of the selected contributing factor(s), your supervisor determines the contributing factors' overall influence on the associated job objective and indicates whether they increase the job objective rating by a factor of 1, decrease the rating by a factor of 1, or have no effect, 0.

The combination of the job objective rating and the contributing factor assessment (expressed as +1, 0, or -1) results in an adjusted rating for each job objective. The adjusted rating of each job objective is averaged to determine your recommended rating of record.

Your supervisor is responsible for recommending:

- Rating of record
- Number of shares
- Payout distribution

Your rating of record determines what performance award you are eligible to receive.

Communicating Your Accomplishments

As part of the interim review and rating process, you have an opportunity to write a self-assessment to document your accomplishments. When you write your self-assessment, the following guidelines may help:

- **Restate your understanding of your objectives.** Paraphrasing your job objectives and contributing factors gives your supervisor a clear picture of how well you performed.
- **Highlight your most significant achievements for the rating cycle.** Stick with documenting what you believe mattered most.
- **Make the connection between what you did and why it matters to your organization.** Highlight what you achieved or contributed such as a cost saving to the organization or a solution that enables employees to better perform their jobs.
- **Cite instances where your actions or conduct exemplified your contributing factors.** Highlight specific instances where your behavior made a positive difference in the outcome of a job objective.
- **Note challenges you faced and how you fared.** Overcoming challenges is an important part of your overall performance. Challenges may be technical or interpersonal in nature. They may also involve succeeding despite limited resources or difficult circumstances.

Rewarding Your Performance

During the pay pool process, the pay pool panel reviews recommended ratings of record, share assignments, and payout distributions.

The panel may adjust ratings, share assignments, and payout distributions to ensure equity and consistency across the pay pool.

When the pay pool process is completed, your supervisor is informed of the final rating and

payout decision. In turn, your supervisor meets with you to discuss the outcome. If you receive a performance-based payout, it will be effective the first day of the first pay period beginning on or after January 1 of each year.

In addition to performance payouts from the pay pool, managers may use other appropriate funding sources to provide for discretionary performance payouts, such as Organizational/ Team Achievement Recognition (OAR) awards.

Performance-Based Payout		
Rating of Record	Share Range	Eligible to receive...
5 – Role model	5 – 6	Base salary increase, bonus, or combination
4 – Exceeds expectations	3 – 4	Base salary increase, bonus, or combination
3 – Valued performer	1 – 2	Base salary increase, bonus, or combination
2 – Fair	0	No performance based pay increase
1 – Unacceptable	0	No performance based pay increase

Discretionary Performance Payouts

Discretionary Performance Payouts may be used for:

- Extraordinary Pay Increases (EPI)
- Organizational/Team Achievement Recognitions (OAR)

Extraordinary Pay Increases (EPI)

An EPI is an increase to your base salary, a bonus, or a combination of both, intended to reward you when the payout formula does not adequately compensate you for your extraordinary performance and results. The EPI payment is in addition to the annual performance payout.

The EPI is used sparingly and only to reward exceptionally high-performing employees whose performance and contributions to the organization are of an exceedingly high value. The performance and results must be expected to continue at an extraordinarily high level in the future. An increase to base salary resulting from an EPI is permanent and does not require future revalidation. The decision to grant the EPI is entirely at the discretion of management.

Only employees who have a Level 5 (Role Model) rating of record are eligible for an EPI. The amount of the EPI awarded in the form of an increase to base salary may not cause your base salary to exceed the top of your pay band.

Organizational/Team Achievement Recognitions (OAR)

The OAR is an increase to your base salary, a bonus, or a combination of both to recognize the members of a team, organization, or branch whose performance and contributions have successfully and directly advanced organizational goals. The OAR payment is made in conjunction with the annual performance payout.

The decision to grant the OAR is entirely at the discretion of management, with final approval by the pay pool manager. If the employees to be recognized belong to separate pay pools or are employed by different Components, the recommendation is generally made by the pay pool manager for the majority of the employees. Only employees who have a rating of record at Level 3 (Valued Performer) and above are eligible to receive an OAR. The amount of the OAR awarded in the form of an increase to base salary may not cause your base salary to exceed the top of your pay band.

The Pay Pool Process

The pay pool process is an essential and integrated part of performance management. Take a look at the graphic. It shows the relationship between the timing of the phases of the pay pool process and the performance management cycle. As you can see, the pay pool process is not a one-time, year-end event; activities occur throughout the year. Pay pool process activities impact the performance management cycle, and performance management activities impact the pay pool process.

The following section describes each phase of the pay pool process.

Plan Phase

The Plan phase, the first phase of the pay pool process, coincides with the start of the performance management's Plan phase and ends midway through the Monitor phase. During the plan phase, the pay pool structure is established, rating official/employee relationships are established or confirmed, financial data is captured, and organizational mission and goals are communicated.

Prepare Phase

The Prepare phase parallels activities of the Monitor and Develop phases of the performance management cycle. The Prepare phase includes activities that strengthen skills and improve the pay pool process. Activities during this phase help pay pool members fine-tune their understanding of performance levels and of the pay pool process.



During this time, they may hold meetings to foster a shared understanding of performance levels among all rating officials and reviewers. The Prepare phase ends as the Rate phase of the performance management cycle begins.

Pay Phase

The Pay phase supports and is supported by the Rate and Reward phases of the performance management cycle. The activities of this phase, which center around reviewing and reconciling rating, share, and payout recommendations, are conducted within three months of the end of the rating cycle.

When the pay pool process is complete, your supervisor is informed of the final rating and payout decision. In turn, your supervisor meets with you to discuss the outcome.

