OFFICE OF PERSONNEL MANAGEMENT

Laboratory Personnel Management Demonstration Project; Department of the Air Force

AGENCY: Office of Personnel Management.

ACTION: Notice of approval of a demonstration project final plan.

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 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: The demonstration project will be implemented March 2, 1997.

FOR FURTHER INFORMATION CONTACT:

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OPM Fidelma A. Donahue, U.S. Office of Personnel Management, 1900 E Street, NW, Room 7460, Washington, DC 20415, 202–606–1138.

SUPPLEMENTARY INFORMATION:

1. Background

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, and a contribution-based compensation system.

2. Overview

The 69 total comments received, both written and verbal, were a valuable source of input for the Air Force Laboratory Personnel Demonstration. They have been seriously considered and noted. Most changes to the demonstration project are based on these public comments. The majority of the changes are in the area of the Contribution-based Compensation System (CCS). Several other sections of the plan have been clarified and expanded, where necessary, to address missing or unclear information. A few editorial changes were also made.

3. Summary of Comments

Nineteen speakers commented on the Federal Register notice at the 4 public hearings and 50 letters were received. The following is a summary of these written and oral comments by topical area and a response to each.

(1) High Grade Controls

Comments. Commentors expressed dissatisfaction with today's high grade restrictions and questioned why the demonstration did not remove these controls. Senior managers and employees alike believe that with high grade controls the demonstration project cannot adequately and competitively compensate the best people, a major goal of the project. In addition, the ''seamless'' movement envisioned in the Contribution-based Compensation System (CCS) will not occur between level II and level III and employees felt disadvantaged by this.

Response. Due to defense drawdowns in conjunction with high grade controls, promotions from the GS–13 to the GS–14 grades in all the laboratories have been severely restricted. All DoD S&T reinvention laboratory demonstration projects requested the elimination of high grade controls. High grade controls, however, are not under OPM demonstration authority. After project implementation, the Air Force will evaluate the impact of high grade controls on the overall effectiveness of the demonstration project and will seek relief as appropriate. Regarding the treatment of level II employees under CCS, the demonstration employees have the opportunity to be better compensated, even under high grade control, through project procedures not available in the traditional system. Under the current performance management system, GS–13s with superior or excellent ratings are typically given performance awards ranging from 1–2% and may or may not get step increases. Under the demonstration, their CCS score may warrant amounts of ''I'' money larger than the old performance award money, while still enabling them to participate in the laboratory awards program.

(2) Management Issues

Comments. Those employees who commented were greatly concerned that the demonstration gives more authority and responsibility to laboratory supervisors and managers. With the feeling that many supervisors currently do not properly execute supervisory responsibilities or utilize the power and tools provided under the current management system, these employees fear a new system that gives supervisors additional authority over their career and pay. They claim supervisors who do nothing about poor performance are not being evaluated themselves on whether they are ''good'' supervisors or managers, even though supervision is a significant part of their job. Employees also believe upper level management does not really know what goes on in their organizations. Commentors state that military supervisors exacerbate this problem due to a perceived lack of interest in civilian issues and rapid military tour rotation. Managers are thought to be the key to the success of this demonstration and a ''magnifying lens'' should be on them. Therefore, several commentors recommend that employees evaluate their supervisors to attempt to bring more attention to this issue.

Response. The demonstration project includes, as part of the CCS annual cycle, a mid-year feedback that will emphasize employee professional qualities and development. As a result of the public comments received, the mid-year feedback will now include a supervisory feedback session for all levels of supervisors, military and civilian alike, where the supervisor's skills and abilities as a supervisor will be assessed. Employee input will be an integral part of this assessment. In addition, Air Force laboratory directors/commanders are committed to assisting in solutions to these issues and anticipate, before the first CCS assessment cycle in October 1997, to provide, as a first step, additional supervisory skills and management training for all supervisors.

(3) Contribution-Based Compensation System

Several subtopics were discussed relating to CCS.

(a) Level IV Ceiling

Comments. Commentors identified that the highest level IV employee must average 4.9 on every factor to remain ''on the line''. They claimed, as no scores are available above 4.9, that nothing can be done to offset a potentially lower score received in one of the factors. Thus, any score lower than 4.9 would prevent them from achieving the necessary average of 4.9. Commentors mentioned a lack of

opportunity for level IV employees at the top of the broadband level to fall below the rails. They believe this would disadvantage them during a RIF.

Response. Due to comments received, the CCS has been amended to add a factor score of 5.9 for contributions which represent ''higher than level IV'' contributions. Any 5.9 score must be justified and documented by the supervisor. Receipt of this score, however, does not result in an increased CCS payout beyond that associated with a score of 4.9.

