

Title: OFHEO Salary Administration Policy and Procedures

Approved by: Amend File Date: 2/25/2002

- I. **PURPOSE:** This guideline establishes policies and procedures for development and administration of the Office of Federal Housing Enterprise Oversight (OFHEO) salary program.
- II. **SCOPE:** This guideline applies to all positions covered by OFHEO's pay system. These provisions do not apply to the Director, OFHEO. In addition, these provisions do not apply to positions which may be filled through excepted appointments authorized for special purposes, such as summer employment; employment of handicapped individuals; temporary or intermittent employment of professional, scientific, or technical experts for consultation purposes; Presidential Management Interns; interpreters for deaf and readers for blind employees; and temporary employment of faculty members.
- III. **AUTHORITY:** Federal Housing Enterprises Financial Safety and Soundness Act of 1992, Title XIII of the Housing and Community Development Act of 1992 (PL 102-550, October 28, 1992; 106 Stat 3943; 12 U.S.C. 1401, et seq.)
- IV. **POLICY:** The OFHEO salary policy provides competitive pay to facilitate recruitment and retention of personnel with specialized skills, knowledge, and demonstrated abilities required to carry out the agency's mission. It also provides for flexibility in making pay decisions that reflect labor market conditions, while providing for internal equity. Inherent in the program is the requirement that all salary and compensation actions will be effected without regard to race, color, gender, religion, national origin, age, sexual orientation, status as a parent, political affiliation or handicapping condition. All salary changes and bonuses must be approved by the Director.

OFHEO's salary ranges and grades were developed following the completion of a compensation survey of 50 representative OFHEO positions. In addition to the four agencies required by statute, OFHEO also surveyed three other federal financial regulators: Federal Housing Finance Board, National Credit Union Administration and the Farm Credit Administration.

The salary grading structure adopted by OFHEO consists of 18 grades with salary range midpoints developed from analysis of the competitive compensation information obtained from the survey. Each grade has a uniform spread of 60% (the maximum is 60% higher than the minimum). The midpoints of the grades increase 12% from Grade 10 to Grade 24 and 10% from Grade 24 to 27. Regardless of the salary range maximums, no employee within OFHEO will receive a salary that is greater than the salary received by the Vice President of the United States.

V. RESPONSIBILITIES:

- A. Director. As head of the agency, the Director ensures that a fair and equitable salary program is established and administered under the provisions of applicable laws and regulations. Exercises direct and final authority over all salary and compensation matters.
- B. Deputy Director. Provides guidance and recommendations to the Director, concerning all salary and compensation matters.
- C. Associate Director, Office of Finance and Administration. Undertakes assessments of compensation comparability and makes recommendations to the Deputy Director and Director, as appropriate.
- D. Associate Directors. Recommend pay changes described within this policy, and in keeping with the spirit and intent of the flexibilities and guidelines to permit OFHEO to maintain a competitive posture in recruiting and retaining employees of the highest caliber with the skills, knowledge, and demonstrated competencies to carry out the specialized agency mission.
- E. Manager, Budget and Finance. Provides recommendations to the Deputy Director and Director pertaining to the availability of funding for all salary changes proposed by Associate Directors.
- F. Manager, Human Resources. Provides guidance to the Associate Directors in the appropriate use of pay changes, bonuses and allowances, and factors to consider in setting initial salary levels.

VI. IMPLEMENTATION: The agency staffing philosophy is to attract and retain highly competent professionals. OFHEO's pay structure was established to provide management with the ability to be competitive in attracting top quality personnel. The agency salary administration philosophy supports recruitment and retention objectives through emphasis on pay decisions based on an employee's qualifications, and the value and impact on accomplishment of the agency's mission or any other relevant factors.

A. Starting Salaries.

1. Criteria for starting salary. Associate Directors will recommend starting salaries based on considerations such as an applicant's current salary and benefits, geographic differential, scarcity of skills sought, labor market conditions, availability of funds, other bona fide job offers, criticality of the position to the agency's mission, internal equity, comparability to other Federal financial regulatory agency positions, the time remaining before the next merit payout, whether the position has advancement potential, and any other relevant factors. Associate Directors are encouraged to seek guidance from the Manager, Budget and Finance regarding the availability of funds prior to submitting a recommendation.
2. Approval process. Associate Directors will submit the applicant's job application, together with a justification that responds to the above considerations, if the requested starting salary is above that which is budgeted. The request is to be submitted through the Deputy Director to the Director for approval. A firm offer to the candidate may be made only after approval is obtained from the Director. See the OFHEO Merit Staffing Plan (Paragraph VII) for more details on the approval process for filling positions.