Why Pay Pools?

Recognizing and rewarding accomplishment promotes high performance. The pay pool process preserves the integrity of the NSPS performance management system by providing a means of ensuring that all managers and supervisors apply standards equitably when rating their employees and that decisions regarding performance are made within the context of mission and organization.

Pay Pools and Pay Pool Panels

Pay pools are groups of employees who work in an organization and share funding for performance payouts. Each employee is in only one pay pool at a time, and employees are informed about which pay pool they belong to prior to the start of the performance cycle. Pay pools can vary in size from approximately 35 members to over 300 members and are typically structured by organization or function.

Pay pool panels are groups of managers/supervisors that gather to review employee evaluations to ensure that the same standards for evaluating performance are applied equitably throughout an organization and that performance payouts are consistent with the ratings. Each pay pool has a designated pay pool manager who is responsible for managing the pay pool. The pay pool manager oversees the process of reconciling the ratings and reward decisions and settles discrepancies between pay pool panel members.

Keys to the Pay Pool Process— Fairness, Accountability, and Communication

Mock Pay Pool Process – Why It is Important

A mock pay pool exercise is the best way for any organization to understand the pay pool process. During the exercise, organizations identify ways to improve their process that results in greater consistency and ensures fairness in ratings and payouts. During the exercise rating officials review their employees and assign mock ratings, numbers of shares, and payout distributions. The panel then practices advocating for employees and reconciling results. The mock exercise results are not recorded for compensation purposes; however, they can help refine the estimated share value for the real pay pool process. Organizations generally run the mock pay pool process with real employee data. Past experience has shown that a panel's familiarity with the process, its ability to handle difficult situations, and the quality of its decisions improve when it conducts a mock pay out exercise.

Pay Pool Funding Basics

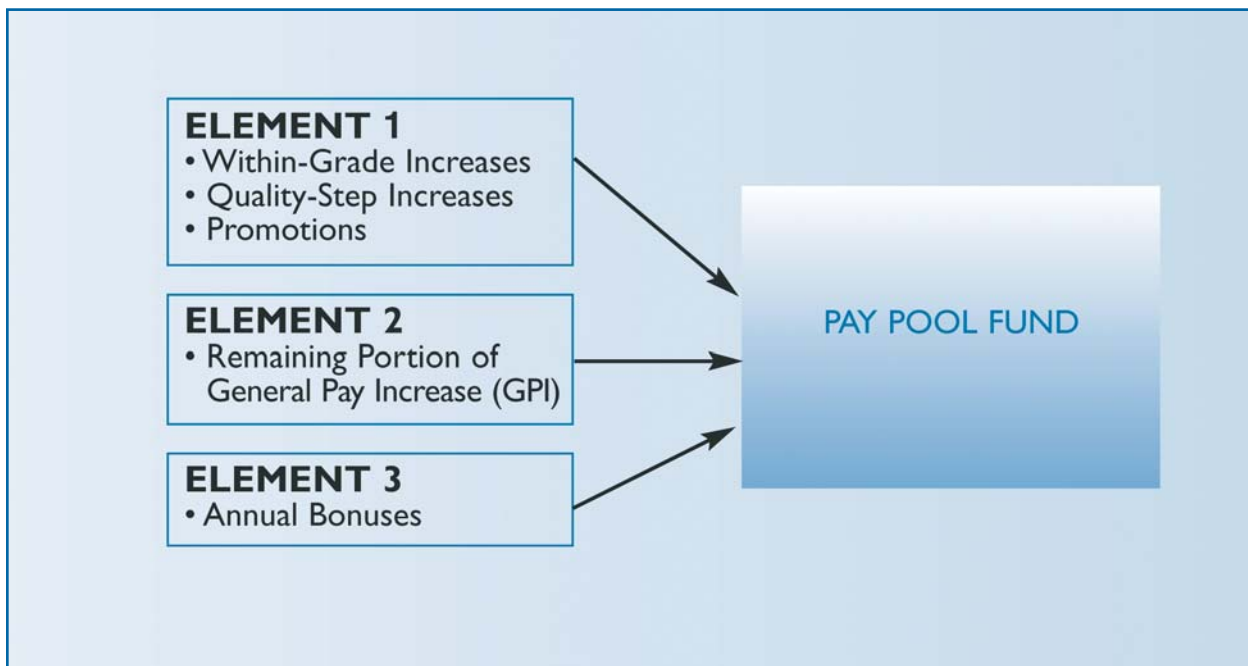
The pay pool fund is comprised of the following elements:

- **Element 1** represents base pay funds that historically were spent on within-grade increases, quality-step increases, and promotions between General Schedule grades that no longer exist in NSPS.
- **Element 2** represents funds (if any) that remain available from the government-wide general pay increase after the Secretary has exercised his or her authority to fund any rate range adjustments or local market supplements.
- **Element 3** represents funds historically spent on performance-based bonuses.

Each element is expressed as a percentage of the total base salaries of all employees in a pay pool. The funds associated with Elements 1 and 2 are available for increases to base pay or bonuses. The funds associated with Element 3 are available only for bonuses. Organizations may supplement any of the elements if funding is available.

You will receive additional information regarding pay pool funding when you take one of the performance management courses. Keep in mind these points:

- Pay pool funds are protected.
- All funds in a pay pool must be used to compensate employees.



Safeguarding Fairness in the Pay-for-Performance Process

You may have concerns regarding the fairness of the pay-for-performance system. NSPS provides several ways to ensure that the performance rating process and the resulting performance payout are equitable and fair to all employees.