Because of the upper pay limit imposed on broadband level IV and the slope of the SPL, employees at the top salaries of that level have no opportunity to score below the lower rail. Therefore, three categories of additional service credit will be defined for RIF purposes within broadband level IV: (1) Employees with CCS assessments on or below the SPL (a G6DX equal to or greater than 0.00), (2) those with CCS assessments above the SPL but on or below the upper rail (a ΔX equal to or greater than -0.30 and less than 0.00), and (3) those with CCS assessments above the upper rail (a ΔX less than -0.30).

(b) Derivation of the Standard Pay Line (SPL)

Comments. Some commentors performed their own calculations on the SPL. They criticized the ''least squares error fit'' derivation and objected to a linear equation for the SPL. One individual also commented that a statistical pooling error had been made. Several commentors believe some groups (upper level GS–13s) would enter the system overcompensated, while others (GS–15s) would enter being undercompensated.

Response. The SPL mathematics have been revalidated and the methodology for the derivation of the line upheld. Whereas the entire GS schedule is to be fit as a single population set rather than by ''pools'' of individual grades, a statistical pooling error did not occur. No employee enters the system either overcompensated or undercompensated because such a determination is not possible until an actual CCS assessment is given, the first occurring in October 1997. It is their CCS scores that place employees above, within, or below the rails—not the calculation of the SPL. Until October 1997, there is merely a correlation between today's salary and an expected CCS score. Figure 1 has been simplified.

(c) Payout

Comments. Some commentors expressed concerns over managers having control over a pay pool in which the manager is a member. They expressed concern that CCS would create competition for limited pay pool funds and destroy team work. In addition, employees were interested in how they would be informed of changes in ''I'' and what would keep it from going to zero.

Response. The demonstration project does not permit managers to control their own CCS assessment scores or to set their own pay. The ''I'' value, initially set at 2.4%, is subject to change, but not to elimination. Within the demonstration, as a minimum, the ''I'' money will be equal to step and promotion dollars under the General Schedule. This is thought to be adequate to fund CCS for its intended purpose while not creating an atmosphere of adverse competition. Changes in ''I'' will be publicized by the laboratory well in advance of the CCS assessment period for which it will become effective.

(d) Factors and Job Opportunity

Comments. Most commentors discussing the six CCS factors believe these will make everyone a ''Jack/Jill of all trades and master of none.'' They claim employees will be unable to contribute across all six factors at the necessary levels. Some employees believe they should not be evaluated on factors on which they have not been previously evaluated, e.g., business development and/or technology transition/transfer. Comments indicated that their contribution opportunity is dictated by their work assignments, claiming they are not allowed to participate in activities which would contribute to each of the six CCS factors. Realizing that contributions may have to span larger areas of work in the future, they express concern at today's way of assigning tasks. Visibility of work is also an issue. Some employees believe high dollar or high visibility programs are associated with high contributions, and they resent the perceived lack of opportunity.

Response. Broader work will be required under the demonstration project. Managers will be aware that all employees need to have contribution opportunities in each of the factors under which they are assessed. This will be stressed during management orientation and training sessions for the demonstration project.

(e) Weights

Comments. Comments generally supported factor weights as they preserve some ''specialist'' culture, but disagree with the stated intention of bringing all weights to one in future years. One individual thought all weights should be set at one because weights other than one may reward the less productive person who chooses not to emphasize work in a low weighted area.

Response. Each laboratory will set its own CCS weights. Each will also review and modify them annually. Laboratories may choose equal weighting schemes or they may adopt a more ''specialized'' profile. Such flexibility is a key to the demonstration project and in keeping with the demonstration's spirit of allowing differences between laboratories which can be evaluated to provide more effective management.

(f) CCS Score Disclosure and CCS Assessment Under Special Circumstances

Comments. Employees' comments revealed a lack of information in the project proposal on how CCS data will be provided back to them. They want to know how they will be able to judge both their relative standing in the pay pool at assessment time and their career progression measured against their peers, particularly since promotions are not the same as in the General Schedule system. Comments also indicated that employees did not know how they would be assessed if they were on extended sick leave, Long-Term Full-Time training, or under other special circumstances.

Response. The public comments revealed that these topics were not covered in sufficient detail in the previous version. Additional information has been added to this plan to explain these features.

(4) Reduction-in-Force (RIF)

The FY97 Authorization Act, signed September 23, 1996, included wording which affects the external hiring and reduction-in-force provisions of the Air Force demonstration project; the Air Force has opted to exclude these two sections of their original proposal from their initial implementation. The CCS assessment score will be used as additional service credit during reduction-in-force.

(5) Trial Period

Comments. Several commentors requested that a trial demonstration project period be run parallel to the current system in order to ''work out'' any difficulty with the new system.

Response. Demonstration authority is the authority to experiment with personnel system changes. During the last two years, significant project design and development by teams of laboratory

employees have produced a sound system for implementation. With yearly formative evaluations and the ability to make major changes based on that evaluation, the demonstration can, and will, be altered in future years to ensure a final system that works well into the future.

