

Federal Register

Wednesday
May 15, 1996

Part V

**Office of Personnel
Management**

**Proposed Laboratory Personnel
Management Demonstration Project;
Department of the Air Force; Notice**

OFFICE OF PERSONNEL MANAGEMENT

Proposed Laboratory Personnel Management Demonstration Project; Department of the Air Force

AGENCY: Office of Personnel Management.

ACTION: Notice of intent to implement demonstration project.

SUMMARY: Title VI of the Civil Service Reform Act, 5 U.S.C. 4703, authorizes the Office of Personnel Management (OPM) to conduct demonstration projects that experiment with new and different personnel management concepts to determine whether such changes in personnel policy or procedures would result in improved Federal personnel management.

Public Law 103-337, October 5, 1994, permits the Department of Defense (DoD), with the approval of the OPM, to carry out personnel demonstration projects generally similar to the China Lake demonstration project at DoD Science and Technology (S&T) reinvention laboratories. The Air Force is proposing one demonstration project to cover its four S&T reinvention laboratories: Armstrong, Phillips, Rome, and Wright.

DATES: To be considered, written comments must be submitted on or before July 15, 1996; public hearings will be scheduled as follows:

1. Tuesday, June 18, 1996, 10:00 a.m. in Rome, New York,
2. Friday, June 21, 1996, 10:00 a.m. in Dayton, Ohio,
3. Wednesday, June 26, 1996, 10:00 a.m. in San Antonio, Texas, and
4. Thursday, June 27, 1996, 10:00 a.m. in Albuquerque, New Mexico. At the time of the hearings, interested persons or organizations may present their

written or oral comments on the proposed demonstration project. The hearings will be informal. However, anyone wishing to testify should contact the person listed under **FOR FURTHER INFORMATION CONTACT**, and state the hearing location, so that OPM can plan the hearings and provide sufficient time for all interested persons and organizations to be heard. Priority will be given to those on the schedule, with others speaking in any remaining available time. Each speaker's presentation will be limited to ten minutes. Written comments may be submitted to supplement oral testimony during the public comment period.

ADDRESSES: Comments may be mailed to Fidelma A. Donahue, U.S. Office of Personnel Management, 1900 E Street, NW., Room 7460, Washington, DC

20415; public hearings will be held at the following locations:

1. Rome—Griffiss Business and Technology Park Theater, Building 439, Kirtland Drive, Rome, New York,
2. Dayton—Wright-Patterson Air Force Base Theater, 1239 Chestnut Street, Kittyhawk Area, Wright-Patterson Air Force Base, Ohio,
3. San Antonio—Building 578, Room 218-221, 7909 Lindbergh Drive, Brooks Air Force Base, Texas,
4. Albuquerque—Phillips Laboratory Conference Center, Building 201, Conference Room 7a, 1750 Kirtland Drive, SE, Kirtland Air Force Base, New Mexico.

FOR FURTHER INFORMATION CONTACT: (1) On proposed demonstration project: Wendy B. Campbell, HQ AFMC/ST, 4375 Chidlaw Road, Suite 6, Wright-Patterson Air Force Base, OH 45433-5006, 513-257-1910; (2) On proposed demonstration project and public hearings: Fidelma A. Donahue, U.S. Office of Personnel Management, 1900 E Street, NW, Room 7460, Washington, DC 20415, 202-606-1138.

SUPPLEMENTARY INFORMATION: Since 1966, at least 19 studies of Department of Defense (DoD) laboratories have been conducted on laboratory quality and personnel. Almost all of these studies have recommended improvements in civilian personnel policy, organization, and management. The proposed project involves simplified job classifications, pay banding, a contribution-based compensation system, streamlined hiring processes, and modified Reduction-in-Force (RIF) procedures.

Dated: May 7, 1996.

Office of Personnel Management.

James B. King,

Director.

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I. Executive Summary

The project was designed by the Department of the Air Force, with participation of and review by the Department of Defense (DoD) and the Office of Personnel Management (OPM). The purpose of the project is to achieve the best workforce for the laboratory mission, adjust the workforce for change, and improve workforce quality. The project framework addresses all aspects of the human resources life cycle model. There are three major areas of change: (a) laboratory-controlled rapid hiring; (b) a contribution-based compensation system; and (c) a streamlined removal process.

Initially, the project will cover only Scientists and Engineers (S&Es) assigned to the laboratories. A decision point has been programmed for the end of the second year of the demonstration to determine whether or not to expand coverage to other occupational groups within the laboratory. In the event of expansion to non-S&E employees, full approval of the expansion plan will be obtained by AF, DoD, and OPM.

Cost neutrality is a basic requirement of the project. Extensive evaluation of the project will be performed by both the OPM and Air Force. The Air Force has programmed a decision point 5 years into the project for continuance, modification, or rejection of the demonstration initiatives.

II. Introduction

A. Purpose

The purpose of the project is to demonstrate that the effectiveness of Department of Defense (DoD) laboratories can be enhanced by allowing greater managerial control over personnel functions and, at the same time, expanding the opportunities available to employees through a more responsive and flexible personnel system. The quality of DoD laboratories, their people, and products has been under intense scrutiny in recent years. The perceived deterioration of quality is believed to be due, in substantial part, to the erosion of control which line managers have over their human resources. This demonstration, in its entirety, attempts to provide managers, at the lowest practical level, the authority, control, and flexibility needed to achieve quality laboratories and quality products.

B. Problems With the Present System

Air Force laboratory products contribute to the readiness of U.S. forces. To do this, laboratories must

acquire enthusiastic, innovative, highly educated scientists and engineers to meet their mission. They must be able to compete with the private sector for the best talent and be able to make job offers in a timely manner with the attendant bonuses and incentives to attract topnotch researchers. Today, industry laboratories can make an offer of employment and two counteroffers to a promising new hire before the government can get the first offer on the table. When filling vacancies internally, managers are forced into employee choices based not on research expertise, but on career program membership or special placement programs. Currently, jobs are described using a cumbersome classification system that is overly complex and specialized. This hampers a manager's ability to shape the workforce and match the positions while making best use of the employees. Managers must be given local control of positions and their classification to move both their employees and vacancies freely within their organization to other lines of research when business or technology demands. These issues work together to hamper supervisors in all areas of human resource management. Hiring restrictions and overly complex job classifications, coupled with poor tools for rewarding and motivating employees and a system that does not assist managers in removing poor performers builds stagnation in the workforce and wastes valuable time.

C. Changes Required/Expected Benefits

This project is expected to demonstrate that a human resource system tailored to the mission and need of the laboratory will result in: (a) increased quality in the science and engineering workforce and the laboratory products they produce; (b) increased timeliness of key personnel processes; (c) trended workforce data that reveals increased retention of "excellent contributors" and separation rates of "poor contributors"; and (d) increased customer satisfaction with the laboratory and its products by those Air Force and DoD customers they service.

The Air Force demonstration program builds on the successful features of demonstration projects at China Lake and the National Institute of Standards and Technology (NIST). These demonstration projects have produced impressive statistics on the job satisfaction for their employees versus that for the federal workforce in general. Therefore, in addition to the expected benefits mentioned above, the AF demonstration expects to find more satisfied employees on many aspects of

the demonstration including pay equity, classification accuracy, and fairness of performance management. A full range of measures will be collected during project evaluation (section VII).

D. Participating Organizations

The four Air Force Materiel Command (AFMC) laboratory directors/commanders are located as follows: Armstrong Laboratory—Brooks AFB, Texas
Phillips Laboratory—Kirtland AFB, New Mexico
Rome Laboratory—Rome, New York
Wright Laboratory—Wright-Patterson AFB, Ohio
Scientists and Engineers (S&Es) assigned to the laboratories work at the locations shown in Table 1.

TABLE 1.—S&E DUTY LOCATIONS BY LABORATORY (AS OF 31 DEC. 95)

Laboratory	Duty location	S&Es
Armstrong	Aberdeen Proving Ground, MD.	3
	Brooks AFB, TX	167
	San Diego, CA	1
	Tyndall AFB, FL	27
	Williams AFB, AZ	14
	Wright-Patterson AFB, OH.	97
Phillips	Edwards AFB, CA	120
	Hanscom AFB, MA	188
	Kirtland AFB, NM	246
	Malabar, FL	1
	Maui Island, HI	1
	Sunspot, NM	5
Rome	Rome, NY	424
	Hanscom AFB, MA	82
Wright	Eglin AFB, FL	177
	Kelly AFB, TX	5
	McClellan AFB, CA	10
	Robins AFB, GA	4
	Tyndall AFB, FL	12
	Wright-Patterson AFB, OH.	1207

E. Participating Employees

In determining the scope of the demonstration project, primary considerations were given to the number and diversity of occupations within the laboratories and the need for adequate development and testing of the Contribution-based Compensation System (CCS). Additionally, current DoD human resource management design goals and priorities for the entire civilian workforce were considered. While the intent of this project is to provide the laboratory directors/commanders with increased control and accountability for their total workforce, the decision was made to initially restrict development efforts to General Schedule (GS/GM) positions within the scientific and engineering specialties. Research Medical Officers (GS-0602)

have been excluded from the project because of special pay provisions for their occupation which exceed the upper limits of the proposed broadbanding. The series to be included in the project are identified in Table 2.

TABLE 2.—SERIES INCLUDED IN THE AIR FORCE DEMONSTRATION PROPOSAL (AS OF 31 DEC. 95)

0180	Psychology
0190	General Anthropology
0401	General Biological Science
0403	Microbiology
0413	Physiology
0414	Entomology
0415	Toxicology
0665	Speech Pathology & Audiology
0701	Veterinary Medical Science
0801	General Engineering
0803	Safety Engineering
0804	Fire Protection Engineering
0806	Materials Engineering
0807	Landscape Architecture
0808	Architecture
0810	Civil Engineering
0819	Environmental Engineering
0830	Mechanical Engineering
0840	Nuclear Engineering
0850	Electrical Engineering
0854	Computer Engineering
0855	Electronics Engineering
0858	Biomedical Engineering
0861	Aerospace Engineering
0892	Ceramic Engineering
0893	Chemical Engineering
0896	Industrial Engineering
1301	General Physical Science
1306	Health Physics
1310	Physics
1313	Geophysics
1320	Chemistry
1321	Metallurgy
1330	Astronomy & Space Science
1340	Meteorology
1370	Cartography
1515	Operations Research
1520	Mathematics
1529	Mathematical Statistician
1530	Statistician
1550	Computer Science

Other non-S&E positions may be phased in during the course of the project. A decision point for expanded employee coverage has been programmed for the end of the second year of the demonstration project. In the event of expansion to non-S&E employees, full approval of the expansion plan will be obtained by AF, DoD, and OPM.

Current demographics and union representation for the S&E positions are shown in Table 3.

TABLE 3.—S&E DEMOGRAPHICS AND UNION REPRESENTATION (AS OF 31 DEC. 95)

GS/GM 13 and Above	1965
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TABLE 3.—S&E DEMOGRAPHICS AND UNION REPRESENTATION (AS OF 31 DEC. 95)—Continued

GS-12 and below	826
Total	2791
Occupational series	41
Duty location	17
Veterans	1 19.78
Union Representation:	
NFFE:	
Eglin AFB, Florida	145
Hanscom AFB, Massachusetts	233
Tyndall AFB, Florida	33
IFPTE:	
McClellan AFB, California	9

¹ Percent.

Of the 2,791 scientists and engineers assigned to the laboratories, 420 are represented by labor unions. Employees at Hanscom AFB, Massachusetts, are represented by the National Federation of Federal Employees (NFFE) Local 1384. Employees at Eglin AFB, Florida, are represented by NFFE Local 1940. Employees at Tyndall AFB, Florida, are represented by NFFE Local 1113. Employees at McClellan AFB, California, are represented by the International Federation of Professional and Technical Engineers (IFPTE) Local 330. Union representatives have been separately notified about the project. The Air Force is proceeding to fulfill its obligation to consult or negotiate with the unions, as appropriate, in accordance with 5 U.S.C. 4703(f).

F. Project Design

In August 1994, a special action "tiger team" was formed by the Director of Science and Technology for Air Force Materiel Command in response to the proposed DoD legislation allowing reinvention laboratories to conduct personnel demonstrations. The team was chartered to take full opportunity of this legislation and try to develop solutions that would solve many of the laboratory personnel issues that have been so prevalent and well documented. The team composition included current managers from the four Air Force laboratories, retired and current laboratory directors, and subject matter experts from civilian personnel and manpower. This team developed 27 initiatives which together represented sweeping changes in the entire spectrum of human resource management for the laboratories. Several initiatives were designed to assist the laboratories in hiring and placing the best people to fulfill mission requirements. Others focused on developing, motivating, and equitably compensating employees based on their contribution to the mission. Initiatives

to effectively manage workforce turnover and maintain organizational excellence were also developed. These 27 initiatives were endorsed and accepted in total by the laboratory directors/commanders.