- Supervisors and managers receive initial and ongoing training.
- Your supervisor works with you to develop performance expectations and your performance plan.
- Supervisors are accountable for rating you fairly.
- Supervisors are evaluated on how well they conduct their performance management responsibilities. Their effectiveness, like yours, is an important part of their performance rating and payout.
- Performance ratings are reviewed during the pay pool process by the pay pool manager to ensure consistency, accuracy, and fairness.
- The pay pool manager has oversight of the pay pool process and is responsible and accountable for ensuring that it is fairly and equitably managed.
- Forced distribution of ratings (setting pre-established limits for the percentage or number of ratings that may be assigned) is not permitted.

What You Need to Know...

- Performance matters under NSPS, and good performance is rewarded.
- There is an established performance management process that includes planning, monitoring, developing, rating, and rewarding performance.
- At the beginning of the performance cycle, you and your supervisor establish your performance plan.
- NSPS emphasizes aligning your work with your organization's goals and focusing on results.
- During the performance cycle, you and your supervisor engage in ongoing communication to ensure that you are on track. You can take this opportunity to discuss your developmental needs or career broadening opportunities.
- At the end of the performance cycle, you are rated on what you accomplished and how you accomplished it based on established performance expectations.
- Your performance is rewarded through a performance payout that can include an increase in your salary, a bonus, or a combination of both.
- NSPS uses a variety of checks and balances to ensure fairness in the pay-for-performance process.



Hiring and Employment

NSPS is a simplified and adaptable management system that places the right people in the right jobs at the right time. Now managers and supervisors have more tools, and employees have greater opportunities to move to new assignments and gain valuable new experience. NSPS makes it easier for you to plan and manage your career.

Under NSPS, DoD has the authority to waive or modify certain provisions governing hiring and employment while still adhering to merit system and veterans' preference principles.

Internal Placement

The NSPS classification architecture, with its career groups, pay schedules, and broad pay bands, reduces administrative processes and paperwork when assigning work and enhances opportunities for career growth and development while ensuring merit principles are upheld.

NSPS gives you the flexibility to move more easily to other positions. For instance, new assignments, matching your qualifications and requiring the same level and area of knowledge, may no longer require an official personnel action.

Because NSPS groups occupations into career groups, pay schedules, and pay bands, you are no longer bound by narrow work definitions tied to discrete grade levels. Progression within the pay band can be accomplished in a variety of ways, and job changes within the band do not require competition.

Because there are no grades, NSPS eliminates the time-in-grade restrictions. But remember, you must meet the experience and/or education requirements for a specific position.

Qualifying for NSPS Positions

Under NSPS, you qualify for positions just like you did under the GS system. This means that you must demonstrate that you have the knowledge, skills, abilities, and competencies to be successful in the new position. For now, DoD uses OPM qualification standards, but DoD has the authority to modify or develop new standards to meet its mission.

Under NSPS, the level of work determines when merit promotion is required.

Merit Promotion

Merit principles still apply under NSPS, and the NSPS classification pay banding architecture upholds merit system principles. Competition is required any time you are applying for, or are being selected for, a higher pay band than what you currently or previously held on a permanent basis.

The following are the most common personnel actions where merit promotion procedures are required:

- Movement to a position in a higher pay band within your assigned pay schedule
- Movement to a position with a higher level of work
- Movement into a temporary promotion lasting more than 180 days
- Reassignment or reduction in band to a position with a higher full-performance band than previously held on a permanent basis

Alternative Forms of Competition

Alternative forms of competition do not require vacancy announcements, but they do adhere to merit principles. Alternative forms of competition minimize paperwork while filling the position with the right person at the right time. The process of selecting candidates under these forms of competition recognizes and considers your performance. Your Component will notify you of the specific processes and details of filling positions through alternative forms of competition. You can look for this information through newsletters, bulletin boards, websites, or other communication methods.

There are three alternative forms of competition: exceptional performance promotion, alternate certification, and assessment boards.

Exceptional Performance Promotion

If you receive the highest performance rating (Level 5) during the most recent performance appraisal period, your manager may select you for promotion. Under this process:

- You do not have to submit an application.
- The vacant position must have the same occupational code as the one for which you received the Level 5 rating.
- Management must consider other employees with the same level of performance.

Alternate Certification

Provided you are highly qualified, a manager can “name request” you to fill a vacant position. This is how it works. The manager submits your name to the human resources

office along with a description of the necessary knowledge, skills, and abilities for the position. In turn, the human resources office confirms that you are in the “highest quality group.”

The following example illustrates how alternate certification can work:

Organization A oversees financial and budget operations. Maxine recently completed an assignment as part of a team that studied problems involving financial reporting procedures and reported to high-level management on how to resolve the problems. A Management and Program Analyst position, Professional/Analytical Pay Schedule, Pay Band 3, under Maxine’s supervision, becomes vacant. Maxine remembers Cynthia, who served on the team, proved to be an exceptionally sharp and motivated individual. Cynthia is a Budget Analyst in Professional/Analytical Pay Schedule, Pay Band 2, in Organization B. Maxine performs a job analysis and sends it to the human resources office, identifying Cynthia as the person she would like to select. The staffing specialist obtains Cynthia’s resume and evaluates it against the criteria identified by Maxine. Cynthia is determined to be highly qualified and a job offer is made.

Assessment Boards

Your Component may establish boards that regularly meet to evaluate and recommend employees for vacant positions. Qualified candidates, ranked into occupational groups, are placed on the Assessment Board’s referral list. If your name appears on the referral list, a manager can select you for a promotion without advertising the vacancy.

Your Component has the flexibility to develop policy and procedures regarding Assessment Boards.