(6) Project Evaluation and Human Use

Comments. Some commentors did not find enough material in the project evaluation section to understand how each demonstration initiative was going to be measured. Specifically, they inquired as to how they would know if CCS was working as a system. In addition, a comment was received asking if the demonstration project had fulfilled its requirements to protect human subjects by obtaining necessary waivers regarding human experimentation.

Response. Both the external evaluation, planned and conducted by OPM, and the internal evaluation, planned and conducted by the Air Force, are comprehensive in nature and more detailed than practical for publication in the Federal Register. This plan ensures employees and interested parties that a comprehensive evaluation will be conducted, but it cannot detail all the proposed measures for each initiative, the hypotheses, or show the data collection instruments. This is available in a project evaluation plan. That plan and, once underway, the results from the project evaluation will be available upon request from the addresses listed under **FOR FURTHER INFORMATION CONTACT** in this document. Regarding human use, investigation revealed that 32 CFR 219.102 (e) ''Protection of Human Subjects'' specifically excludes research activities regulated by a federal agency from the requirements relating to human experimentation where the regulating agency has a broader responsibility to regulate, such as pay and classification by OPM. As such, personnel demonstrations under OPM are not subject to these authorities.

(7) Armstrong Laboratory Program 8 Employees

Comments. Several employees commented that their positions were not research oriented and should be excluded from the demonstration project. These employees believe their work is a clinical diagnostic service and does not lend itself well to assessment under the six factors of CCS.

Response. During the development process, several steps were taken to determine whether or not CCS should apply to Program 8 employees at Armstrong Laboratory. The development team for classification and CCS included a supervisor from the Program 8 area for the express purpose of ensuring that the factor levels adequately portrayed contributions available to these employees. Additionally, position descriptions for these employees were reviewed and determined to include research and development activities. However, due to the public comments received, a review of the existing classification of employees assigned to Program 8 at Armstrong Laboratory will be completed prior to implementation. Once the accuracy of their classification has been verified, a separate determination on inclusion or exclusion from the demonstration project will be made on a case by case basis.

4. Demonstration Project System Changes

The following directs a reader to the substantive changes and clarifications to the project plan. The page numbers below refer to the pages of the proposed plan, published in the Federal Register on May 15, 1996.

(1) On pages 24624 and 24625, the FY97 Authorization Act included wording which affects the external hiring provisions of the demonstration project; categorical hiring procedures proposed in the original proposal have been excluded. In addition, provisions for contingent appointments have been clarified to state that these appointments are competitive; are limited to 4 years; and include most benefits.

(2) On pages 24625 and 24639, the definition of ''current'' GS/GM grade for purposes of conversion into the demonstration has been clarified as being the official permanent GS/GM grade of record.

(3) On pages 24631 and 24633, a factor assessment score of 5.9 has been added for those employees who have demonstrated contributions exceeding the maximum of level IV. The maximum total CCS score, however, remains at 4.9.

(4) On pages 24631 and 24632, the provisions for a midyear feedback have been extended to include an assessment, from both employees and higher level management, of supervisory qualities and skills for all supervisors, military and civilian.

(5) On pages 24631 and 24632, the section headed ''The 'Standard Pay Line' (SPL)'' has been clarified to more explicitly state the constraints of the broadband system, analyses and selection of a linear equation for the SPL, and derivation of the equation. An explicit statement has been added that employees will not have CCS scores until after the first CCS assessment process which occurs in October 1997.

(6) On page 24633, provisions for reporting CCS data and providing employee feedback on their relative standing within the pay pool have been adopted.

(7) On page 24633, processes for providing annual CCS scores for employees under special circumstances have been stated.

(8) On page 24634, provisions for the equitable treatment of employees affected by high grade restrictions have been clarified in the section headed ''Salary Adjustment Guidelines.''

(9) On page 24635, the ''E-Zones'' have been expanded to + and −0.25 CCS to capture the full range of the broadband level salaries.

(10) On page 24637, an explanation that the procedures for contribution-based reduction in pay or removal actions, similar to those established under the traditional civil service system, has been added.

(11) On page 24637, provisions for local Staff Judge Advocate review of Voluntary Emeritus Corps agreements have been adopted.

(12) On page 24638, the FY97 Authorization Act included wording which affects the reduction-in-force provisions of the demonstration project. The new RIF procedures proposed in the original proposal have been excluded. Provisions for using the CCS assessment rating to credit additional service under RIF have been added.

(13) On pages 24639 through 24641, the section ''Evaluation Plan'' has been replaced with a clearer, more concise statement. A formal evaluation plan, which is not practical for publication in the Federal Register, will be made available to employees upon request.

(14) On page 24641, the section ''Cost Neutrality'' has been replaced with a section on out year project costs to better describe the strategy for evaluating project costs.

Dated: November 22, 1996.

Office of Personnel Management

James B. King,

Director.