After the authorizing legislation passed, a project office with four employees was established in September 1994. Under the guidance of the Director of Science and Technology, the office was charged with further developing the demonstration concept and bringing it to implementation. As a first task, the project office asked the four laboratories and the civilian personnel offices that service them for volunteers to staff six Integrated Product Teams (IPTs). Sixty civilian managers and employees from all laboratories in most geographic locations and from appropriate base level personnel offices came together and have worked for 9 months to develop the detailed concept and implementation for each initiative.

After thorough study, the original 27 initiatives were reduced to 20. Seven of the original initiatives appear herein. The remainder are under either DoD or Air Force regulation, and waivers are being sought at those levels.

III. Personnel System Changes

A. Hiring and Appointment Authorities

1. Hiring Authority

A candidate's basic eligibility will be determined using OPM's "Qualification Standards Handbook For General Schedule Positions." Broadband level I minimum eligibility requirements will be the GS-07 qualifications. Broadband level II minimum eligibility requirements will be the GS-12 qualifications. Broadband levels III and IV are single-grade broadband levels and will mirror the minimum qualifications for the respective General Schedule grades of 14 and 15. Selective placement factors may be established in accordance with the OPM Qualification Handbook when judged to be critical to successful job performance. These factors will be communicated to all candidates for particular position vacancies and must be met for basic eligibility.

The demonstration project will include an Advanced Degree Employment Program which provides a vehicle for rapid employment of individuals with master's and/or doctoral degrees in science and engineering fields into positions for which there is a positive education requirement in those fields. The Air Force will identify some measure of academic excellence that candidates with advanced degrees must have

attained to be eligible for this employment program. The project will also include an Outstanding Scholar in Science and Engineering employment program which will allow noncompetitive appointment at the equivalent of the GS-7 level. This will allow rapid hiring of those who receive an undergraduate degree in a qualifying scientific or engineering curriculum with an overall grade point average of 3.5 or better on a 4.0 scale, or who are in the top 10% of their graduating class. This program is patterned after the Outstanding Scholar authority for appointing to non-S&E entry-level professional and administrative occupations. The Outstanding Scholar authority was provided by a court-approved consent decree in *Luevano v. Newman*.

These hiring authorities are necessary because S&E positions in Air Force laboratories will continue to be shortage occupations as they are involved in highly specialized areas of technology that require job-specific skills in short supply. The Advanced Degree Employment Program applies to both initial appointment and in-service placement actions. The program is used to determine eligibility for applicable broadband level I and II positions of persons who have completed (or expect to complete within 9 months) all the requirements for a master's or doctoral degree from an accredited college or university in a curriculum that is qualifying for the position to be filled. The use of the Superior Academic Achievement and Advanced Degree Employment Programs will allow the selecting supervisor to accomplish Equal Employment Opportunity objectives while ensuring a high quality workforce.

In the proposed system, as with the current system, the individual manager will decide whether to fill a position from among internal candidates or to recruit from outside the Air Force. If the decision is made to recruit new appointments from outside the Federal government, candidates will be evaluated using the following method.

The selecting supervisor will develop written job-related ranking criteria. Candidates who meet the basic eligibility will be separated into two groups based on the appropriateness of their experience or education relating to the position being filled. Candidates with superior qualifications will be placed in Group A, all others will be placed in Group B. Within each group, veterans preference will be applied by placing all preference eligibles ahead of non-preference eligibles. Numerical scores will not be assigned. Selection

will be made from among candidates in Group A. Candidates in Group B may only be selected when there are no candidates in Group A.

Preference in employment will be given to qualified applicants who meet one of the veterans preference eligibility criteria in 5 U.S.C. 2108, provided they are equally qualified for the vacant position.

2. Appointment Authority

Under the demonstration project, there will be two appointment options: regular career and contingent. The career-conditional appointment authority will not be used under the demonstration project. Regular career appointments will continue to use existing authorities and entitlements, and employees will serve a probationary period. Contingent appointments will use the existing term appointment authority which includes a limit of 4 years and most benefits. This contingent appointment is designed to attract high quality new scientists and post-doctoral students who may wish to choose an Air Force laboratory experience for a few years, accruing some portable retirement and receiving benefits during this tenure.

3. Extended Probationary Period

A new employee needs to demonstrate adequate contribution during all cycles of a research effort for a laboratory manager to render a thorough evaluation. The current 1 year probationary period will be extended to 3 years for all newly hired regular career employees. The purpose of extending the probationary period is to allow supervisors an adequate period of time to fully evaluate an employee's contribution and conduct.

Aside from extending the time period, all other features of the current probationary period are retained including the potential to remove an employee without providing the full substantive and procedural rights afforded a non-probationary employee. Any employee appointed prior to the implementation date will not be affected. The 3 year probation will apply to non-status hires. That is, it will apply only to new hires or those who do not have reemployment or reinstatement rights. Air Force Palace Knight and Senior Knight appointments must complete 3 years of directly supervised employment in the laboratory to complete the probationary period (i.e., time spent at school does not count towards fulfilling the probationary period requirement).

Probationary employees will be terminated when the employee fails to

demonstrate proper conduct, technical competency, and/or adequate contribution for continued employment. When a laboratory decides to terminate an employee serving a probationary period because their work contribution or conduct during this period fails to demonstrate their fitness or qualifications for continued employment, it shall terminate their services by written notification of the reasons for separation and the effective date of the action. The information in the notice as to why the employee is being terminated shall, as a minimum, consist of the laboratory's conclusions as to the inadequacies of their contribution or conduct.

B. Broadbanding

The proposed broadbanding system will replace the current General Schedule (GS) structure. Currently, the 15 grades of the General Schedule are used to classify positions and, therefore, to set pay. The General Schedule covers all white collar work—administrative, technical, clerical, and professional. This system will initially cover only scientific and engineering (S&E) positions in the Air Force laboratories. Scientific and Professional (ST) and Senior Executive Service (SES) employees are not covered.

The broadband levels are designed to enhance pay progression and to allow for more competitive recruitment of quality candidates at differing rates within the appropriate broadband level(s). Competitive promotions will be less frequent and movement through the broadband levels will be a more seamless process than today's procedure. Like the previous broadband systems used at China Lake and the National Institute of Science and Technology (NIST), advancement within the system is contingent on merit.

There will be four broadband levels in the proposed system, labeled I, II, III, and IV. They will include the current grades of GS-7 through GS/GM-15. These are the grades in which the S&E employees in the Air Force laboratories are found. Broadband level I includes the current GS-7 through GS-11; level II, GS-12 and GS/GM-13; level III, GS/GM-14; and level IV, GS/GM-15. Comparison to the GS grades was useful in setting the upper and lower dollar limits of the broadband levels; however, once the employees are moved into the demonstration project, General Schedule grades will no longer apply.

The titles associated with each broadband level are as follows:

Level/Title(s)

- I Associate—(Electronics Engineer, Chemist, etc.)
- II Title of Appropriate Series (Physicist, Biologist, etc.) or Supervisory—(Nuclear Engineer, etc.)
- III Senior—(Mathematician, Computer Scientist, etc.) or Supervisory Senior—(Physical Scientist, etc.)
- IV Principal—(Microbiologist, Psychologist, etc.) or Supervisory Principal—(Aerospace Engineer, etc.)

Generally, employees will be converted into the broadband level which includes their current GS/GM grade. Each employee is assured an initial place in the system without loss of pay. As the rates of the General Schedule are increased due to general pay increases, the minimum and maximum rates of the four broadband levels will also move up. Individual employees receive pay increases based on their assessments under the Contribution-based Compensation System. Since pay progression through the levels depends on merit, there will be no scheduled Within-Grade Increases (WGIs) for employees once the broadbanding system is in place. Special Salary Rates will no longer be applicable to demonstration project employees. All employees will be eligible for the future locality pay increases of their geographical area.

Newly hired personnel entering the system will be employed at a level consistent with the expected contribution of the position and individual basic qualifications for the level, as determined by rating against qualification standards. Salaries of individual candidates will be based on academic qualifications and experience. In addition to the flexibilities available under the broadbanding system, the authorities for retention, recruitment, and relocation payments granted under the Federal Employees' Pay Comparability Act of 1990 (FEPCA) can also be used.

Employees who leave the Air Force broadbanding system to accept federal employment in the traditional Civil Service system will have their pay set by the gaining activity. Where a broadband level includes a single GS grade, the employees are considered to have attained the grade commensurate with the broadband level they are leaving. Where broadband levels include multiple grades, employees are considered to have progressed to the next higher grade within that broadband level when they have been in the level for 1 year and their salary equals or exceeds the minimum salary of the higher grade. For employees who are

entitled to a special rate upon return to the General Schedule, the demonstration project locality rate must equal or exceed the minimum special rate of the higher grade. Refer to section V for information concerning conversion to and from the demonstration project.

The use of broadbanding provides a stronger link between pay and contribution to the mission of the laboratory. It is simpler, less time consuming, and less costly to maintain. In addition, such a system is more easily understood by managers and employees, is easily delegated to managers, coincides with recognized career paths, and complements the other personnel management aspects of the demonstration project.

C. Classification

1. Occupational Series

The present General Schedule classification system has 434 occupational series which are divided into 22 groups. The Air Force laboratories currently have scientific and engineering (S&E) positions in 41 series which fall into 7 groups. The occupational series, which frequently provide well-recognized disciplines with which employees wish to be identified, will be maintained. This will facilitate movement of personnel into and out of the proposed demonstration. Other scientific and engineering series may be added to the project as the need for new professional skills emerges within the laboratory environment.

2. Classification Standards

The present system of OPM classification standards will be used for the identification of proper series and occupational titles of positions within the demonstration project. References in the position classification standards to grade criteria will not be used as part of the demonstration project. Rather, the CCS broadband level descriptors will be used for the purpose of broadband level determination. Under the proposed system, each broadband level is represented by a set of level descriptors. Based on a yearly assessment of the employee's level of contribution to the organization in relation to these descriptors, the broadband level and salary are reviewed and appropriately adjusted. This eliminates the need for the use of grading criteria in the OPM classification standards.

The broadband level descriptors are:

Level I Descriptors

Technical Problem Solving: Conducts in-house technical activities and/or may provide contract technical direction with

guidance from supervisor or higher level scientist or engineer. Works closely with peers in collectively solving problems of moderate complexity, involving limited variables, precedents established in related projects, and minor adaptations to well-established methods and techniques. Recognized within own organization for technical ability in assigned areas.

Communications/Reporting: Provides data and written analysis for input to scientific papers, journal articles, and reports and/or assists in preparing contractual documents and/or reviews technical reports; work is acknowledged in team publications. Effectively presents technical results of own studies, tasks, or contract results. Material is presented either orally or in writing, within own organization or to limited external contacts. Conducts these activities under guidance of supervisor and/or team leader.

Corporate Resource Management: May coordinate elements of in-house work units or assist in managing a scientific or support contract. Uses personal and assigned resources efficiently under guidance of supervisor or team leader. As an understanding of organizational activities, policies, and objectives is gained, participates in team planning.

Technology Transition/Technology Transfer: Participates as a team member in demonstrating technology and in interacting with internal/external customers. With guidance, contributes to technical content of partnerships for technology transition and/or transfer (Advanced Technology Demonstrations, Memorandums of Understanding, Joint Director of Labs/Project Reliance, Cooperative Research and Development Agreements, and other dual-use vehicles). Seeks out and uses relevant outside technologies in assigned projects.

R&D Business Development: As a team member communicates with customers to understand customer requirements. By maintaining currency in area of expertise, contributes as a team member to new program development. May technically participate in writing proposals to establish new business opportunities.

Cooperation and Supervision: Contributes to all aspects of teams' responsibilities. May technically guide or mentor less experienced personnel on limited aspects of scientific or engineering efforts. Receives close guidance from supervisor and/or higher level scientist or engineer. Performs duties in a professional, responsive, and cooperative manner in accordance with established policies and procedures.

Level II Descriptors

Technical Problem Solving: Conducts in-house technical activities and/or provides contract technical direction to programs of moderate size and complexity with minimal oversight. Contributes technical ideas and conceives and defines solutions to technical problems of moderate size or complexity. Recognized internally and externally by peers, both in governmental and industrial activities, for technical expertise.