Exceptions to Competition

The following actions can be processed as exceptions to competitive procedures:

- Career-ladder promotion — A promotion resulting from a previous competitive selection for a position with a documented career ladder to a higher pay band (or GS grade now encompassed by a higher pay band).
- Additional duties and responsibilities – A promotion resulting from an employee’s position being classified at a higher pay band because of additional duties and responsibilities.
- Temporary promotion – A promotion to a position in a higher pay band (or a position with known promotion potential) for 180 days or less.
- The movement of an employee to a higher pay band resulting from the issuance of a new classification standard.
- The correction of an initial classification error.
- A position change resulting from RIF procedures.

So far, we have discussed how DoD can use the flexibilities to qualify you for a position, promote you, and offer alternative forms of competition. Now we discuss the increased flexibility in non-competitive placements.

Non-Competitive Placements

Non-competitive placements occur for placement actions that do not require merit promotion procedures. The most typical type of non-competitive placement is a reassignment.

Reassignments occur when you move to a different position or set of duties within your pay band or to a position in a comparable pay band on a temporary or permanent basis. Previously, you were restricted by the grade structure and narrow work descriptions. Under NSPS, if the work is at a comparable level, you can move without competition. This is because pay schedules and pay bands encompass many levels of work and occupations. You now have the potential for greater career growth and development.

Now let’s focus on new or improved ways managers can recruit for applicants from outside the Federal service.

External Hiring – Competitive Examining

One of the goals of NSPS is to increase the efficiency of the recruiting and hiring process without compromising merit system principles. Under NSPS, DoD has the authority to establish DoD competitive examining procedures. Authorized management officials may use a targeted recruitment strategy for attracting applicants from outside the Federal service. It is important for you to know that veterans' preference principles still apply.

Announcing Vacancies

Management has the option to consider only candidates from the local commuting area for an open position. A local commuting area is defined as the geographic area that usually constitutes one area for employment purposes. It includes any population center (or two or more neighboring ones) and the surrounding localities in which people live and can reasonably be expected to travel back and forth daily to their usual employment.

Recruitment strategies may be targeted to meet organizational goals and requirements.

When announcing vacancies, the following provisions apply:

- While all U.S. citizens may apply for positions open through competitive examining, at a minimum, applicants from the local commuting area may receive first consideration.
- Other targeted recruitment sources, as specified in the announcement, may be considered concurrently.
- No minimum opening announcement period is required.
- The open period is based on the type of position being filled and the availability of qualified candidates in the labor market.
- Announcements open to candidates outside the agency must still be posted on USAJOBS.

Special Appointing Authorities

Managers and supervisors can still use existing competitive and excepted appointing authorities; however, NSPS also gives your organization several new appointing authorities.

Severe Shortage

DoD will determine when a severe shortage of candidates exists for particular occupations, pay bands, career groups, or geographic locations. DoD may decide that such a shortage exists, or it may make the decision in response to a written request from a Component.

To use the severe shortage hiring authority, Components must identify the position or positions they are unable to fill and must include supporting evidence that demonstrates a severe shortage of candidates exists.

Critical Need

DoD will determine when a critical hiring need exists and approve the use of this authority. Components must document the need by:

- Identifying the positions to be filled.
- Describing the event or circumstances that creates the need to fill the positions.
- Specifying the duration for which the critical need is expected to exist.
- Including supporting evidence that demonstrates why the use of other hiring authorities is impracticable or ineffective.

Time-Limited Authorities

Time-limited appointments allow management the flexibility to employ individuals to meet legitimate, non-permanent staffing needs. The new time-limited appointment authorities under NSPS allow managers to hire employees for a longer period of time on a non-permanent basis than what is allowed under the GS system.

Under NSPS, managers may use a “term” or a “temporary” authority. When considering which authority is appropriate, managers must first determine the length of time and circumstances of the temporary workload.

Term Appointments

A term appointment is for a specified period of time when the need for an employee’s services is not permanent or to accomplish permanent work in circumstances where the position cannot be filled permanently.

A term appointment may be used to fill positions for an initial period of more than one year, but may not exceed five years. Term appointments may be extended for one additional year by an authorized management official, and up to a maximum of six years.

Examples are:

- Project work
- Extraordinary workload
- Uncertainty of future funding
- Scheduled contracting out or abolishment of a function
- The need to maintain permanent positions for placement of potential surplus employees

- When the incumbent will be out of the position for a significant period of time but is expected to return

Term appointments may be made through competitive or noncompetitive procedures.

Temporary Appointments

A temporary appointment may be made for a period not to exceed one year and may be extended, in one-year increments, up to a total of three years.

Some examples of a temporary appointment are:

- Filling a position to address a temporary workload peak or to complete a project.
- Meeting a staffing need that is anticipated not to exceed a one-year timeframe.
- Contracting out of a function.
- Responding to an anticipated reduction in funding.
- Filling positions temporarily because the positions are expected to be needed for placement of permanent employees who would otherwise be displaced.

True or False? – I can move from the Scientific/Engineering Career Group, Professional Pay Schedule, Pay Band 2, to the Standard Career Group, Professional/Analytical Pay Schedule, Pay Band 2, without competition.

True – Professional/Analytical Pay Schedules and corresponding pay bands are considered comparable levels of work regardless of career group.

True or False? – I can move from the Technician/Support Pay Schedule, Pay Band 2, to the Professional/Analytical Pay Schedule, Pay Band 2, without competition.

False – You must compete for the position because the Professional/Analytical Pay Schedule is a higher level of work.