Table of Contents

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 project 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 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 project, 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 employ 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, positions 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 positions with employees so as to maximize their productivity and effectiveness. 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 needs 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 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 job satisfaction for their employees versus that for the federal workforce in general. Therefore, in addition to the expected benefits mentioned above, it is anticipated that the Air Force demonstration project will result in more satisfied employees as a consequence of the demonstration's 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 broadband. 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.
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 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
GS–12 and below	826
Total	2791
Occupational Series	40
Duty Location	17
Veterans	19.78%
Union Representation	
NFFE	
Eglin AFB, Florida	145
Hanscom AFB, Massachusetts	233
Tyndall AFB, Florida	33
IFPTE	
McClellan AFB, California	9

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 subject to 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 OPM's 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.

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 will be competitive and is designed to attract high quality new scientists and engineers 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 toward 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 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 facilitate 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 Standards and Technology (NIST), advancement within the system is contingent on merit.

There will be four broadband levels in the demonstration project, 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; 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 permanent GS/GM grade of record. 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 40 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 demonstration project. 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 demonstration project, 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 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 the guidance of a 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 the guidance of a 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 a 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 a 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 Labs/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 a 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, innovative, and 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 a professional reputation in national and international technical communities.

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 demonstration project's 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 presently 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 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; the contribution factor weights which apply to the job category previously selected; and other relevant position description elements. 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 OPM's ''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 a 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.

FACTOR 1.—TECHNICAL PROBLEM SOLVING

Level	Descriptor	Key elements
I	Conducts in-house technical activities and/or may provide contract technical direction with guidance from supervisor or higher level scientist or engineer.	Scope of Project/Level of Impact.
	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.	Technical Complexity/Creativity.
	Recognized within own organization for technical ability in assigned areas	Recognition.
II	Conducts in-house technical activities and/or provides contract technical direction to programs of moderate size and complexity with minimal oversight.	Scope of Project/Level of Impact.

FACTOR 1.—TECHNICAL PROBLEM SOLVING—Continued

Level	Descriptor	Key elements
	Contributes technical ideas and conceives and defines solutions to technical problems of moderate size or complexity.	Technical Complexity/Creativity
	Recognized internally and externally by peers, both in governmental and industrial activities, for technical expertise.	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.	Scope of Project/Level of Impact.
	Develops solutions to diverse, complex problems involving various functional areas and disciplines. Conducts and/or directs large programs in technically complex areas.	Technical Complexity/Creativity.
	Recognized within the laboratory, service, DoD, industry, and academia for technical expertise and has established a professional reputation in national technical community.	Recognition.
IV	Independently defines, leads, and manages the most challenging, innovative, and complex technical activities/programs consistent with general guidance or independently directs overall R&D program.	Scope of Project/Level of Impact.
	Conceives and develops creative solutions to the most complex problems requiring highly specialized areas of technical expertise.	Technical Complexity/Creativity.
	Recognized within the laboratory, service, DoD, and other agencies for broad technical area expertise and has established a professional reputation in national and international technical communities.	Recognition.

FACTOR 2.—COMMUNICATIONS/REPORTING

Level	Descriptor	Key elements
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.	Written and Oral.
	Effectively presents technical results of own studies, tasks, or contract results	Breadth of Responsibility.
	Material is presented either orally or in writing, within own organization or to limited external contacts.	Level/Diversity of Audiences.
	Conducts these activities under the guidance of a supervisor and/or team leader	Oversight Required.
II	Writes or is a 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.	Written and Oral.
	Effectively prepares and presents own and/or team technical results.	Breadth of Responsibility.
	Communicates work to varied laboratory, scientific, industry, and other government audiences.	Level/Diversity of Audiences.
	May prepare and present presentations on critical program for use at higher levels with some guidance.	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.	Written and Oral.
	Prepares and presents technical and/or financial and programmatic briefings and documentation for team, organization, or technical area.	Breadth of Responsibility.
	Prepares and delivers presentations for major projects and technology areas to scientific and/or government audiences.	Level/Diversity of Audiences.
	Reviews oral presentation of others. Communication and reporting functions conducted with minimal higher level oversight.	Oversight Required.
IV	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.	Written and Oral.
	Prepares and presents technical and/or financial and programmatic briefings and documentation for breadth of programs at or above own level.	Breadth of Responsibility.
	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.	Level/Diversity of Audiences.
	Singularly responsible for overall quality and timeliness of technical/scientific/programmatic reports and presentations of group and self.	Oversight Required.

FACTOR 3.—CORPORATE RESOURCE MANAGEMENT

Level	Descriptor	Key elements
I	May coordinate elements of in-house work units or assist in managing a scientific or support contract.	In-House/Contract Managing.
	Uses personal and assigned resources efficiently under the guidance of a supervisor or team leader.	Size and Complexity.