Communications/Reporting: Writes or is major contributing author on scientific papers, journal articles, or reports and/or

prepares contract documents and reviews reports pertaining to area of technical expertise. May assist in filing innovation disclosures, inventions, and patents. Effectively prepares and presents own and/or team technical results. Communicates work to varied laboratory, scientific, industry, and other government audiences. May prepare and present presentations on critical program for use at higher levels with some guidance.

Corporate Resource Management: Manages all aspects of technically complex in-house work units or one or more contractual efforts in assigned program area. Effectively plans and controls all assigned resources. Makes and meets time and budget estimates on assigned projects or takes appropriate corrective action. Participates in organizational or strategic planning at team level, taking cognizance of complementary projects elsewhere to ensure optimal use of resources.

Technology Transition/Technology Transfer: Develops demonstrations and interacts independently with internal/external customers. As a team member, implements partnerships for transition and/or transfer of technology (Advanced Technology Demonstrations, Memorandums of Understanding, Joint Director of Labs/Project Reliance, Cooperative Research and Development Agreements, and other dual-use vehicles). Evaluates and incorporates appropriate outside technology in individual or team activities.

R&D Business Development: Initiates meetings and interactions with customers to understand customer needs. Generates key ideas for program development based on understanding of technology and customer needs. Demonstrates expertise to internal/external customers. Contributes technically to proposal preparation and marketing to establish new business opportunities.

Cooperation and Supervision: Contributes as a technical task or team leader; is sought out for expertise by peers; and participates in mentoring of team members. May guide on a daily basis, technical, programmatic, and administrative efforts of individuals or team members. May recommend selection or may select staff and/or team members. Assists in the development and training of individuals or team members. May participate in position and performance management. Receives general guidance in terms of policies, program objectives, and/or funding issues from supervisor and/or higher level scientist or engineer. Discusses novel concepts and significant departures from previous practices with supervisor or team leader.

Level III Descriptors

Technical Problem Solving: Conducts and/or directs technical activities and/or assists higher levels on challenging and innovative projects or technical program development with only broad guidance. Develops solutions to diverse, complex problems involving various functional areas and disciplines. Conducts and/or directs large programs in technically complex areas. Recognized within the laboratory, service, DoD, industry, and academia for technical expertise and has established professional reputation in national technical community.

Communications/Reporting: Lead author on major scientific papers, refereed journal articles, and reports and/or prepares and reviews contract documents and reviews reports of others pertaining to overall program. May document or file inventions, patents, and innovation disclosures relevant to subject area. Prepares and presents technical and/or financial and programmatic briefings and documentation for team, organization, or technical area. Prepares and delivers presentations for major projects and technology areas to scientific and/or government audiences. Reviews oral presentation of others. Communication and reporting functions conducted with minimal higher level oversight.

Corporate Resource Management: Defines program strategy and resource allocations for in-house and/or contractual programs. For assigned technical areas, conducts program planning, coordination, and/or documentation (master plans, roadmaps, Joint Director of Lab/Reliance, etc.). Advocates to laboratory and/or higher headquarters on budgetary and programmatic issues for resources. Based on knowledge of analytical and evaluative methods and techniques, participates in strategic planning at branch and/or division level. Considers and consults on technical programs of other organizations working in the field to ensure optimal use of resources.

Technology Transition/Technology Transfer: Develops customer base and expands opportunities for technology transition and transfer. Leads or serves as key technical member of teams implementing partnerships for transition or transfer of technology (Advanced Technology Demonstrations, Memorandums of Understanding, Joint Director of Labs/Project Reliance, Cooperative Research and Development Agreements, and other dual-use vehicles). Ensures incorporation of outside technology within laboratory programs.

R&D Business Development: Works to establish customer alliances and translates customer needs to programs in a particular technical area. Develops feasible research strategies and/or business strategies for new technical activities. Seeks joint program coalitions with other agencies and funding opportunities from outside organizations. Pursues near-term business opportunities through proposals.

Cooperation and Supervision: Is sought out for consultation and mentors team members. Guides the research, technical and/or programmatic, and administrative efforts of individuals or teams with accountability for focus and quality. Recommends selection or selects staff and/or team members. Supports development and training of subordinates and/or team members. Participates in position and performance management. Receives only broad policy and administrative guidance from supervisor, such as initiation and curtailment of programs.

Level IV Descriptors

Technical Problem Solving: Independently defines, leads, and manages the most challenging and innovative complex technical activities/programs consistent with

general guidance or independently directs overall R&D program. Conceives and develops creative solutions to the most complex problems requiring highly specialized areas of technical expertise. Recognized within the laboratory, service, DoD, and other agencies for broad technical area expertise and has established professional reputation in the national and international technical community.

Communications/Reporting: Lead or sole author on scientific papers, refereed journal articles, reports, or review articles which are recognized as major advances or resolutions in the technical area and/or reviews and approves reporting of all technical products of mission area. May exploit innovations which normally lead to inventions, disclosures, and patents. Prepares and presents technical and/or financial and programmatic briefings and documentation for breadth of programs at or above own level. As subject matter expert, prepares and delivers invited or contributed presentations, papers at national or international conferences on technical area, or gives policy level briefings. Singularly responsible for overall quality and timeliness of technical/scientific/ programmatic reports and presentations of group and self.

Corporate Resource Management: Defines technology area strategy and resource allocations for in-house and contractual programs. For multiple technical areas, conducts overall program planning and coordination, and/or program documentation (master plans, roadmaps, Joint Director of Labs/Project Reliance, etc.). Advocates to command, service, and agency levels on budgetary and programmatic issues for resources. Utilizing advanced analytical and evaluative methods and techniques, leads strategic planning and prioritization processes. Develops strategy to leverage resources from other agencies and ensures equitable distribution and appropriate use of internal resources.

Technology Transition/Technology Transfer: Organizes, leads, and markets overall technology transition and transfer activities for organization at senior management levels. Leads in formulation and oversight of Advanced Technology Demonstrations, Memorandums of Understanding, Joint Director of Labs/Project Reliance, Cooperative Research and Development Agreements, and other dual-use vehicles. Creates an environment that encourages widespread exploitation of both national and international technologies.

R&D Business Development: Works with the senior management level to stimulate development of customer alliances for several technical areas. Generates strategic research and/or business objectives for core technical areas. Recognizes warfighting trends, relates business opportunities, and convinces laboratory management to develop and/or acquire expertise and commit funds. Secures business opportunities supporting long-term mission relevancy through targeted proposals and processes.

Cooperation and Supervision: Establishes team charters and develops future team leaders and supervisors. Leads and manages all aspects of subordinates' or team members'

efforts with complete accountability for mission and programmatic success. Recommends selection or selects staff, team leaders, and team members; fosters development and training of supervisory and non-supervisory individuals. Directs or recommends position and performance management. Works within the framework of agency policies, mission objectives, and time and funding limitations.

3. Classification Authority

Laboratory directors/commanders will have delegated classification authority and may, in turn, redelegate this authority no lower than two management levels below the director/commander. Classification approval, however, must be exercised at least one management level above the first level supervisor of the employee or position under review. Supervisors at the lower levels will provide classification recommendations. Personnel specialists will provide on-going consultation and guidance to managers and supervisors throughout the classification process.

4. Statement of Duties and Experience (SDE)

Under the proposed classification system, the automated Statement of Duties and Experience (SDE) will replace the current AF Form 1378, Civilian Personnel Position Description. The SDE will include a description of job-specific information, reference the CCS broadband level descriptors for the assigned broadband level, and provide data element information pertinent to the job. Laboratory supervisors will follow a computer assisted process to produce the SDE. The objectives in developing the new SDE are to: (a) simplify the descriptions and the preparation process through automation, (b) make the SDE specific to the employee, and (c) make the SDE a more useful tool for other functions of personnel management, e.g., recruiting, reduction-in-force, assessment of contribution, and employee development.

5. Skill Codes

The Air Force uses skill code sets within the Defense Civilian Personnel Data System (DCPDS) as a means to reflect duties of current positions and employees' previous experiences. Each code represents a specialization within the occupation. Specializations are those described in classification or qualification standards and those agreed upon by functional managers and personnel specialists to be important to staffing patterns and career paths. These codes are used to refer candidates for employment with the Air Force, placement of current employees into

other positions, and selection for training under competitive procedures. To facilitate the movement of personnel into and out of the demonstration project, the current Air Force system of skills coding will continue to be used. Laboratory supervisors will select appropriate skill code sets to describe the work of each employee through the automated SDE process.

6. Classification Process

The SDE is accomplished by completion of the following steps utilizing an automated system:

(a) The supervisor enters, by typing free-form, the organizational location, SDE number, and the employee's name. From the menu, the supervisor selects the appropriate occupational series and title, the level descriptors corresponding to the broadband level that is most commensurate with an employee's anticipated level of contribution, the CCS job category, the functional classification code, and the supervisory level. The supervisor then fills in the blanks in a standard statement relating to the level of certification and functional area for the Acquisition Professional Development Program (APDP).

(b) The supervisor creates a brief description of job-specific information by typing free-form at the appropriate point. From a menu, the supervisor will choose statements pertaining to physical requirements; knowledges, skills, and abilities required to perform the work; and special licenses or certifications needed (other than APDP). Based on the supervisory level code selected above, the system will produce mandatory statements pertaining to affirmative employment, safety, and security programs. The system will also produce a statement pertaining to positive education requirements, or their equivalencies, based on the occupational series selected.

(c) The supervisor selects up to three skill code sets from the listing provided which are appropriate to the job. From the menu, the supervisor also selects the position sensitivity; Fair Labor Standards Act (FLSA) status; drug testing requirements; emergency essential and key position information;

the career program to which the position belongs; the bargaining unit status code; and the contribution factor weights which apply to the job category previously selected. This information, along with the supervisory level and the competitive level code, constitutes the SDE addendum. These data elements will be maintained as a separate page of the SDE (i.e., an addendum) as this information can change frequently. By maintaining this information as an addendum, the need to create and classify a new SDE each time one of these elements must be updated is alleviated.

(d) The supervisor accomplishes the SDE with a recommended classification, then signs and dates the document. The SDE is sent to the individual in the organization with delegated classification authority for approval and classification, which is indicated by that person signing and dating the SDE.

The computer assisted system will incorporate definitions for the CCS job categories, supervisory levels, all S&E occupational series, as well as their corresponding skill code sets and the functional classification codes. The functional classification codes are those currently found in the OPM "Introduction to the Classification Standards" which define certain kinds of activities, e.g., research, development, test and evaluation, etc. The FLSA status selection must be in accordance with OPM guidance. Throughout the above process, manpower analysts and personnel specialists will be available to advise laboratory management.

D. Contribution-based Compensation System

1. Overview

The purpose of the Contribution-based Compensation System (CCS) is to provide an effective, efficient, and flexible method for assessing, compensating, and managing the laboratory S&E workforce. It is essential for the development of a highly productive workforce and to provide management, at the lowest practical level, the authority, control, and flexibility needed to achieve quality laboratories and quality products. CCS

allows for more employee involvement in the assessment process, increases communication between supervisor and employee, promotes a clear accountability of contribution, facilitates employee career progression, provides an understandable basis for salary changes, and delinks awards from the annual assessment process. Funds previously allocated for performance-based awards will be reserved for distribution under a separate laboratory awards program.

CCS is a contribution-based assessment system that goes beyond a performance-based rating system. That is, it measures the employee's contribution to the organization rather than how well the employee performed a job as defined by a performance plan; one which may represent a lower level of responsibility and expectation based on the employee's previous performance. CCS promotes proactive salary adjustment decisions to be made on the basis of an individual's overall contribution to the organization.

Contribution is measured by factors, each of which is relevant to the success of an Research and Development (R&D) laboratory. Six factors have been developed for evaluating the yearly contribution of S&E personnel covered by this initiative: Technical Problem Solving, Communications/Reporting, Corporate Resource Management, Technology Transition/Technology Transfer, R&D Business Development, and Cooperation and Supervision.

Each factor has four levels of increasing contribution corresponding to the four broadband levels. These factors use the same descriptors as those presented under classification (section III C). Under classification, for example, only level I descriptors are applied for each of the six factors for a level I employee. For the CCS assessment process, the six factors are presented with all four levels of contribution to better assist supervisor assessment. Therefore, for classification, the factors are sorted first by level and then by factor as shown in section III C 2. For the CCS assessment process, the level descriptors are sorted first by factor and then by level as shown below.