Probationary Periods

The first year of service for all permanent or term employees is covered by an NSPS probationary period. The probationary period is normally one year. However, DoD has the option of establishing DoD-wide probationary periods of up to three years for select occupations.

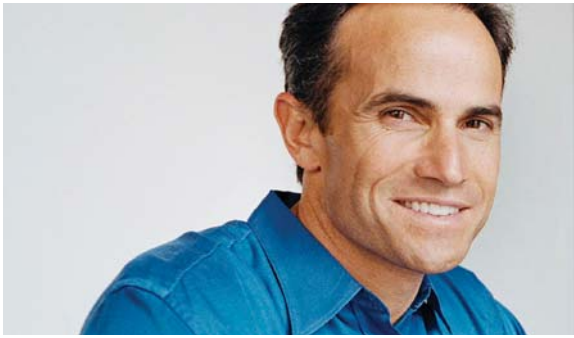
Supervisors must still complete a supervisory probationary period when first appointed to a supervisory position.

If you are serving an initial or supervisory probationary period at the time of conversion, you will continue the probation after conversion with no loss of time already served.

Management officials have the same options and procedures available to them under the GS system for handling employees who do not satisfactorily complete a probationary period.

What You Need to Know...

- Merit system principles and veterans' preference principles still apply.
- Competitive procedures apply to the movement of an employee to a higher pay band, a higher level of work, or to temporary promotions for more than 180 days.
- NSPS provides hiring and employment flexibilities, including eliminating time-in-grade restrictions, streamlining processes for personnel actions, and authorizing DoD to establish new qualification standards.
- The Department has the authority to establish DoD competitive examining procedures. Authorized management officials may now target their recruiting strategy when recruiting for applicants from outside the Federal service to include giving local applicants first consideration for available positions.



Workforce Shaping

In fulfilling our national security mission, DoD must continually adapt the workforce structure to meet changing requirements and conditions. In this lesson, you learn about the tools NSPS provides to properly align the civilian workforce and the revised Reduction in Force (RIF) procedures that will be used if a RIF becomes necessary.

What is Workforce Shaping?

Workforce shaping is the variety of actions that DoD managers take as they retool and refocus the workforce. Workforce shaping is a continuous process that often can be accomplished without any undue disruption to mission or workforce. Typically, when there are budget cuts, mission changes, technological changes, and other realignments, management can shape the workforce and accommodate any reductions without resorting to a RIF. When these actions do not accomplish reshaping goals and a RIF becomes necessary, NSPS rules minimize disruption by focusing attention where organizational changes are needed.

Actions DoD Can Take to Reshape the Workforce

- Voluntary Early Retirement Authority (VERA)
- Voluntary Separation Incentive Pay (VSIP)
- Hiring freezes
- Voluntary placements
- Voluntary separations
- Stockpiling vacancies
- Realigning work
- Reengineering processes or work
- Early registration in the Priority Placement Program (PPP)
- Retraining
- Reduction in force (RIF)

NSPS RIF

NSPS allows DoD increased flexibility to realign, reorganize, and reshape the workforce for organization-based reasons. It also emphasizes retention based on performance.

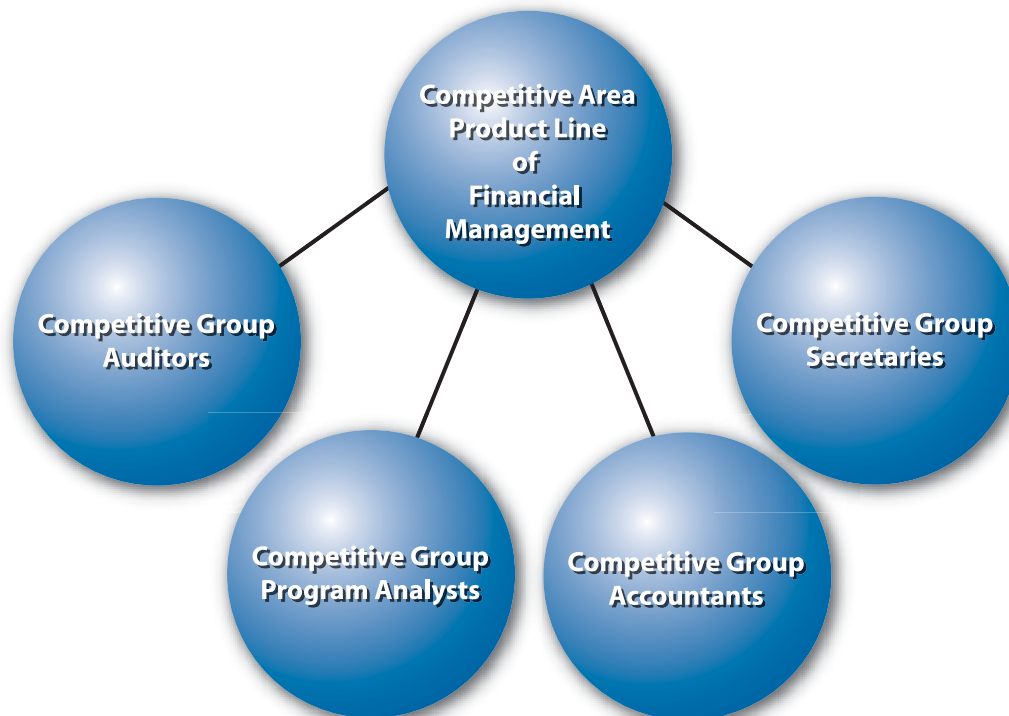
The new procedures use competitive areas and competitive groups to define the boundaries within which employees compete for retention during a RIF. The graphic below illustrates the concept of competitive areas and competitive groups.