FACTOR 3.—CORPORATE RESOURCE MANAGEMENT—Continued

Level	Descriptor	Key elements
	As an understanding of organizational activities, policies, and objectives is gained, participates in team planning.	Make/Buy/Rely.
II	Manages all aspects of technically complex in-house work units or one or more contractual efforts in assigned program area.	In-House/Contract Managing.
	Effectively plans and controls all assigned resources. Makes and meets time and budget estimates on assigned projects or takes appropriate corrective action.	Size and Complexity.
	Participates in organizational or strategic planning at team level, taking cognizance of complementary projects elsewhere to ensure optimal use of resources.	Make/Buy/Rely
III	Defines program strategy and resource allocations for in-house and/or contractual programs.	In-House/Contract Managing.
	For assigned technical areas, conducts program planning, coordination, and/or documentation (master plans, roadmaps, Joint Director of Labs/Reliance, etc.). Advocates to laboratory and/or higher headquarters on budgetary and programmatic issues for resources.	Size and Complexity.
	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.	Make/Buy/Rely.
IV	Defines technology area strategy and resource allocations for in-house and contractual programs.	In-House/Contract Managing.
	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.	Size and Complexity.
	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.	Make/Buy/Rely.

FACTOR 4.—TECHNOLOGY TRANSITION/TECHNOLOGY TRANSFER

Level	Descriptor	Key elements
I	Participates as a team member in demonstrating technology and in interacting with internal/external customers.	Customer Interaction Level.
	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).	Partnership/Level of Independence.
	Seeks out and uses relevant outside technologies in assigned projects	Leveraging Outside Technology.
II	Develops demonstrations and interacts independently with internal/external customers	Customer Interaction Level.
	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).	Partnership/Level of Independence.
	Evaluates and incorporates appropriate outside technology in individual or team activities	Leveraging Outside Technology.
III	Develops customer base and expands opportunities for technology transition and transfer.	Customer Interaction Level.
	Leads or serves as a 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).	Partnership/Level of Independence.
	Ensures incorporation of outside technology within laboratory programs	Leveraging Outside Technology.
IV	Organizes, leads, and markets overall technology transition and transfer activities for organization at senior management levels.	Customer Interaction Level.
	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.	Partnership/Level of Independence.
	Creates an environment that encourages widespread exploitation of both national and international technologies.	Leveraging Outside Technology.

FACTOR 5.—R&D BUSINESS DEVELOPMENT

Level	Descriptor	Key elements
I	As a team member, communicates with customers to understand customer requirements	Customer Interaction Level.
	By maintaining currency in area of expertise, contributes as a team member to new program development.	Knowledge and Level of Planning.
	May technically participate in writing proposals to establish new business opportunities ...	Knowledge of Market/Success in Getting Funds.

FACTOR 5.—R&D BUSINESS DEVELOPMENT—Continued

Level	Descriptor	Key elements
II	Initiates meetings and interactions with customers to understand customer needs	Customer Interaction Level.
	Generates key ideas for program development based on understanding of technology and customer needs. Demonstrates expertise to internal/external customers.	Knowledge and Level of Planning.
	Contributes technically to proposal preparation and marketing to establish new business opportunities.	Knowledge of Market/Success in Getting Funds.
III	Works to establish customer alliances and translates customer needs to programs in a particular technical area.	Customer Interaction Level.
	Develops feasible research strategies and/or business strategies for new technical activities.	Knowledge and Level of Planning.
	Seeks joint program coalitions with other agencies and funding opportunities from outside organizations. Pursues near-term business opportunities through proposals.	Knowledge of Market/Success in Getting Funds.
IV	Works with the senior management level to stimulate development of customer alliances for several technical areas.	Customer Interaction Level.
	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.	Knowledge and Level of Planning.
	Secures business opportunities supporting long-term mission relevancy through targeted proposals and processes.	Knowledge of Market/Success in Getting Funds.

FACTOR 6.—COOPERATION AND SUPERVISION

Level	Descriptor	Key elements
I	Contributes to all aspects of teams' responsibilities	Team Role.
	May technically guide or mentor less experienced personnel on limited aspects of scientific or engineering efforts.	Breadth of Influence.
	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.	Supervision and 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.	Team Role.
	May guide on a daily basis, technical, programmatic, and administrative efforts of individuals or team members.	Breadth of Influence.
	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.	Supervision and Subordinate Development.
	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.	Supervision and Guidance Received.
III	Is sought out for consultation and mentors team members	Team Role.
	Guides the research, technical and/or programmatic, and administrative efforts of individuals or teams with accountability for focus and quality.	Breadth of Influence.
	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.	Supervision and Subordinate Development.
	Receives only broad policy and administrative guidance from supervisor, such as initiation and curtailment of programs.	Supervision and Guidance Received.
IV	Establishes team charters and develops future team leaders and supervisors	Team Role.
	Leads and manages all aspects of subordinates' or team members' efforts with complete accountability for mission and programmatic success.	Breadth of Influence.
	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.	Supervision and Subordinate Development.
	Works within the framework of agency policies, mission objectives, and time and funding limitations.	Supervision and 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. Likewise, a factor score of 5.9 can be assigned if the employee's contribution exceeds the maximum level IV 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 that will address employees' professional qualities including, for supervisors, supervisory qualities and skills. The supervisory feedback will include input from both

employees and higher level management.