B. Promotion. Employees who are selected and approved for a position at a higher pay grade than they are currently encumbering are eligible to receive a salary increase. The amount of salary increase will be at the discretion of the Director.

1. Criteria. Career-ladder promotions will be approved for employees when the following criteria are met:
 - There is sufficient work available at the next higher level of the position.
 - The employee has exhibited the potential to work at the next higher level.
 - Availability of funds within the OFHEO budget.
2. Approval process. Associate Directors will submit a written justification for the promotion to the Manager, Human Resources. After review for compliance with the above criteria, the Manager, Human Resources will forward the request, with the appropriate paperwork to the Deputy Director and Director. Only after the request has been approved by the Director and an effective date has been determined, should the employee be notified of the promotion. The Manager, Budget and Finance will certify funds availability. Associate Directors should not discuss promotion requests with the affected employee prior to approval.

C. Pay Adjustment.

1. An employee may receive a pay increase within the same pay grade if the following apply:
 - a. The employee has been carrying out additional, higher-level duties that fall within the classification/qualification requirements of the same pay grade, (but not at the next higher pay grade), and
 - b. The work has a higher value to the agency and/or impact on the agency's performance, and/or
 - c. The employee has taken on an increased level of responsibility.

This may occur at any time during the year based on the assignment of additional duties and responsibilities that increase the employee's value to the organization or contribution to agency performance. Pay adjustments may be granted to reflect the above changes.

2. The amount of the pay adjustments is at the sole discretion of the Director.

D. Other Salary Adjustments.

An employee's pay may be increased to a higher level within the same pay grade, annually, based on performance, through the Performance Evaluation Management System (PEMS) process. See the OFHEO PEMS Guide for more details on merit pay increases under PEMS.

VII. DEFINITIONS:

- A. Base Pay. The basic rate of pay fixed for the position before any deductions, and exclusive of any additional pay, such as cash payout from the merit distributions, overtime, and awards.
- B. Comparability Increase. An adjustment which may be made to the OFHEO salary structure when a survey of other federal financial regulatory agencies and labor market conditions indicates such an adjustment is necessary to ensure comparability, or when the Director deems an adjustment appropriate.
- C. Merit Distribution. An adjustment to an employee's salary, or combination of salary and cash payment (depending upon where an employee's salary falls within the pay grade), based on eligibility and performance under the OFHEO Performance Evaluation Management System (PEMS).

- D. Occupational Group Level. A level within an occupational group (See the OFHEO Classification Standards) that correlates with the duties and responsibilities assigned by management and documented in the official position description. Each occupational group level is assigned to a pay grade based on a comparison with benchmark jobs, or set of jobs, in other federal financial regulatory agencies.
 - E. Pay Adjustment. A pay adjustment is advancement to a higher salary within the same pay grade. Pay adjustments must be approved by the Director to recognize a substantial change in the level of responsibility and duties of a position. Approved pay adjustments will result in an increase in pay to reflect the increased level of responsibility, value to the agency, and/or impact on the agency's performance. Note: An adjustment to pay may also result from a merit distribution under PEMS.
 - F. Pay Grade. Each of the eighteen (18) OFHEO pay grades, adjusted periodically based on comparability with other Federal regulatory agencies, considering the level of responsibility, value of contribution, and impact on the agency.
 - G. Promotion. Advancement of an employee from one pay grade to a higher pay grade. This occurs when an employee is selected for a position in a higher pay grade or receives a promotion within the career ladder of his or her current position. The employee may receive a pay increase. Pay must be equal to, or higher than, the minimum of the pay band to which the employee is promoted. The amount of increase is at the discretion of and must be approved by the Director.
 - H. Recruitment Bonus. A lump sum cash payment used to recruit highly skilled, professional employees. It is a one-time cash payment for recruitment purposes only, and must be approved by the Director.
 - I. Retention Allowance. A payment used for retention purposes, paid biweekly throughout a one-year period, in addition to the employee's regular pay amount. Retention Allowances are used to retain highly skilled professional staff and must be approved by the Director.
- VIII. RECORD TYPES CREATED OR RECEIVED:** Job applications or resumes with equivalent information, Standard Form 50 (Notification of Personnel Action), Standard Form 52 (Request for Personnel Action), written justifications for pay increases and all correspondence relating to requesting and obtaining approval for salary decisions with original signatures, will be maintained for a period of two years. If a salary decision is litigated, the appropriate documentation will be retained until the litigation record is retired.