The use of competitive groups allows management to focus the RIF on the area being realigned. For example, a directorate of financial services has lost customers to

RIF is always a last resort.

another finance center. The directorate must reduce its financial technician staff because of a reduction in workload. Management can focus the RIF on the occupational code 0503, Financial Technician, where the realignment needs to take place. When a RIF occurs, all employees within a competitive group are placed on a retention list that ranks competing employees according to retention factors. Employees in competitive and excepted service positions are placed on different retention lists.

Competitive Area and Competitive Groups



A competitive area may be established based on one or more of the following:

- Geographical location(s)
- Line(s) of business
- Product line(s)
- Organizational unit(s)
- Funding line(s)

A competitive group is defined on the basis of one or more of the following:

- Career group
- Pay schedule
- Pay band
- Occupational code
- Trainee status

Retention Factors

Retention factors determine your retention standing and affect your ability to displace or be displaced by someone during a RIF. Under NSPS, retention standing is based on the following factors, listed in priority order:

- 1. Tenure** – Tenure Group I and III employees compete in a RIF. Tenure Group 0 employees do not. There is no Tenure Group II under NSPS.
 - Tenure Group I (Career) consists of all permanent employees, including those on an initial probationary period. Employees still on their initial probationary period will be placed at the end of the retention list for Tenure Group I in the order of their retention standing.
 - Tenure Group III includes term, indefinite, status quo, and other non-status, non-temporary employees.
 - Tenure Group 0 includes temporary employees.

2. Veterans' Preference – Employees are listed on the retention list by veterans' preference subgroups in the following descending order:

- AD – An employee eligible for veterans' retention preference with a compensable service-connected disability of 30 percent or higher
- A – Other veterans in preference order
- B – Employees not eligible for veterans' retention preference

3. Performance Credit – After placement on the retention list according to veterans' preference, employees are placed on the list in descending order based on their performance score. An average of an employee's three most recent NSPS ratings of record received during the four-year period prior to the established cut-off are used to calculate an employee's performance credit. When you first convert to NSPS, DoD will assign a Level 3 (Valued Performer) rating of record. This rating will be replaced when you receive your first NSPS rating of record.

4. Length of Service –The final consideration is length in service when placing an employee on a retention list. Within the credited performance score category, you and your fellow employees are further ranked by length of service in descending order. Your length of service is reflected in the RIF Service Computation Date and includes all creditable civilian and uniformed service.

NSPS RIF Displacement Procedures

Displacement is the process of assigning employees to positions during a RIF. Under NSPS, displacement procedures replace “bump and retreat.” During the process, employees whose positions are abolished are assigned positions based on their retention standing. In other words, employees are placed in positions in the order of their retention standing with the employee with the highest standing being placed first.

An employee is qualified to displace another employee on the retention list if he or she:

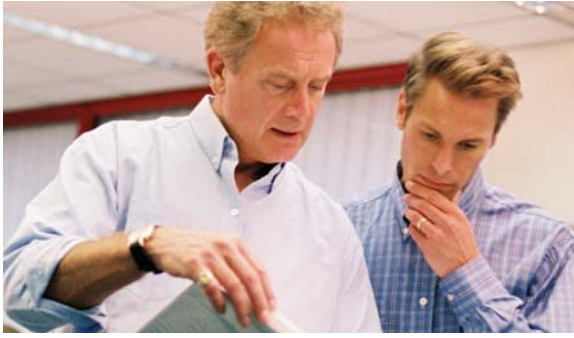
- Meets the designated standards and requirements.
- Meets the minimum educational requirements.
- Is physically qualified, with reasonable accommodation, where appropriate.
- Can satisfactorily perform the duties of the position without undue interruption.

In addition, the position offered must be no more than one pay band level or equivalent below your current pay band.

If more than one placement opportunity exists, the employee is offered the position occupied by the employee with the lowest retention standing.

What You Need to Know...

- Workforce shaping is the variety of actions DoD managers take as they reorganize and realign their organizations to better meet mission requirements.
- The NSPS RIF rules minimize the disruption caused by displacement.
- When a RIF occurs, all employees within a competitive group are placed on a retention list. Your retention standing is based on the following factors in priority order:
 1. Tenure
 2. Veterans' preference
 3. Performance credit
 4. Length of service



Resources and Training

The *HR Elements for Managers, Supervisors, and Employees Guide* is one of several resources available to you. More than likely, you still have questions or want to discuss the information you have just learned with others. Take advantage of the training and resources designed to help you succeed under NSPS.

Two of the most effective ways to process what you have learned is to have conversations with your peers and to seek advice and guidance from your supervisor and human resources consultant.

In addition to the various Component-sponsored training courses you may have already taken to prepare you for your transition to NSPS, the following workshops and training courses are available:

- Writing SMART Objectives – a workshop designed to help you learn how to write effective job objectives, the cornerstone of the performance management system.
- NSPS 101 – a web-based, self-paced course designed to provide you with an overview of the key NSPS elements. The course is located on the NSPS website home page at www.cpms.osd.mil/nsps
- HR Elements for Managers, Supervisors, and Employees – an instructor-led course designed to provide you with an overview of the key HR elements. This guide is associated with this course.
- Performance Management for Managers and Supervisors and Performance Management for Employees – instructor-led courses designed to provide an overview of the performance management system; discuss how to plan, monitor, develop, rate, and reward performance; and define roles and responsibilities of managers, supervisors, and employees.
- Guide to Pay Pool Management – a guide that provides an overview of the pay pool process.
- Introduction to Pay Pool Management – instructor-led, interactive, immersion-style workshop that uses a series of extended simulations and guided discussions to help managers understand pay pool dynamics, communications, roles, responsibilities, and key considerations for effective pay pool panel participation and management.