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 project will be the rate for GS–15/Step–10. Decisions for broadband movement (section III D 6) are also based on this relationship.

Salary increase dollars to fund the pay pool are based on funds available from general pay increases, step increases, and promotions. Pay pool dollars are not transferable between pay pools. No changes will be made to locality pay under the demonstration project.

2. The ''Standard Pay Line'' (SPL)

A mathematical relationship between assessed contribution and compensation must be defined in order to have a Contribution-based Compensation System. Various mathematical relationships between each CCS score and the appropriate corresponding salary rate were examined and analyzed given the following systemic constraints. First, CCS necessitates that the relationship be described by a single equation that yields a reasonable correlation between salaries in the broadband levels and those of the corresponding GS grade(s). Second, neither the equation nor its derivative(s) can exhibit singularities within or between levels. That is, the equation must be continuous, smooth, and well-defined across the four broadband levels. Third, the relationship may not yield disincentives or inequities between employees or groups of employees; it must demonstrate equitable (i.e., consistent) growth at each CCS score. Mathematical analysis demonstrated that the most reasonable relationship is a straight line—''the standard pay line'' (SPL).

Derivation of the SPL was based on distributing the General Schedule grades and steps across the corresponding broadband levels and plotting these against the GS salaries. 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 fit'' analysis, the best straight line fit to this weighted data was computed and is illustrated in Figure 1.

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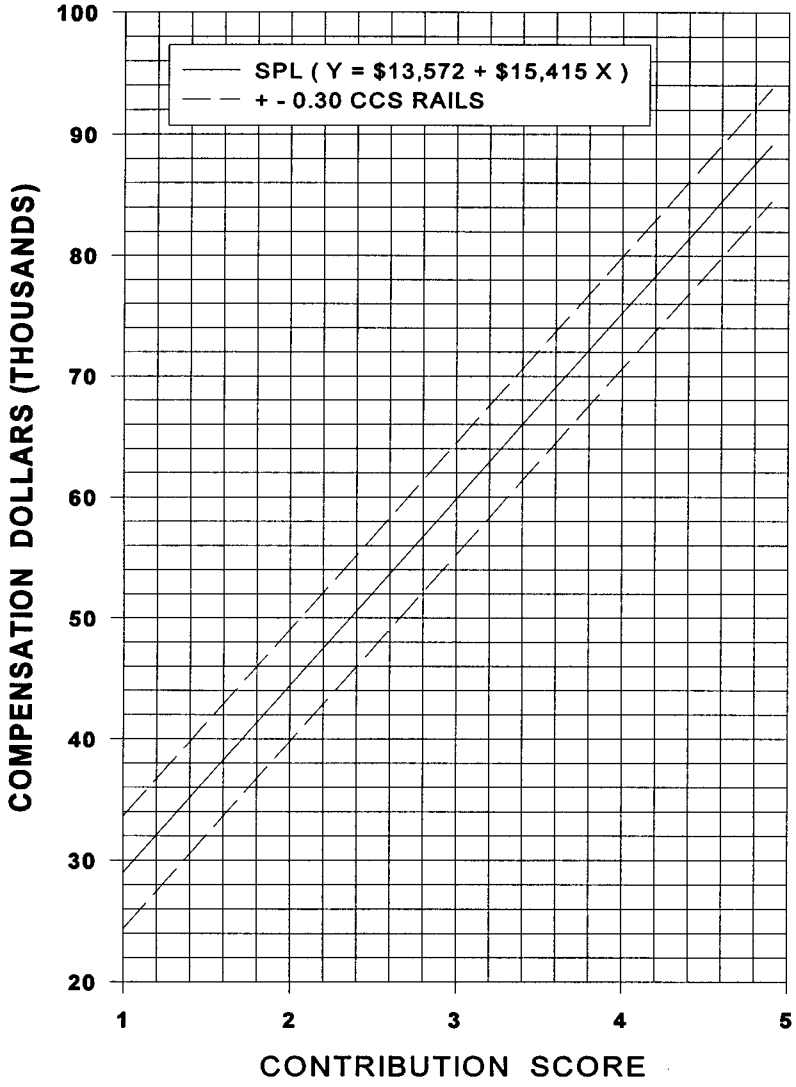
FIGURE 1 - CCS RELATIONSHIP



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

COMPENSATION=$13,572 +$15,415 ×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: COMPENSATION = $13,843 + $15,723 × 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.