Level	Descriptor	Key elements
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FACTOR 1: TECHNICAL PROBLEM SOLVING

I	Conducts in-house technical activities and/or may provide contract technical direction with guidance from supervisor or higher level scientist or engineer. Works closely with peers in collectively solving problems of moderate complexity, involving limited variables, precedents established in related projects, and minor adaptations to well-established methods and techniques. Recognized within own organization for technical ability in assigned areas	Scope of Project/Level of Impact. Technical Complexity/Creativity. Recognition
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Level	Descriptor	Key elements
II	Conducts in-house technical activities and/or provides contract technical direction to programs of moderate size and complexity with minimal oversight. Contributes technical ideas and conceives and defines solutions to technical problems of moderate size or complexity. Recognized internally and externally by peers, both in governmental and industrial activities, for technical expertise.	Scope of Project/Level of Impact. Technical Complexity/Creativity. Recognition
III	Conducts and/or directs technical activities and/or assists higher levels on challenging and innovative projects or technical program development with only broad guidance. Develops solutions to diverse, complex problems involving various functional areas and disciplines. Conducts and/or directs large programs in technically complex areas. Recognized within the laboratory, service, DoD, industry, and academia for technical expertise and has established professional reputation in national technical community.	Scope of Project/Level of Impact. Technical Complexity/Creativity. Recognition
IV	Independently defines, leads, and manages the most challenging and innovative complex technical activities/programs consistent with general guidance or independently directs overall R&D program. Conceives and develops creative solutions to the most complex problems requiring highly specialized areas of technical expertise. Recognized within the laboratory, service, DoD, and other agencies for broad technical area expertise and has established professional reputation in the national and international technical community.	Scope of Project/Level of Impact. Technical Complexity/Creativity. Recognition

FACTOR 2: COMMUNICATIONS/REPORTING

I	Provides data and written analysis for input to scientific papers, journal articles, and reports and/or assists in preparing contractual documents and/or reviews technical reports; work is acknowledged in team publications. Effectively presents technical results of own studies, tasks, or contract results Material is presented either orally or in writing, within own organization or to limited external contacts. Conducts these activities under guidance of supervisor and/or team leader	Written and Oral. Breadth of Responsibility. Level/Diversity of Audiences. Oversight Required.
II	Writes or is major contributing author on scientific papers, journal articles, or reports and/or prepares contract documents and reviews reports pertaining to area of technical expertise. May assist in filing innovation disclosures, inventions, and patents. Effectively prepares and presents own and/or team technical results Communicates work to varied laboratory, scientific, industry, and other government audiences. May prepare and present presentations on critical program for use at higher levels with some guidance.	Written and Oral. Breadth of Responsibility. Level/Diversity of Audiences. Oversight Required.
III	Lead author on major scientific papers, refereed journal articles, and reports and/or prepares and reviews contract documents and reviews reports of others pertaining to overall program. May document or file inventions, patents, and innovation disclosures relevant to subject area. Prepares and presents technical and/or financial and programmatic briefings and documentation for team, organization, or technical area. Prepares and delivers presentations for major projects and technology areas to scientific and/or government audiences. Reviews oral presentation of others. Communication and reporting functions conducted with minimal higher level oversight.	Written and Oral. Breadth of Responsibility. Level/Diversity of Audiences. Oversight Required.
IV	Lead or sole author on scientific papers, refereed journal articles, or review articles which are recognized as major advances or resolutions in the technical area and/or reviews and approves reporting of all technical products of mission area. May exploit innovations which normally lead to inventions, disclosures, and patents. Prepares and presents technical and/or financial and programmatic briefings and documentation for breadth of programs at or above own level. As subject matter expert, prepares and delivers invited or contributed presentations, papers at national or international conferences on technical area, or gives policy level briefings. Singularly responsible for overall quality and timeliness of technical/scientific/programmatic reports and presentations of group and self.	Written and Oral. Breadth of Responsibility. Level/Diversity of Audiences. Oversight Required.

FACTOR 3: CORPORATE RESOURCE MANAGEMENT

I	May coordinate elements of in-house work units or assist in managing a scientific or support contract. Uses personal and assigned resources efficiently under guidance of supervisor or team leader. As an understanding of organizational activities, policies, and objectives is gained, participates in team planning.	In-House/Contract Managing. Size & Complexity. Make/Buy/Rely.
II	Manages all aspects of technically complex in-house work units or one or more contractual efforts in assigned program area. Effectively plans and controls all assigned resources. Makes and meets time and budget estimates on assigned projects or takes appropriate corrective action. Participates in organizational or strategic planning at team level, taking cognizance of complementary projects elsewhere to ensure optimal use of resources.	In-House/Contract Managing. Size & Complexity. Make/Buy/Rely.

Level	Descriptor	Key elements
III	<p>Defines program strategy and resource allocations for in-house and/or contractual programs.</p> <p>For assigned technical areas, conducts program planning, coordination, and/or documentation (master plans, roadmaps, Joint Director of Lab/Reliance, etc.). Advocates to laboratory and/or higher headquarters on budgetary and programmatic issues for resources.</p> <p>Based on knowledge of analytical and evaluative methods and techniques, participates in strategic planning at branch and/or division level. Considers and consults on technical programs of other organizations working in the field to ensure optimal use of resources.</p>	<p>In-House/Contract Managing.</p> <p>Size & Complexity.</p> <p>Make/Buy/Rely.</p>
IV	<p>Defines technology area strategy and resource allocations for in-house and contractual programs.</p> <p>For multiple technical areas, conducts overall program planning and coordination, and/or program documentation (master plans, roadmaps, Joint Director of Labs/Project Reliance, etc.). Advocates to command, service, and agency levels on budgetary and programmatic issues for resources.</p> <p>Utilizing advanced analytical and evaluative methods and techniques, leads strategic planning and prioritization processes. Develops strategy to leverage resources from other agencies and ensures equitable distribution and appropriate use of internal resources.</p>	<p>In-House/Contract Managing.</p> <p>Size & Complexity.</p> <p>Make/Buy/Rely.</p>

FACTOR 4: TECHNOLOGY TRANSITION/TECHNOLOGY TRANSFER

I	<p>Participates as a team member in demonstrating technology and in interacting with internal/external customers.</p> <p>With guidance, contributes to technical content of partnerships for technology transition and/or transfer (Advanced Technology Demonstrations, Memorandums of Understanding, Joint Director of Labs/Project Reliance, Cooperative Research and Development Agreements, and other dual-use vehicles).</p>	<p>Customer Interaction Level.</p> <p>Partnership/Level of Independence.</p>
II	<p>Seeks out and uses relevant outside technologies in assigned projects</p> <p>Develops demonstrations and interacts independently with internal/external customers</p> <p>As a team member, implements partnerships for transition and/or transfer of technology (Advanced Technology Demonstrations, Memorandums of Understanding, Joint Director of Labs/Project Reliance, Cooperative Research and Development Agreements, and other dual-use vehicles).</p>	<p>Leveraging Outside Technology.</p> <p>Customer Interaction Level.</p> <p>Partnership/Level of Independence.</p>
III	<p>Evaluates and incorporates appropriate outside technology in individual or team activities..</p> <p>Develops customer base and expands opportunities for technology transition and transfer.</p> <p>Leads or serves as key technical member of teams implementing partnerships for transition or transfer of technology (Advanced Technology Demonstrations, Memorandums of Understanding, Joint Director of Labs/Project Reliance, Cooperative Research and Development Agreements, and other dual-use vehicles).</p>	<p>Leveraging Outside Technology.</p> <p>Customer Interaction Level.</p> <p>Partnership/Level of Independence.</p>
IV	<p>Ensures incorporation of outside technology within laboratory programs</p> <p>Organizes, leads, and markets overall technology transition and transfer activities for organization at senior management levels.</p> <p>Leads in formulation and oversight of Advanced Technology Demonstrations, Memorandums of Understanding, Joint Director of Labs/Project Reliance, Cooperative Research and Development Agreements, and other dual-use vehicles.</p> <p>Creates an environment that encourages widespread exploitation of both national and international technologies.</p>	<p>Leveraging Outside Technology.</p> <p>Customer Interaction Level.</p> <p>Partnership/Level of Independence.</p> <p>Leveraging Outside Technology.</p>

FACTOR 5: R&D BUSINESS DEVELOPMENT

I	<p>As a team member communicates with customers to understand customer requirements.</p> <p>By maintaining currency in area of expertise, contributes as a team member to new program development.</p> <p>May technically participate in writing proposals to establish new business opportunities</p>	<p>Customer Interaction level.</p> <p>Knowledge and Level of Planning.</p> <p>Knowledge of Market & Success in Getting Funds.</p>
II	<p>Initiates meetings and interactions with customers to understand customer needs</p> <p>Generates key ideas for program development based on understanding of technology and customer needs. Demonstrates expertise to internal/external customers.</p> <p>Contributes technically to proposal preparation and marketing to establish new business opportunities.</p>	<p>Customer Interaction Level.</p> <p>Knowledge and Level of Planning.</p> <p>Knowledge of Market & Success in Getting Funds.</p>
III	<p>Works to establish customer alliances and translates customer needs to programs in a particular technical area.</p> <p>Develops feasible research strategies and/or business strategies for new technical activities.</p> <p>Seeks joint program coalitions with other agencies and funding opportunities from outside organizations. Pursues near-term business opportunities through proposals.</p>	<p>Customer Interaction Level.</p> <p>Knowledge and Level of Planning.</p> <p>Knowledge of Market & Success in Getting Funds.</p>
IV	<p>Works with the senior management level to stimulate development of customer alliances for several technical areas.</p>	<p>Customer Interaction Level.</p>

Level	Descriptor	Key elements
	Generates strategic research and/or business objectives for core technical areas. Recognizes war-fighting trends, relates business opportunities, and convinces laboratory management to develop and/or acquire expertise and commit funds. Secures business opportunities supporting long-term mission relevancy through targeted proposals and processes..	Knowledge and Level of Planning. Knowledge of Market & Success in Getting Funds.

FACTOR 6: COOPERATION AND SUPERVISION

I	Contributes to all aspects of teams' responsibilities May technically guide or mentor less experienced personnel on limited aspects of scientific or engineering efforts. Receives close guidance from supervisor and/or higher level scientist or engineer. Performs duties in a professional, responsive, and cooperative manner in accordance with established policies and procedures.	Team Role. Breadth of Influence. Supervision & Guidance Received.
II	Contributes as a technical task or team leader; is sought out for expertise by peers; and participates in mentoring of team members. May guide on a daily basis, technical, programmatic, and administrative efforts of individuals or team members. May recommend selection or may select staff and/or team members. Assists in the development and training of individuals or team members. May participate in position and performance management. Receives general guidance in terms of policies, program objectives, and/or funding issues from supervisor and/or higher level scientist or engineer. Discusses novel concepts and significant departures from previous practices with supervisor or team leader.	Team Role. Breadth of Influence. Supervision & Subordinate Development. Supervision & Guidance Received.
III	Is sought out for consultation and mentors team members Guides the research, technical and/or programmatic, and administrative efforts of individuals or teams with accountability for focus and quality. Recommends selection or selects staff and/or team members. Supports development and training of subordinates and/or team members. Participates in position and performance management. Receives only broad policy and administrative guidance from supervisor, such as initiation and curtailment of programs.	Team Role. Breadth of Influence. Supervision & Subordinate Development. Supervision & Guidance Received.
IV	Establishes team charters and develops future team leaders and supervisors Leads and manages all aspects of subordinates' or team members' efforts with complete accountability for mission and programmatic success. Recommends selection or selects staff, team leaders, and team members; fosters development and training of supervisory and non-supervisory individuals. Directs or recommends position and performance management. Works within the framework of agency policies, mission objectives, and time and funding limitations.	Team Role. Breadth of Influence. Supervision & Subordinate Development. Supervision & Guidance Received.

The assessment process (section III D 3) begins with employee input which provides an opportunity to state the accomplishments and level of contribution perceived. To determine the employee's yearly contribution, the six factors will then be assessed by the immediate supervisor. For each factor, the supervisor places the employee's contribution at a particular level. If the contribution level for a factor is at the lowest level of level I, a score of 1.0 is assigned. Higher levels of contribution are assigned scores increasing in 0.1 increments up to 4.9. A factor score of 0.0 can be assigned if the employee's contribution does not demonstrate a minimum level I contribution. Under CCS, immediate supervisors will work with other supervisors in a group setting to render final scores. Weights may be applied to the six factors for different job categories of S&Es (section III D 7). CCS will also incorporate a midyear feedback session.

Employees within organizations are placed into pay pools (section III D 4). Salary adjustments, i.e., decisions to give or withhold salary increases, (section III D 5) are based on the relationship between contribution scores and present salaries. The maximum available pay rate under this demonstration will be the rate for GS-15/Step-10. Decisions for broadband movement (section III D 6) are also based on this relationship.