These training courses and workshops are available to educate you on the key NSPS elements. Take the opportunity to seek assistance if you have questions or need additional information.

To find out how to register for one of the workshops and courses listed above, ask your supervisor.

Finally, log on to the website designed to provide you with the latest information.

Visit the NSPS website at <http://www.cpms.osd.mil/nsps>.

NSPS in Your Component:

- Visit the Air Force at <http://www.af.mil/library/nsps-af>.
- Visit the Army Civilian Personnel On-Line <http://www.cpol.army.mil>.
- Visit Fourth Estate at <http://www.hrd.whs.mil>.
- Visit the Navy at <http://www.donhr.navy.mil/NSPS>.



Key Terms and Definitions

Accelerated Compensation for Developmental Positions (ACDP) — An increase to employee base salary, bonus, or a combination of both that may be provided to employees participating in Component training programs or in other developmental capacities as determined by Component policy. The ACDP is awarded to recognize growth and development in the acquisition of job-related competencies combined with successful performance of job objectives.

Appraisal — The review and evaluation of an employee's performance.

Appraisal period — The period of time established under a performance management system for reviewing employee performance.

Band or pay band — A work level and associated pay range within a pay schedule.

Band rate range — The range of rates of base salary (excluding any local market supplements) applicable to employees in a particular pay band. Each band rate range is defined by a minimum and maximum rate.

Base salary — An employee's pay before any deductions and exclusive of additional pay of any kind.

Bonus — An element of the performance payout that consists of a one-time lump-sum payment made to employees. It is not part of base salary.

Career employee — An individual appointed without time limit to a competitive or excepted service position in the Federal service.

Career group — A broad grouping of occupations that perform similar types of work and have similar career progression patterns.

Classification — The process of analyzing and assigning a job or position to an occupational code, career group, pay schedule, pay band, and title for pay and other related purposes.

Comparable pay bands — Pay bands with the same level of work within and across varying pay schedules and career groups, regardless of the specific earning potential of the bands.

Competencies — The measurable or observable knowledge, skills, abilities, behaviors, and other characteristics that an individual needs to perform a particular job or job function successfully.

Competing employee — For Reduction in Force (RIF) and Transfer of Function (TOF) purposes, a career employee (including an employee serving an initial probationary period), an employee serving on a term appointment, and other employees as identified in implementing issuances.

Competitive area — The boundaries within which employees compete for retention.

Competitive group — Employees within a competitive area who are on a common retention list for the purpose of exercising displacement rights.

Component — An organizational unit so prescribed and designated by the Secretary in his or her sole and exclusive discretion, such as the Office of the Secretary of Defense, Military Departments, a Defense Agency, or a DoD Field Activity.

Contributing Factors — The attributes of job performance that are significant to the accomplishment of your job objectives.

Contribution — A work product, service, output, or result provided or produced by an employee or group of employees that supports DoD or organizational mission, goals, or objectives.

Displacement right — The right of a competing employee who is displaced from his or her present position because of position abolishment or because of the abolishment of a position occupied by a higher-standing employee on the retention list, to displace a lower-standing employee on the list on the basis of the retention factors.

Extraordinary Pay Increase (EPI) — A discretionary base salary increase or bonus (or combination) to reward an employee at the highest performance level when the payout formula does not adequately compensate the employee for his or her extraordinary performance and results.

General Schedule (GS) — The General Schedule classification and pay system established under chapter 51 and subchapter III of chapter 53 of title 5, U.S. Code.

Grade — A level of work under a General Schedule position classification or job grading system.

Higher pay band — A pay band designated to be a higher level of work than an employee's currently assigned band, either within or across varying pay schedules and career groups, regardless of the specific earning potential of the band.

Implementing issuance or issuances — A document or documents issued by the Secretary, Deputy Secretary, Principal Staff Assistants (as authorized by the Secretary), or Secretaries of the Military Departments to carry out a policy or procedure implementing NSPS. These issuances may apply DoD-wide or to any part of DoD as determined by the Secretary at his or her sole and exclusive discretion. These issuances do not include internal operating guidance, handbooks, or manuals that do not change conditions of employment, as defined in NSPS regulation.

Initial probationary period — The period of time, as designated by the Secretary, immediately following an employee's appointment, during which an authorized management official determines whether the employee fulfills the requirements of the assigned position.

Issuance or issuances — A document issued by the Secretary, Deputy Secretary, Principal Staff Assistants (as authorized by the Secretary), or Secretaries of the Military Departments at the DoD or Military Department level to carry out a policy or procedure of the Department, other than those issuances implementing the NSPS regulations.

Job Objectives — An expression of performance expectations in the performance plan that are linked to the organization's goal(s) and mission(s). Job objectives are used to communicate major individual, team, and organizational responsibilities, contributions, and the related outcomes expected of you during the appraisal period.

Local market supplement — Additional pay to address labor market factors that are location and/or occupation specific. Under NSPS, these supplements are used in lieu of Title 5 locality pay and special salary rate supplements. These supplements will be expressed as a percentage of base salary (including a retained rate).

Lower pay band — A pay band designated to be a lower level of work than an employee's currently assigned band, either within or across varying pay schedules and career groups, regardless of the specific earning potential of the band.

Military Department — The Department of the Army, the Department of the Navy, or the Department of the Air Force.

Minimum period of performance — The period of time established by the Secretary during which an employee will perform under applicable performance expectations before receiving a rating of record. Under NSPS, this period is generally 90 days.