Although a correlation with the GS system was used in the derivation of the SPL, employees will enter the demonstration project without a loss of pay (as detailed later in the ''Conversion to the Demonstration Project'' section) and without a CCS score. The first CCS score will result from the first annual CCS assessment process in October 1997. Until then, no employee is either undercompensated or overcompensated. Employees, however, may determine their expected contribution level by locating the intersection of their salary with the SPL. Rails were constructed at + and − 0.3 CCS around the SPL. 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 October 1 and ends on September 30 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 be conducted for all S&Es, both supervisory and non-supervisory employees. At this time, the employee's professional qualities will be discussed as well as future professional development and career opportunities. Additionally, this midyear review will include feedback of supervisory qualities and skills for all supervisors, military and civilian. The supervisor

conducting the feedback session with subordinate supervisors will solicit employee input on the supervisor's qualities and skills. This enables supervisors to receive feedback from higher level management as well as from those they supervise for the purpose of future professional development. To highlight its importance, all feedback sessions will be certified as completed by the supervisor conducting the feedback session.

At the end of the annual 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. Likewise, a factor score of 5.9 can be assigned if the employee demonstrates a contribution that exceeds the maximum for level IV. Supervisors must document adequate justification for each proposed factor score of either 0.0 or 5.9.

Factor scores are then averaged to give a total CCS score. The broadband is well defined for total CCS scores from 1.0 to 4.9. Differing degrees of ''exceeded'' or ''failed'' contributions, reflective of total CCS scores outside this range, have no impact on CCS payouts. The maximum compensation for the broadband is the GS–15/Step-10 salary and equates to a total CCS score of just below 4.9. Therefore, when the average of CCS factor scores exceed 4.9, the total CCS score will be set to 4.9 with the individual identified to upper management as having exceeded the maximum contribution defined by the broadband. Employees with a total CCS score below 1.0 are automatically deemed to be above the upper rail for purposes of CCS assessment and associated salary adjustments.

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 that 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. The employee will also be given a statistical correlation (e.g., quartile, etc.) pertaining to their relative standing within the pay pool.

When S&E employees are newly hired or transferred into the demonstration, their contribution score is presumed to be at the location of the intersection of their salary with the SPL. If on October 1, the employee has served under CCS for less than 6 months, the supervisor will wait for the subsequent annual cycle to assess the employee. The first CCS assessment must be rendered within 18 months after entering the demonstration project.

When an employee cannot be evaluated readily by the normal CCS assessment process due to special circumstances that take the individual away from normal duties or duty station (e.g., long-term full-time training, active military duty, extended sick leave, leave without pay, etc.), the supervisor will document the special circumstances on the assessment form. The supervisor will then assess the employee using one of the following options:

(a) Recertify the employee's last contribution assessment; or

(b) Assign an assessment which places the employee on the SPL at the employee's current salary.

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. For historical and analytical purposes, the effective date of CCS assessments; actual assessment scores; SPL coordinate scores prior to salary adjustments; actual salary increases; amounts contributed to the pay pool; individual ΔXs; and applicable ''bonus'' amounts will be maintained for each demonstration project employee.

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; (d) the pay pool manager (for instance, a division chief or directorate chief) holds yearly pay adjustment authority; and (e) neither the pay pool manager nor supervisors within the pay pool will recommend or set their own individual pay. 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 project and is considered adjustable to ensure cost neutrality over the life of the demonstration project. The dollars derived from ''G'' and ''I'' to be included in the pay pool will be computed based on the salaries of employees in the pay pool as of September 30 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 (ΔY) of the degree of overcompensation or undercompensation for the employees. This permits all employees within a pay pool to be rank-ordered by ΔY, from the most undercompensated employee to the most overcompensated.

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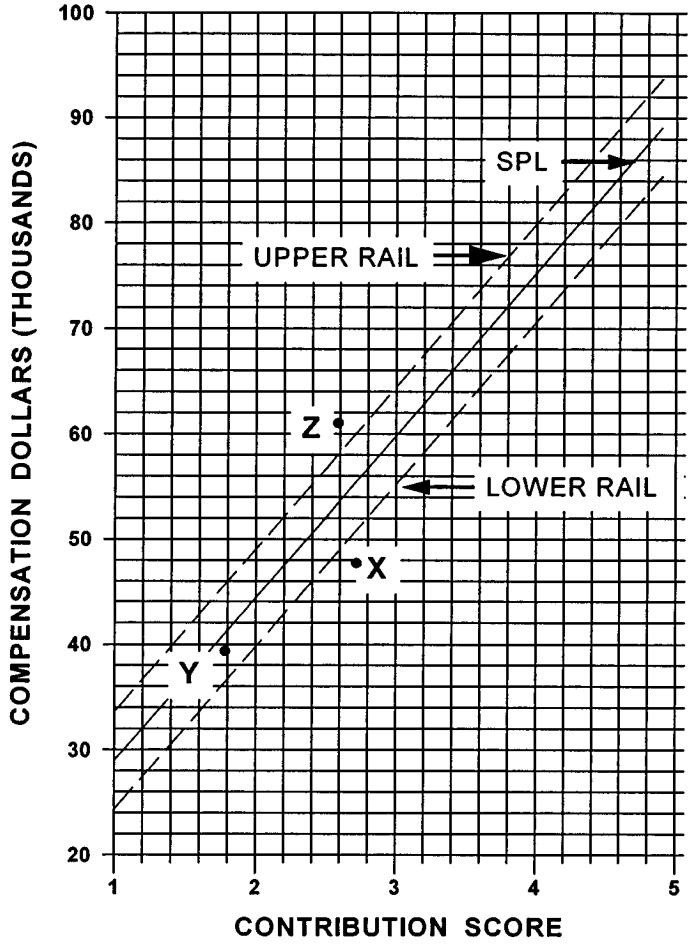
FIGURE 2 - EMPLOYEE POSITIONING