Cost neutrality is assured within each pay pool by limiting the total of salary increases to the funds available to the pay pool, based on what would have been available in the General Schedule system from general pay increases, step increases, and promotions. No changes will be made to locality pay under the demonstration project.

2. The "Standard Pay Line" (SPL)

The relationship between each CCS score and the appropriate salary rate is

expressed mathematically as a line. All S&Es entering the system will initially have their salary lie close to this "standard pay line" (SPL). Because employees enter the demonstration from a grade and step system, an initial correlation generally exists between their former GS/GM grade and step and the CCS scores appropriate for that broadband level. For example, level II consists of GS-12s and GS/GM-13s; GS-12/Step-1 closely aligns to a CCS score of 2.0, GS-12/Step-2 correlates with a CCS score of 2.05,...., GS/GM-13/Step-1 relates to a CCS score of 2.5,...., and GS/GM-13/Step-10 to a CCS score of 2.95. This is shown in Figure 1 for the four-level broadband system where the salary of each GS grade/step is plotted on the Y-axis. Although the data are not continuous, there is a linear trend. Each of these data points was weighted by the actual calendar year 1995 (CY95) population data for the demonstration laboratories. Using a least squares error

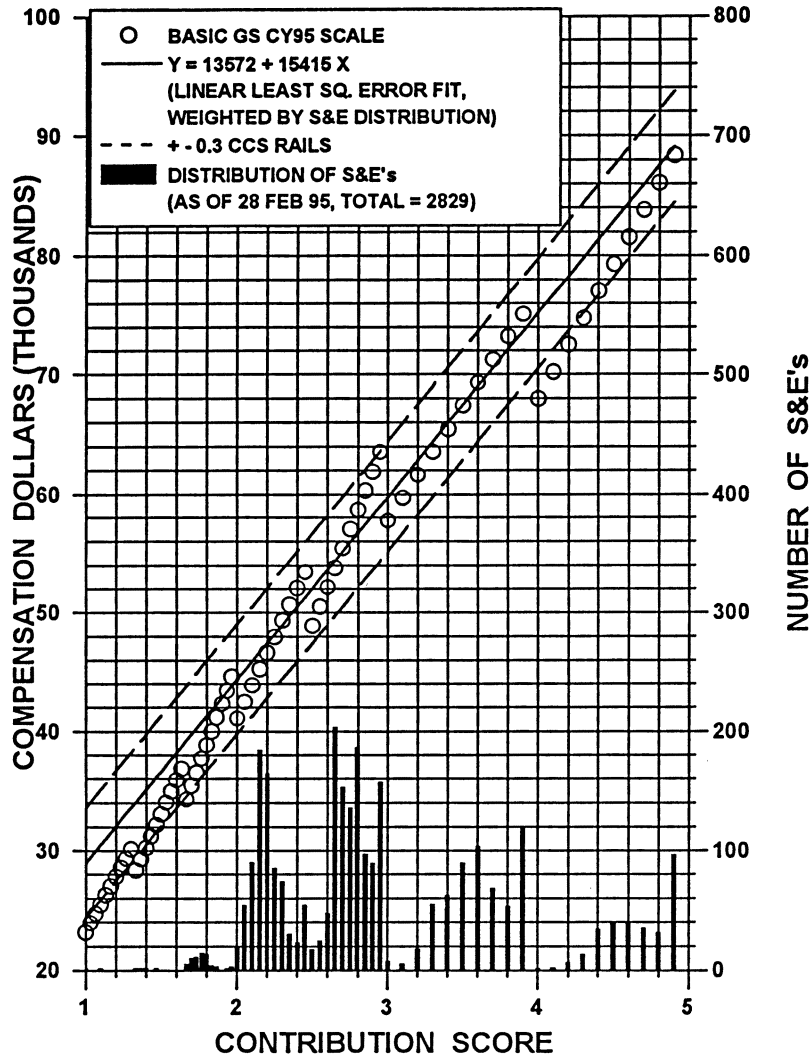
analysis, the best straight line fit to this

weighted data was determined and is shown in Figure 1.

FIGURE 1—CCS RELATIONSHIP

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FIGURE 1 - CCS RELATIONSHIP



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Equation of the Standard Pay Line (without locality) for CY95

$$\text{COMPENSATION} = \$13,572 + \$15,415 \times \text{CCS SCORE}$$

The SPL defined in Figure 1 is tied to the basic GS pay scale for CY95. The SPL for CY96 was calculated from the SPL for CY95 and the general increase (G) given to GS employees in January 1996. The equation for the CY96 SPL is: $\text{COMPENSATION} = \$13,843 + \$15,723 \times \text{CCS SCORE}$. The CY97 SPL will be the CY96 SPL increased by the "G" for CY97. Continuing this calculation of SPL will maintain the same relationships between the basic GS pay-scale and the SPL in the demonstration

project. Locality salary adjustments are not included in the SPL.

Rails were constructed at + and - 0.3 CCS around the SPL. These rails create an area in which nearly 100% of employees initially entering the demonstration will be included. A few may fall below the lower rail, but no employee will enter the demonstration above the upper rail. The area encompassed by the rails denotes the acceptable contribution and compensation relationship. Future CCS assessments will likely alter an employee's position relative to these rails.

3. The CCS Assessment Process

The annual assessment cycle begins on 1 October and ends on 30 September of the following year. At the beginning of the annual assessment period, the broadband level descriptors and weights (section III D 7) will be provided to employees so that they know the basis on which their contribution will be assessed. A midyear review, in the March to April time frame, will discuss the employee's contributions to-date and the employee's professional development. At the end of the assessment period, employees will summarize their contributions in each factor for their immediate supervisor.

The supervisor will determine initial CCS scores using the employee input and the supervisor's assessment of the overall contribution to the laboratory mission. For each factor, the supervisor places the employee's contribution at a particular level (I, II, III, or IV). If the contribution for a factor is at the lowest end of a level, a score of 1.0, 2.0, 3.0, or 4.0 is assigned. Greater contributions in each level are assigned scores increasing in 0.1 increments up to 1.9, 2.9, 3.9, or 4.9. A factor score of 0.0 can be assigned if the employee does not demonstrate a minimum level I contribution. Factor scores are then averaged to give a total CCS score.

The immediate supervisors (for instance, branch chiefs) and the next level supervisors (for instance, division chiefs) for a pay pool then meet as a group to review and discuss all proposed employee assessments and adjust individual CCS scores, if necessary. Giving authority to the group of managers to make minor score adjustments ensures contributions will have been assessed and measured similarly for all employees. Once the scores have been finalized, the results and any training and/or career development needs will be discussed with the individual employees. Pay adjustments will be made on the basis of this CCS assessment and the employee's current salary. Pay

adjustments are subject to a few payout rules discussed in section III D 5. Final pay determinations will be made at a management level above the group of supervisors who rendered final CCS assessments. CCS scores, however, cannot be changed by managerial levels above the original group of supervisors. Decisions for any broadband level changes (section III D 6) will be submitted to at least one level of management higher than the group of supervisors (for instance, directorate chief) for approval. Pay adjustments and broadband level changes will then be documented by SF-50, Notification of Personnel Action.

4. Pay Pools

Pay pool structure is under the authority of the laboratory directors/commanders. The following minimal guidelines, however, will apply: (a) a pay pool is based on the organizational structure and should include a range of S&E salaries and contribution levels; (b) a pay pool must be large enough to constitute a reasonable statistical sample, i.e., 35 or more; (c) a pay pool must be large enough to encompass a second level of supervision since the CCS process uses a group of supervisors in the pay pool to determine assessments and recommend salary adjustments; and (d) the pay pool manager (for instance, a division chief

or directorate chief) holds yearly pay adjustment authority. Pay pool managers' pay determinations, however, may still be subject to higher management review.

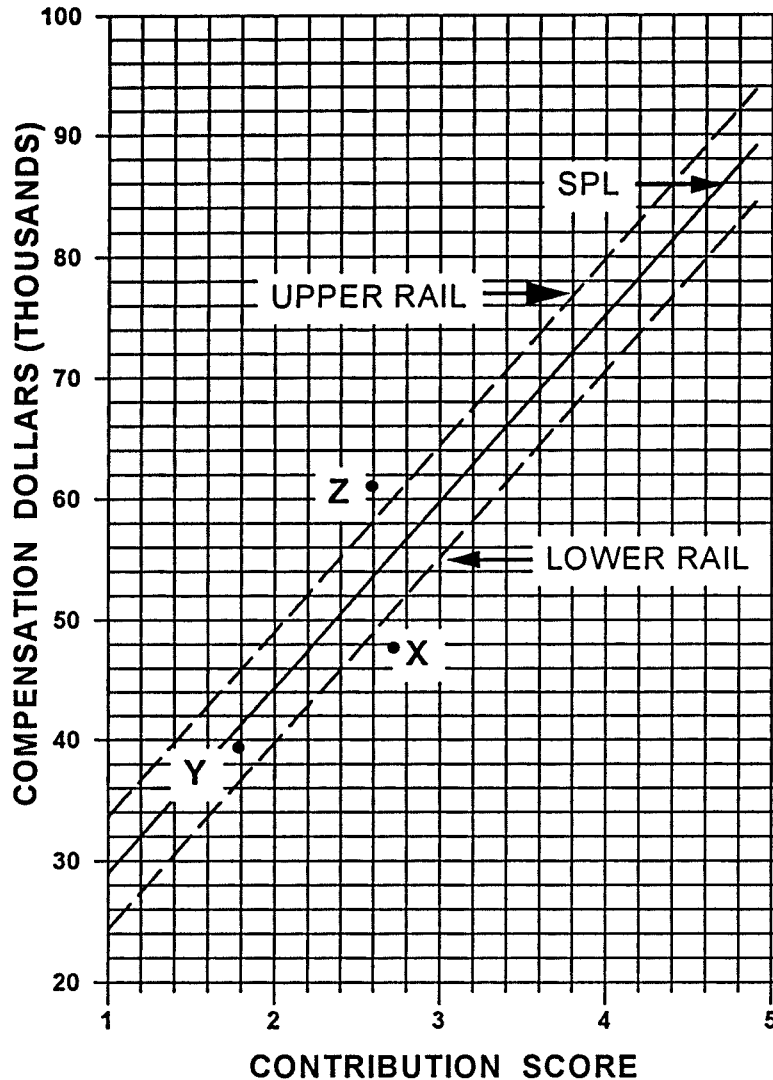
The amount of money available for salary increases within a pay pool is determined by the general increase (G) and money that would have been available for step increases and promotions (I). The latter will be set at 2.4% upon implementing the demonstration and is considered adjustable to ensure cost neutrality over the life of the demonstration. The amount of "I" to be included in the pay pool will be computed based on the salaries of employees in the pay pool as of 30 September each year.

5. Salary Adjustment Guidelines

After the initial assignment into the CCS system, employees' yearly contributions will be determined by the CCS process described above, and their CCS scores versus their current salaries will be plotted on a graph along with the SPL (see Figure 2). The position of those points relative to the SPL gives a relative measure ($\delta Y/Y$) of the degree of over- or under-compensation for the employees. This permits all employees within a pay pool to be rank-ordered by $\delta Y/Y$, from the most under-compensated employee to most over-compensated.

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FIGURE 2 - EMPLOYEE POSITIONING



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In general, those employees who fall below the SPL (indicating under-compensation, for example, employee X in Figure 2) should expect to receive greater salary increases than those who fall above the line (indicating over-compensation, for example, employee Z). Over time, people will migrate closer to the standard pay line and receive a salary appropriate to their level of contribution. The following are more specific guidelines: (a) Those who fall above the upper rail (for example, employee Z) will be given an increase ranging from zero to a maximum of "G"; (b) Those who fall within the rails (for example, employee Y) will be given a minimum of "G"; and (c) Those who fall below the lower rail (for example, employee X) will be given at least their base pay times "G" plus the percentage of funds set aside for step increases and

promotions which will no longer take place (I). Should an employee's CCS assessment fall on either rail, it will be considered to be within the rails.

Initially, the value of "I" will be 2.4%; the percentage, however, may be changed to ensure cost neutrality. Each pay pool manager will set the necessary guidelines for the gradation of pay adjustments in the pay pool within these general rules. Decisions made will be standard and consistent within the pay pool, be fair and equitable to all stakeholders, maintain cost neutrality, and be subject to review. The maximum available pay rate under this demonstration will be the rate for GS-15/Step-10.