Modal rating (pay administration) — The most frequent rating of record assigned to employees in the same pay band within a particular pay pool for a particular rating cycle.

Modal rating (RIF) — The most frequent rating of record assigned to employees in a particular competitive group.

National Security Personnel System (NSPS) — The management system established under title 5 U.S.C. 9902(a) and described in CFR 9901. It does not include the labor relations system established under title 5 U.S.C. 9902(m).

Occupational codes — A group or family of positions performing similar types of work. Occupational codes are assigned a number for workforce information purposes (for example: 0110 Economist Series; 1410 Librarian Series).

Organizational/Team Achievement Recognition (OAR) — An increase to an employee's base salary, a bonus, or a combination of these to recognize the members of a team, organization, or branch whose performance and contributions have successfully and directly advanced organizational goals.

Pay band or band — A work level and associated pay range within a pay schedule.

Pay pool — The organizational elements/ units or other categories of employees that are combined for the purpose of determining performance payouts. Each employee is in only one pay pool at a time. Pay pool also means the amount designated for performance payouts to employees covered by a pay pool.

Pay Pool Manager — The individual designated to manage the pay pool, resolve discrepancies, and ensure consistency.

Pay Pool Panel — Usually senior management officials, including the pay pool manager, of the organizations or functions represented in the pay pool that assist the pay pool manager in the exercise of his or her responsibilities.

Pay retention — Temporary preservation of an employee's former rate of base salary when the rate exceeds the maximum rate of the employee's new pay band.

Pay schedule — A set of related pay bands for a specified category of employees within a career group.

Performance expectations — The duties, responsibilities, and competencies required by, or objectives associated with, an employee's position and the contributions and demonstrated competencies management expects of an employee.

Performance Indicators —

The general descriptions of levels or thresholds of your performance used to measure, evaluate, and score the achievement of your objective(s). The performance indicators are provided at Level 3 and Level 5 for each pay schedule and pay band.

Performance management — Applying the integrated processes of setting and communicating performance expectations, monitoring performance and providing feedback, developing performance and addressing poor performance, and rating and rewarding performance in support of the organization's goals and objectives.

Performance management system — The policies and requirements for setting and communicating employee performance expectations, monitoring performance and providing feedback, developing performance and addressing poor performance, and rating and rewarding performance.

Performance payout — The total monetary value of a performance pay increase and bonus resulting from the performance appraisal process.

Performance share — A unit of performance payout awarded to an employee based on performance. Performance shares may be awarded in multiples commensurate with the employee's rating level.

Position or job — Duties, responsibilities, and related competency requirements that are assigned to an employee.

Probationary period — See initial probationary period.

Promotion — The movement of an employee from one pay band to a higher pay band on a permanent basis.

Rating of record — A performance appraisal prepared:

- At the end of an appraisal period covering an employee's performance of assigned duties against performance expectations over the applicable period; or
- As needed to reflect a substantial and sustained change in the employee's performance since the last rating of record as provided in DoD implementing issuances.

Reassignment — The movement of an employee to a different position or set of duties in the same or a comparable pay band on a permanent basis. There are three basic types of reassignment:

- **Management-Directed Reassignment** – When management reassigns an employee within his or her current or comparable pay band.
- **Employee-Initiated Reassignment** – When an employee reassigns normally as a result of selection via an open vacancy announcement.
- **Involuntary Reassignment** – When an employee is involuntarily reassigned within his or her current pay band and/or to a comparable pay band through adverse action procedures (as a result of poor performance or misconduct).

Reduction in band — The movement of an employee from one pay band to a lower pay band.

Reduction in pay — A decrease in an employee's base salary. Base salary does not include local market supplements or similar payments. Nonreceipt of a pay increase is not a reduction in pay.

Retention factors — Tenure, veterans' preference, performance, length of service, and other factors as the Secretary considers necessary and appropriate to rank employees within a particular retention list.

Retention list — A list of all competing employees occupying positions in the competitive area, who are placed in the same competitive group in retention standing order.

Salary — See base salary.

Share value — A calculated value for each performance share based on pay pool funds available and the distribution of performance shares within a pay pool expressed as a percentage.

Similar positions — Positions in which the duties performed are similar in nature and character and require substantially the same or similar qualifications, so that the incumbent could be interchanged among the positions without significant training or undue disruption in the work.

Temporary employee — An individual not on a career appointment who is employed for a limited period of time not to exceed one year. The appointment may be extended, up to a maximum of three years, to perform the work of a position that does not require an additional permanent employee.

Temporary promotion — Movement to a higher pay band on a temporary basis.

Temporary reassignment — Movement, either employee-initiated or management-directed to a different position or set of duties in the same or a comparable pay band on a time-limited basis.

Term employee — An individual not on a career appointment who is employed for a period of more than one year up to a maximum of six years when the need for an employee's service is not permanent.

Time-limited employee — An individual serving for a period of limited duration (e.g., a temporary or term appointment), in either the competitive or excepted service.

Unacceptable performance — Performance by an employee that fails to meet one or more performance expectations, as amplified through work assignments or other instructions, for which the employee is held individually accountable.

For More Information

Visit the NSPS website at
<http://www.cpmc.osd.mil/nsps>

NSPS in Your Component

Visit the Air Force at
<http://www.af.mil/library/nsps-af>

Visit the Army Civilian Personnel On-Line
<http://www.cpol.army.mil>

Visit Fourth Estate at
<http://www.brd.wbs.mil>

Visit the Navy at
<https://www.donbr.navy.mil/NSPS>