6. Movement Between Broadband Levels

It is the intent of the demonstration project to have S&E career growth be

accomplished through unrestricted movement through the broadband levels based on contribution and salary. Movement through the broadband levels will be determined by contribution and salary following the CCS payout calculation. Resulting changes in broadband levels are not accompanied by tradition promotion dollars, but rather, they will be documented as a change in title, change in broadband level, and reaccomplishment of a Statement of Duties and Experiences (SDE) (section III C 6). The terms Promotion and Demotion will not be used in connection with the CCS process. Rather, these terms will be reserved for competitive placement and adverse actions.

Broadband levels are derived from an initial grouping of one or more GS grades. Salary overlap between adjacent levels is desirable for broadband level

movement. It is more convenient, however, to redefine these overlaps (that is, the top and bottom salary ranges of the broadband levels which produce the overlaps) in terms of the SPL. Specifically, the salary overlap between two levels is defined by the salaries at $-$ to $+0.2$ CCS around the whole number score defining the boundary between the contribution levels. For example, the maximum salary for level II would be that salary from the SPL

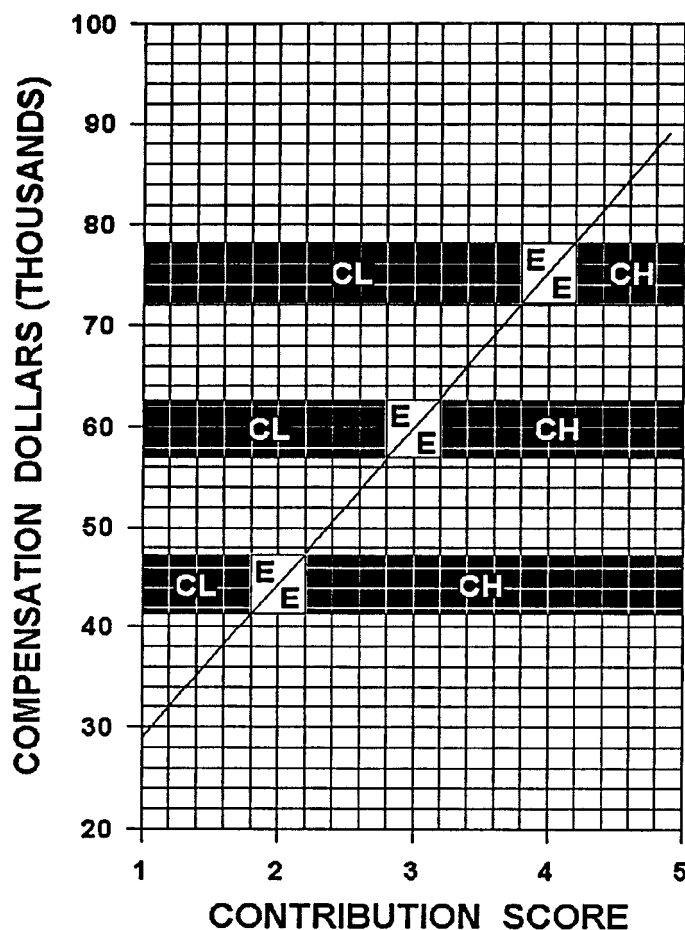
corresponding to a CCS score of 3.2. Likewise, the minimum salary for level III would be the salary from the SPL corresponding to a CCS score of 2.8. This definition provides a salary overlap between broadband levels that is consistent and similar to salary overlaps in the GS schedule.

Figure 3 shows the salary overlap areas between broadband contribution levels. These salary overlap areas are divided into three zones designated as

CL (consideration for change to lower level), CH (consideration for change to higher level), and E (eligible for change to higher or lower level). All the E zones have the same width, 0.4 CCS, and height. The E zone is described as the box formed by the intersection of the integer $+$ and -0.2 CCS lines and the SPL.

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FIGURE 3 - OVERLAP AREAS



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The E zones serve to stabilize the movement between adjacent broadband levels. This allows for annual fluctuations in contribution scores for people near the top or bottom of a level, without creating the need for repeated changes of their titles. An employee whose contribution score falls within an E zone is eligible for a change in broadband level (with the associated title change), but one should not be given unless the supervisor has a compelling reason to advance or reduce

the employee's level. Under normal circumstances, pay adjustments under CCS will follow contribution scores. Those who consistently achieve increased contribution assessments will progress through their broadband level and will find their salary climbing into the corresponding CH zone. Once the employee's CCS score is demonstrated to be consistently within the CH zone, the employee should be moved to the higher broadband level unless the supervisor has a compelling reason not to request the change. Conversely,

regression through the broadband levels works the same way in the opposite direction. Those who consistently receive decreasing contribution assessments will regress through their broadband level and would not have been receiving any salary adjustments greater than "G." They will find that the CL zone at the bottom of their current broadband level will catch up with their current salary. Once the employee's CCS score is demonstrated to be consistently within the CL zone, the employee should be moved to the lower

broadband level unless the supervisor has a compelling reason not to request the change. Compelling reasons for retaining broadband levels in the presence of a consistent assessment in the CH or CL range must be documented in writing and provided to the employee. If an employee moves totally above the CH zone or below the CL zone, the employee will be changed in broadband level without supervisory action.

At the present time, high-grade controls within the agency restrict movement between broadband level II and broadband level III. A separate tri-service initiative to replace these controls with other management measures is currently under review by the Department of Defense. Until the high-grade controls are lifted, demonstration project employees will not be able to advance from broadband level II to broadband level III unless a high-grade authorization is available. To accommodate this, level II employees whose salary adjustment would place them above the CH zone for level II in organizations where high-grade authorizations are unavailable will receive permanent adjustments to basic salary up to an amount equivalent to the top of broadband level II. Any additional amount granted under CCS will be paid as a one-time bonus payment from pay pool funds. This pattern of payout will continue until high-grade authorizations become available.

Movement under CCS happens once a year. Under the demonstration project, managers are provided greater flexibility in assigning duties by moving employees between positions within their broadband level. If, throughout the year, there are vacancies at higher levels (typically supervisory positions), employees may be considered for promotion to those positions according to the demonstration project competitive promotion procedures approved by the Air Force. Demonstration employees selected for positions at a higher broadband level will receive the minimum of the new broadband level or their existing salary, whichever is greater. Under the approved competitive promotion procedures, the selecting official may consider candidates from any source based on viable and supportable job related merit-based methodology. Similarly, if there is sufficient cause, an employee may be demoted to a lower level position according to the contribution-based reduction in pay or removal procedures discussed in section III E or the existing procedures related to disciplinary actions.

7. Weights

Employees under the demonstration will be assigned to one of five job categories:

- (a) Supervisor, primary function is to supervise other employees;
- (b) Plans & Programs S&E, primary function is to formulate plans and policies to further the organizational mission;
- (c) Program Manager, primary function is to run/direct research and development (R&D) programs;
- (d) Support S&E, primary function is to support the research efforts of the laboratory; and
- (e) Bench-Level S&E, primary function is to perform R&D within the mission focus of the laboratory. Laboratory directors/commanders will have the authority to determine if varying weights should be applied to the six CCS factors based on these job categories. As an example, Technical Problem Solving may be more heavily weighted for Bench-Level S&Es than the factor of Technology Transition/Technology Transfer.

The authority to use weights and the authority to set weights may be delegated below the laboratory director/commander. But, weights must be the same for all employees in a particular job category in a pay pool. This ensures that a fair comparison of employees is made, without having the weights tailored to specific individuals. The overall CCS score is determined by multiplying the score for each factor by the weight, adding the results, and then dividing by the sum of the weights.

This demonstration project, in part, is predicated on the belief that the continued success and viability of the laboratories depends on all employees seeking to contribute in each of the areas defined by the six factors. Making all employees accountable for all factors shifts organizational values in new directions. For this reason, no factor can be given a weight of zero. Laboratory directors/commanders should annually review the weightings for the various job categories to see if they can be increased toward a weighting of 1.0 to encourage and allow employees to raise their CCS contribution assessment by contributing in a broader range of activities. Contribution in all six factors is important to ensure both the overall success of DoD laboratories and individual S&E career growth. Hence, the weights should be reviewed frequently, and an effort made to move away from them in later years of the demonstration.

Other guidelines for setting weights for the six factors are: (a) Weights may

be assigned any value, in increments of 0.1, from 0.1 to 1.0; (b) At least three factors must have a weight of 1.0; and (c) No more than one factor can have a weight of less than 0.5. For all six factors, therefore, the weights must sum from 4.1 to 6.0.

8. Voluntary Pay Reduction and Pay Raise Declination

A provision exists today for an employee to request a change to lower grade. If that request is totally the employee's choice, then the employee's salary is lowered accordingly. Although the rationale behind such a voluntary request varies, under CCS a voluntary request for a pay reduction or a voluntary declination of a pay raise would effectively put an over-compensated employee's pay closer to or below the standard pay line. Since an objective of CCS is to properly compensate employees for their contribution, the granting of such requests is consistent with this goal. Under normal circumstances, all employees should be encouraged to advance their careers through increasing contribution rather than trying to be under-compensated at a fixed level of contribution.

To handle these special circumstances, employees must submit a request for voluntary pay reduction or pay raise declination during the 30-day period immediately following the annual payout, and show reasons for the request. All actions will be appropriately documented.

9. Implementation Schedule

The 1996 employee annual appraisal will be done according to Air Force performance plan rules in effect at the time of the 1996 close-out. The 1997 appraisal cycle will also begin but is not anticipated to be completed due to the implementation schedule of this demonstration project. The first assessment cycle under CCS will commence the day the demonstration is implemented and run through 30 September 1997. The first CCS payout will be given in the traditional first full pay period in calendar year 1998.

10. CCS Grievance Procedures

An employee may grieve the assessment received under CCS. Nonbargaining unit employees, and bargaining unit employees covered by a negotiated grievance procedure which does not permit grievances over performance ratings, must file assessment grievances under administrative grievance procedures. Bargaining unit employees, whose negotiated grievance procedures cover

performance rating grievances, must file assessment grievances under those negotiated procedures.

E. Contribution-based Reduction in Pay or Removal Actions

This section applies to reduction in pay or removal of demonstration project employees based solely on inadequate contribution. Adverse actions procedures under 5 CFR 752 remain unchanged.

When an employee's contribution plots in the area above the upper rail of the SPL (section III D 3) the employee is considered to be in the Automatic Attention Zone (AAZ). In this case, the supervisor has two options. The first is to take no action but to document this decision in a memorandum for record. A copy of this memorandum will be provided to the employee and to higher levels of management. The second option is to inform the employee, in writing, that unless the contribution increases to, and is sustained at, a higher level, the employee may be reduced in pay or removed.

These provisions also apply to an employee whose contribution deteriorates during the year. In such instances, the group of supervisors who meet during the CCS assessment process may reconvene any time during the year to review the circumstances warranting the recommendation to take further action on the employee.

The supervisor will afford the employee a reasonable opportunity (a minimum of 60 days) to demonstrate increased contribution commensurate with the duties and responsibilities of the employee's position. As part of the employee's opportunity to demonstrate increased contribution, the laboratory will offer assistance to the employee.

Once an employee has been afforded a reasonable opportunity to demonstrate increased contribution, the laboratory may propose a reduction in pay or removal action. If the employee's contribution increases to a higher level and is again determined to deteriorate in any area within 2 years from the beginning of the opportunity period, the laboratory may initiate reduction in pay or removal with no additional opportunity to improve. If an employee has contributed appropriately for 2 years from the beginning of an opportunity period and the employee's overall contribution once again declines, the laboratory will afford the employee an additional opportunity to demonstrate increased contribution before determining whether or not to propose a reduction in pay or removal.

An employee whose reduction in pay or removal is proposed is entitled to a

30 day advance notice of the proposed action that identifies specific instances of inadequate contribution by the employee on which the action is based. The laboratory may extend this advance notice for a period not to exceed an additional 30 days. The laboratory will afford the employee a reasonable time to answer the laboratory's notice of proposed action orally and/or in writing.

A decision to reduce in pay or remove an employee for inadequate contribution may be based only on those instances of inadequate contribution that occurred during the 2 year period ending on the date of issuance of the advance notice of proposed action. The laboratory will issue written notice of its decision to the employee at or before the time the action will be effective. Such notice will specify the instances of inadequate contribution by the employee on which the action is based and will inform the employee of any applicable appeal or grievance rights.

The laboratory will preserve all relevant documentation concerning a reduction in pay or removal which is based on inadequate contribution and make it available for review by the affected employee or designated representative. At a minimum, the laboratory's records will consist of a copy of the notice of proposed action; the written answer of the employee or a summary thereof when the employee makes an oral reply; and the written notice of decision and the reasons therefore, along with any supporting material including documentation regarding the opportunity afforded the employee to demonstrate increased contribution.

When the action is not taken because of contribution improvement by the employee during the notice period, the employee is not reduced in pay or removed, and the employee's contribution continues to be deemed adequate for 2 years from the date of the advanced written notice, any entry or other notation of the proposed action will be removed from all laboratory records relating to the employee.

F. Voluntary Emeritus Corps

Under the demonstration project, laboratory directors/commanders will have the authority to offer retired or separated employees voluntary assignments in the laboratories. This authority will include employees who have retired or separated from Federal service, including those who have accepted a buy-out. The voluntary emeritus corps will ensure continued quality research while reducing the overall salary line by allowing higher

paid employees to accept retirement incentives with the opportunity to retain a presence in the scientific community. The program will be of most benefit during manpower reductions as senior S&Es could accept retirement and return to provide valuable on-the-job training or mentoring to less experienced employees.

To be accepted into the emeritus corps, a volunteer must be recommended by laboratory managers to the laboratory director/commander. Everyone who applies is not entitled to a voluntary assignment. The laboratory director/commander must clearly document the decision process for each applicant (whether accepted or rejected) and retain the documentation throughout the assignment. Documentation of rejections will be maintained for 2 years.

To encourage participation, the volunteer's federal retirement pay (whether military or civilian) will not be affected while serving in a voluntary capacity.

Volunteers will not be permitted to monitor contracts on behalf of the government or to participate on any contracts where a conflict of interest exists.

An agreement will be established between the volunteer, the laboratory director/commander, and the Civilian Personnel Flight. The agreement must be finalized in advance and shall include as a minimum:

(a) a statement that the voluntary assignment does not constitute an appointment in the civil service and is without compensation,

(b) the volunteer waives any and all claims against the Government because of the voluntary assignment except for purposes of on-the-job injury compensation as provided in 5 U.S.C. 8101(1)(B),

(c) volunteer's work schedule,

(d) length of agreement (defined by length of project or time defined by weeks, months, or years),

(e) support provided by the laboratory (travel, administrative, office space, supplies),

(f) a one page SDE,

(g) a provision that states no additional time will be added to a volunteer's retirement credit as a result of being a member of the voluntary emeritus corps,

(h) a provision allowing either party to void the agreement with 10 working days written notice, and

(i) the level of security access required (any security clearance required by the assignment will be managed by the

laboratory while the volunteer is a member of the emeritus corps).

G. Revised Reduction-In-Force (RIF) Procedures

Reduction-in-force is not the vehicle for addressing contribution/disciplinary problems properly addressed under section III E or 5 U.S.C. 75, Adverse Actions. When there is a requirement to reduce the size of the laboratory workforce due to a lack of funds, lack of work, or other reason specified in 5 CFR 351.201, demonstration project employees will be identified for reduction using the following procedures.

A separate competitive area will be established by geographic location for all laboratory personnel included in the demonstration project. The revised RIF procedures apply to all regular career S&Es (including those who have not completed their probationary period).

Each laboratory shall establish competitive levels consisting of all positions in a competitive area which are in the same broadband level and occupational family and which are similar enough that the incumbent of one position could succeed in the new position without any loss of productivity beyond that normally expected in the orientation of any new, but fully qualified, employee. The laboratory directors/commanders, or their designee, will observe and participate with the appropriate Civilian Personnel representative in all placement actions.

Competing employees shall be ranked on a retention register on the basis of their annual CCS assessment (ΔX), veterans preference, and length of service. The ΔX is determined by plotting an individual's annual CCS score and present salary as a point on a graph and computing the difference between the position of that point and the contribution point on the SPL for the employee's salary rate. This is computed by actual CCS score minus expected SPL point for that salary rate and may result in positive, zero, or negative ΔX . This ΔX replaces the annual performance rating in the RIF definition and is the primary factor in determining an employee's retention standing.

The retention order will be as follows:

(a) All regular career employees, including those employees who have not completed a probationary period, will be listed on the retention register based on an individual's ΔX consisting of an average of the three most recent CCS assessments of record. The employees will then be divided into three categories: (1) above the upper rail (a ΔX less than -0.30), (2) within the

two rails (a ΔX equal to or greater than -0.30 and less than or equal to $+0.30$), and (3) below the lower rail (a ΔX greater than $+0.30$).

(b) All employees within each of these three categories will tie for the purposes of RIF. Ties will be broken by using an employee's veterans preference for RIF (i.e., 30 percent disabled veterans will be listed first, followed by other veterans, and all non-veterans will be listed last).

(c) Ties within this latter category will be broken based on Service Computation Date (SCD). No additional credit will be added to the SCD based on the CCS annual assessments.

Until the first CCS assessment is given under the demonstration project, traditional RIF rules will be followed. Should a RIF occur between the first and second CCS assessment dates, employees will have their SCD adjusted based on the employee's two most recent annual performance ratings of record received during the 3-year period prior to implementation of the demonstration project. Effective with the second CCS assessment date, no credit will be given for ratings received outside the demonstration project.

One objective of the demonstration project is to ensure lower ranked contributors are the first to be RIFed while continuing to preserve Veterans Preference. After 3 years of evaluating CCS and the revised RIF process, a decision will be made whether or not to continue the RIF process described above or to consider alternatives.

Employees serving under a contingent appointment will not have a right to compete for retention in RIF. Accordingly, these employees will be listed at the bottom of the appropriate retention register and must be separated before any regular career employees can be released from the competitive level.

To provide adequate time to determine employee retention standing, the laboratory will establish a cutoff date—a minimum of 30 calendar days prior to the issuance of RIF notices—after which no new CCS assessments will be put on record and used for purposes of RIF. When a cutoff date is used, employees will receive their ΔX for the three most recent CCS assessments received during the 4 year period prior to the cutoff date.

To be creditable for purposes of RIF, an assessment must have been issued to the employee, with all appropriate reviews and signatures, and must be on record (e.g., the assessment is available for use by the office responsible for establishing retention registers).

An employee who has received fewer than three annual CCS assessments of

record shall be ranked based on any actual assessment(s) received and the required number of assumed assessment(s) of 0.0 ΔX (the contribution factor for their current salary as defined by the SPL).

An employee who has received a written decision under the contribution-based actions provision of the demonstration described in section III E competes under RIF from the position to which the employee will be or has been demoted.

Assignment rights for employees identified for release from a competitive level will be determined in the following order: (a) Vacant positions—assignment may be made to any available vacant position in the competitive area; then (b) Trumping—an employee with a higher retention standing displaces another employee in another competitive level in the same broadband level. Trumping replaces the bumping and retreat action under the traditional RIF system.

Each competing employee is entitled to a specific written notice at least 60 full calendar days before the effective date of release when a significant number of employees will be separated. An employee is entitled to a second written notice, as appropriate, at least 60 full calendar days if the agency decides to take an action more severe than first specified.

IV. Training

An extensive training program is planned for support personnel and every employee in the demonstration project including managers, supervisors, and S&Es. Training will be tailored to fit the requirements of every employee included and will fully address employee concerns to ensure everyone has a comprehensive understanding of the program and to emphasize the benefits to employees. In addition, leadership training will be provided to all managers and supervisors as the new system places more responsibility and decision making authority on their shoulders.

Using an existing task order contract through Armstrong Laboratory, the training packages will be developed to encompass all aspects of the project and validated prior to training the workforce. Specifically, training is being developed for the following groups of employees:

(a) lab S&Es included in the demonstration,

(b) civilian and military supervisors and managers, and

(c) administrative support personnel, civilian personnel offices, civilian pay offices, and HQ AFMC and center

personnel who must understand laboratory operations under the demonstration.

Training requirements will vary from an overview of the new system; to a more detailed package for laboratory S&Es; to very specific instructions for both civilian and military supervisors, managers, and others who provide personnel and payroll support.

Base level training personnel will provide local training management, facilities, and support to laboratory directors/commanders. Contract training personnel will be utilized where organic capabilities are not available or not economically feasible. The training will begin, and be completed, within the 90 days prior to implementation.

V. Conversion

A. Conversion to the Demonstration Project

Initial entry into the demonstration project for covered employees will be accomplished through a full employee protection approach that ensures each employee an initial place in the appropriate broadband level without loss of pay. An automatic conversion from current GS/GM grade and step into the new broadband system will be accomplished. Special Salary Rates will no longer be applicable to demonstration project employees. All employees will be eligible for the future locality pay increases of their geographical area. Employees on Special Salary Rates at the time of conversion will receive a new basic pay rate computed by dividing their highest adjusted basic pay (i.e., special pay rate or, if higher, the locality rate) by the locality pay factor for their area. A full locality adjustment will then be added to the new basic pay rate. Adverse action and pay retention provisions will not apply to the conversion process as there will be no change in total salary. Employees who enter the demonstration project later by lateral reassignment or transfer will be subject to parallel pay conversion rules.

B. Conversion Back to the Former System

In the event the project ends, a conversion back to the former (regular) Federal civil service system will be required. All employees in a broadband level corresponding to a single General Schedule (GS) grade will be converted to that grade. Employees in a multiple grade broadband level will be considered to have attained the next higher grade when they have been in the level at least 1 year and their salary equals or exceeds the minimum salary

of the higher grade. For employees who are entitled to a special rate upon return to the General Schedule, the demonstration project locality rate must equal or exceed the minimum special rate of the higher grade. To set GS pay upon conversion, an employee's demonstration project locality rate would be converted (prior to leaving the project) to the highest General Schedule rate range (i.e., locality rate range or special rate range) applicable to the employee. If the employee's rate falls between the fixed rates for the applicable range, it will be raised to the next higher rate. The employee's GS basic rate (excluding special rates or locality payments) would then be derived based on the grade and step associated with this converted rate. Employees who leave the demonstration project and return to the General Schedule pay system via reassignment, promotion, demotion, or transfer are subject to parallel pay conversion rules to determine the converted GS rates under the demonstration project to be used in applying GS pay administration rules (e.g., promotion rule or maximum payable rate rule) in setting pay at the gaining agency.

VI. Project Duration

Public Law 103-337 removed any mandatory expiration date for this demonstration. The project evaluation plan adequately addresses how each intervention will be comprehensively evaluated for at least the first 5 years of the demonstration. Major changes and modifications to the interventions can be made through announcement in the Federal Register and would be made if formative evaluation data warranted. At the 5 year point, the entire demonstration will be reexamined for either: (a) permanent implementation, (b) change and another 3-5 year test period, or (c) expiration.

VII. Evaluation Plan

Authorizing legislation mandates evaluation of the demonstration project to assess the merits of project outcomes and to evaluate the feasibility of applications to other federal organizations. A comprehensive and methodologically rigorous evaluation of the personnel system changes will be carried out. The overall evaluation consists of two components—external and internal evaluation. Both components will be overseen by the Office of Personnel Management (OPM) to benefit from their extensive experience evaluating demonstration projects. Further, OPM will serve in the role of external evaluator to ensure the integrity of the evaluation process,

and interpretation of results. Their external evaluation will be supplemented by an internal evaluation to be accomplished by the staff of the USAF laboratories. Selected parts of the evaluation will be completed using contractor support; the contractor(s) will be well qualified and experienced with demonstrated expertise in performing relevant support functions.

Essential elements of the evaluation plan are set forth below. The demonstration project is a complex experiment to be conducted in a dynamic environment over several years. Modifications and refinements to the evaluation plan will be made as required by mid-course project changes. All additions, deletions, and refinements to the current plan will be fully documented and explained as part of the evaluation reporting process.

The main purpose of the evaluation is to determine the effectiveness of the personnel system changes described by the individual interventions. Every effort will be made to establish direct cause-and-effect relationships between the interventions and effectiveness criteria. An ancillary objective is to assess the effects of the interventions on improved organizational performance. An indirect causal link is hypothesized between the personnel system changes and improved organizational effectiveness, e.g., improved laboratory performance, mission accomplishment, and customer satisfaction. The current personnel management system with its many rigid rules and regulations often is perceived as a barrier to mission accomplishment. Together, the demonstration project initiatives are intended to remove some of those barriers, and, therefore, are expected to contribute to improved laboratory performance.

The evaluation effort will be accomplished in four distinct phases:

- (a) Design phase—includes development of the evaluation model, selection of experimental and comparison sites, and collection of baseline data prior to implementation;
- (b) Implementation phase—includes actual project implementation and monitoring of the degree and support of implementation to assure that each of the project interventions has been operationalized as originally conceived;
- (c) Formative evaluation phase—includes data collection and analysis for 5 years for purposes of evaluating the effects of the interventions. Periodic reports and annual summaries will be prepared to document the findings; and
- (d) Summative evaluation phase—focuses on summary evaluation and overall assessment of the project's

impact, including presentation of conclusions and final recommendations upon completion of the project.

A quasi-experimental design with pre- and post-implementation comparisons will be employed. Baseline measures will be taken prior to project implementation. Then, repeated measurements will be taken post-implementation, throughout the formative evaluation phase, to allow longitudinal comparisons.

Scientific and engineering personnel at all USAF laboratory sites constitute the experimental group, leaving no laboratory site that can be used to form a permanent, equivalent "no treatment" control group. A control group is defined as consisting of employees managed under the traditional Civil Service system.

Provisions are being made to address the lack of a control group by collecting data from other non-equivalent sites for comparison purposes. Options being explored are:

(a) Use Army and Navy laboratories as temporary control groups. These laboratories are eligible to conduct personnel demonstration projects under the authorizing legislation, and most, if not all, are planning their own projects. Until their projects are approved, the employees could serve as short-term controls.

(b) Construct a composite comparison group from laboratories in civilian federal agencies, with occupational and other workforce demographics comparable to those of the USAF laboratories.

An additional feature of the design calls for comparisons of trends relative

to those for prior demonstration projects now operating under non-traditional personnel systems, including the National Institutes for Standards and Technology (NIST) and Naval laboratories (Naval Warfare Center and Naval Ocean Systems Center). A retrospective analysis will be conducted to compare historic data from prior projects with that obtained from the USAF laboratories on common measures collected at equivalent points during the implementation and formative evaluation phases.

As shown in Figure 4, a general evaluation model has been developed which postulates: (a) specific intermediate effects of each individual intervention, and (b) ultimate effects of the combined interventions on organizational performance. Intermediate, intended outcomes are those changes, as a result of the experimental interventions, which contribute to achieving the ultimate goals. Further, efforts will be made to assess unintended effects, that is, unanticipated impacts that may be positive or negative in nature. Any changes can have unintended outcomes, and those proposed for the demonstration project are no exception. The evaluation methods and measures will be comprehensive in design in order to capture unintended results. Moreover, as the results of the intervention evaluation are being interpreted and conclusions are being drawn, consideration will be given to the context in which the demonstration project is occurring. Much of the context cannot be controlled, but contextual

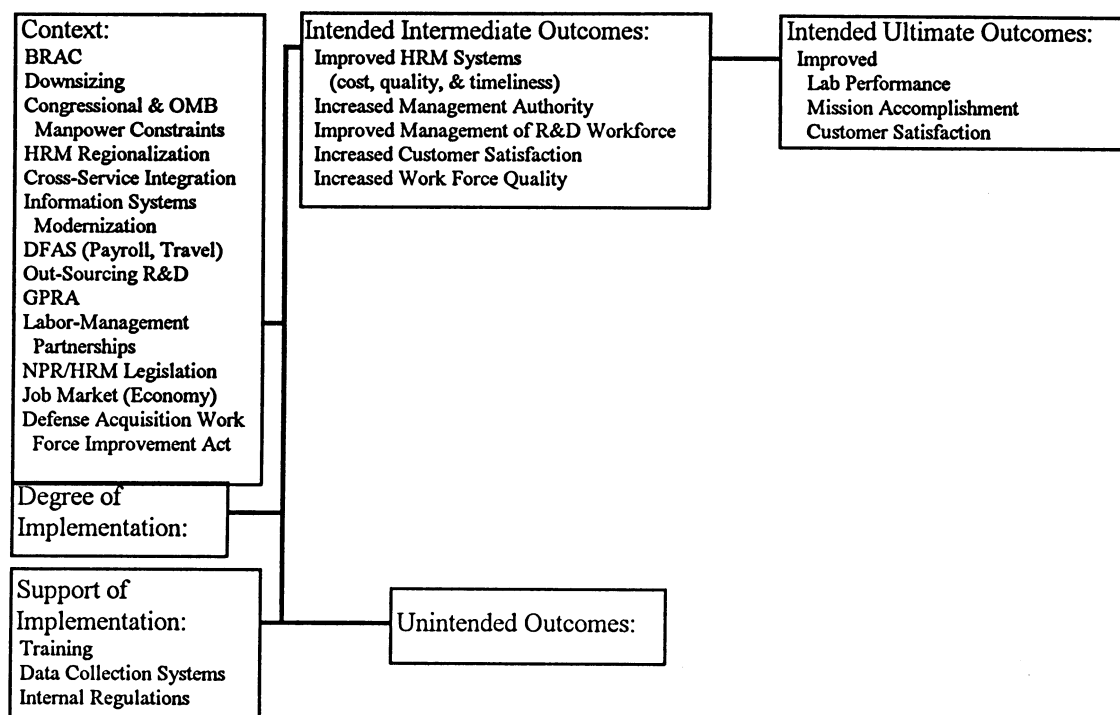
events will be identified and considered in the evaluation as potential intervening variables.

The effectiveness of each intervention and the project as a whole in meeting stated objectives will be addressed using a multi-method approach. Some methods will be unobtrusive in that they do not require reactions or inputs from employees or managers. These methods include analysis of archival workforce data and personnel office data, review of logs maintained by site historians documenting contextual events, and organizational records of scientific and engineering products and research study progress reports. Other methods such as structured interviews, focus groups, and attitude surveys will be used to collect the perceptions of laboratory managers and supervisors, as well as customers.

The specific measures to be collected using the different methods will be deduced from the goals and objectives stated for each intervention. Both quantitative and qualitative measures will be obtained. Most of the potential measures can be grouped around three major effectiveness criteria: speed, cost, and quality. Collectively, the intermediate outcomes of the interventions are hypothesized to lead to human resource management improvements, as reflected by timeliness, cost-effectiveness, and quality. The same three criteria apply to ultimate outcomes indicating organizational performance.

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FIGURE 4 - GENERAL EVALUATION MODEL



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VIII. Demonstration Project Costs

A. Step Buy-Ins

Under the current pay structure, employees progress through their assigned grade in step increments. Since this system is being replaced under the demonstration project, employees will be awarded that portion of the next higher step they have completed up until the effective date of implementation. As under the current system, supervisors will be able to withhold these partial step increases if the employee's performance falls below fully successful.

The 1996 annual appraisal will be closed on the normal close-out date of June 30, 1996. The first formal CCS assessment cycle will begin on the effective date of implementation of the demonstration and will end on September 30, 1997. The general increase to employee's base pay in January 1997 will be handled under existing procedures. The first CCS pay adjustments will be made during the first full pay period of CY98. Future CCS pay adjustments will be effective the beginning of the first full pay period of subsequent calendar years.

Rules governing Within-Grade Increases (WGI) under the current Air Force performance plan will continue in effect until the implementation date.

Adjustments to the employees base salary for WGI equity will be computed effective the date of implementation to coincide with the beginning of the first formal CCS assessment cycle. WGI equity will be acknowledged by increasing base salaries by a prorated share based upon the number of days an employee has completed towards the next higher step. Employees at step 10 on the date of implementation will not be eligible for WGI equity adjustments since they are already at the top of the step scale.

B. Cost Neutrality

The demonstration project is required to be cost neutral. A baseline will be established at the start of the project and salary expenditures will be tracked yearly. Implementation costs, including the step buy-in costs detailed above, will not be included in the cost neutrality evaluations.

Special Salary Rates will no longer be applicable to demonstration project employees. The only factor in the pay equation which varies from the current system is the allowance for step increases and promotions, denoted by "I." The 15 year demonstration project at China Lake has demonstrated this number to average 2.4% per year. This figure has been further validated by OPM. By limiting annual CCS based pay increases to the general increases (G) plus 2.4% should, by definition,

maintain cost neutrality under CCS. If through the project evaluation process it is determined that cost neutrality is not being maintained, the "I" rate will be adjusted to a rate which will provide for cost neutrality within 3 years.

C. Personnel Policy Boards

It is being recommended that each laboratory establish a Personnel Policy Board that would consist of the senior civilian in each directorate within the laboratory and be chaired by the laboratory executive director. The board would be tasked with the following:

- (a) Overseeing the civilian pay budget,
- (b) Addressing issues associated with two separate pay systems (CCS and GS) during the first phase of the demonstration project,
- (c) Determining the composition of the CCS pay pools in accordance with the established guidelines,
- (d) Reviewing operation of the laboratory CCS pay pools,
- (e) Providing guidance to pay pool managers,
- (f) Administering funds to CCS pay pool managers,
- (g) Integrating CCS with the free-market model,
- (h) Reviewing hiring and promotion salaries,
- (i) Addressing Manage to Budget (MTB) issues to include the tracking of average salaries, and

(j) Monitoring award pool distribution by organization and by S&E versus non-S&E.

Should the laboratory elect not to establish a Personnel Policy Board, the charter of an existing group within each

laboratory must be modified to include the duties detailed above.

D. Developmental Costs

Costs associated with the development of the demonstration system include software automation, training, and project evaluation. All

funding will be provided through the Air Force Science and Technology budget. The projected annual expenses for each area is summarized in Table 4. Project evaluation costs will continue for at least the first 5 years and may continue beyond.

TABLE 4.—PROJECTED DEVELOPMENTAL COSTS
[Then year dollars in thousands]

	FY95	FY96	FY97	FY98	FY99
Training	\$170	\$100	\$50		
Project Eval	20	200	150	\$150	\$150
Automation		150	100		
Data Systems		260			
Totals	190	710	300	150	150

IX. Required Waivers to Law and Regulation ¹⁰

A. Waivers to Title 5, United States Code

Chapter 31, Section 3111: Acceptance of volunteer service.

Chapter 33: Examination; selection; placement.

Chapter 35, Sections 3501–3502: Related to retention preference.

Chapter 43, Sections 4301–4305: Related to performance appraisal.

Chapter 51, Sections 5101–5102 and Sections 5104–5107: Related to classification standards and grading.

Chapter 53, Sections 5301; 5302 (8) and (9); 5303; 5304 (only to the extent necessary to allow demonstration project employees to be treated as General Schedule employees and to allow basic rates of pay under the demonstration to be treated as scheduled rates of basic pay); 5305; 5331–5336; and 5361–5366: Related to special pay; pay rates and systems; grade and pay retention.

Chapter 55, Section 5545 (d): Related to hazardous duty premium pay (only to the extent necessary to allow demonstration project employees to be treated as General Schedule employees).

Chapter 57, Sections 5753, 5754, and 5755: Related to recruitment, relocation, and retention payments; supervisory differential (only to the extent necessary to allow employees and positions under the demonstration project to be treated as

employees and positions under the General Schedule).

Chapter 75, Sections 7512 (3): Related to adverse action (but only to the extent necessary to exclude reductions in broadband level not accompanied by a reduction in pay) and 7512 (4): Related to adverse action (but only to the extent necessary to exclude conversions from a General Schedule special rate to demonstration project pay that do not result in a reduction in the employee's total rate of pay).

Chapter 75, Sections 7512 (3): Related to adverse action (but only to the extent necessary to exclude conversions from a General Schedule special rate to demonstration project pay that do not result in a reduction in the employee's total rate of pay).

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Part 531, Subpart B, Subpart D, Subpart E, and Subpart F: Determining rate of pay; within-grade increases; quality step increases; locality payments (only to the extent necessary to allow demonstration project employees to be treated as General Schedule employees and to allow basic rates of pay under the demonstration project to be treated as scheduled rates of basic pay).

Part 536, Subpart A, Subpart B, and Subpart C: Grade and pay retention.

Part 550, Sections 550.902: Hazard Pay, definition of "employee" (only to the extent necessary to allow demonstration project employees to be treated as General Schedule employees).

Part 575, Sections 575.102 (a)(1), 575.202 (a)(1), 575.302 (a)(1), and Subpart D: Recruitment and relocation bonuses; retention allowances; supervisory differentials (only to the extent necessary to allow employees and positions under the demonstration project to be treated as employees and positions under the General Schedule positions).

Part 752, Sections 752.401 (a)(3): Reduction in grade and pay (but only to the extent necessary to exclude reductions in broadband level not accompanied by a reduction in pay) and 752.401 (a)(4) (but only to the extent necessary to exclude conversions from a General Schedule special rate to demonstration project pay that do not result in a reduction in the employee's total rate of pay).

Part 752, Sections 752.401 (a)(3): Reduction in grade and pay (but only to the extent necessary to exclude reductions in broadband level not accompanied by a reduction in pay) and 752.401 (a)(4) (but only to the extent necessary to exclude conversions from a General Schedule special rate to demonstration project pay that do not result in a reduction in the employee's total rate of pay).

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¹⁰ Waiver required only to the extent that the project conflicts with pertinent provision of law and regulation.