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In general, those employees who fall below the SPL (indicating undercompensation, for example, employee X in Figure 2) should expect to receive greater salary increases than those who fall above the line (indicating overcompensation, 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.

Employees whose CCS score would result in awarding of ''I'' money such that the salary exceeds the maximum salary for broadband level II would be eligible for one of the following: movement into level III if a high grade allocation exists (section III D 6), or salary adjustment to the maximum salary in level II and a ''bonus'' payout of the additional ''I'' funds warranted by the assessment.

Initially, the value of ''I'' will be 2.4%; the percentage, however, may be changed to ensure cost neutrality in future years. 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 over the project life, and be subject to review. The maximum available pay rate under this demonstration project 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. 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 traditional 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 Experience (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 + 0.25 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 3.25. Likewise, the minimum salary for level III would be the salary from the SPL corresponding to a CCS score of 2.75. 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, 0.5 CCS, and height. The E zone is described as the box formed by the intersection of the integer + and − 0.25 CCS lines and the SPL.

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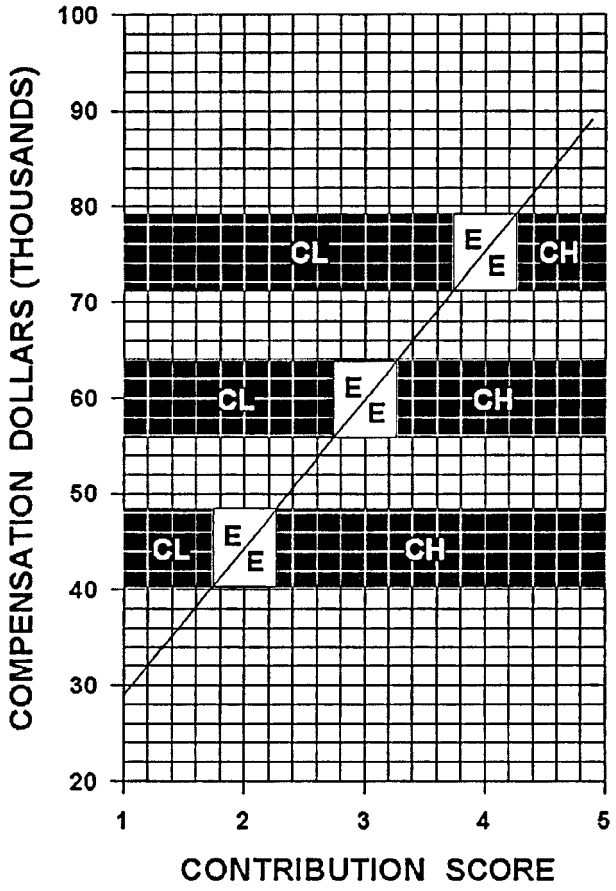
FIGURE 3 - OVERLAP AREAS



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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 consistent assessments 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. 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 ''bonus'' payment from pay pool funds and not permanently increase base salary. 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 selection procedures approved by the Air Force. Demonstration project employees selected for positions at a higher broadband level will receive the salary corresponding to the minimum of the new broadband level or their existing salary, whichever is greater. Under the approved competitive selection 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 project will be assigned to one of five job categories:

(a) Supervisor & Manager, primary function is to supervise other employees and/or to direct the work of an organization or organizational segment;

(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 project.

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 overcompensated 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 undercompensated 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 it 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 project is implemented and run through September 30, 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.

11. Using the CCS Assessment Score as Additional Service Credit During Reduction-in-Force

For broadband levels I through III, CCS assessment scores below the lower rail (a ΔX greater than +0.30) will equate to 20 additional years of service. Scores within the rails but on or below the SPL (a ΔX equal to or greater than 0.00 and less than or equal to +0.30) will equate to 16 years of service. Scores within the rails but above the SPL (a ΔX equal to or greater than -0.30 and less than 0.00) will be credited with 12 years of service. No additional years of service will be given for assessment scores above the upper rail (a ΔX less than -0.30).

Because of the upper pay limit imposed on broadband level IV and the slope of the SPL, employees at the top salaries of that level have no opportunity to score below the lower rail. Therefore, three categories of additional service credit will be defined for RIF purposes within broadband level IV: (1) Employees with CCS assessments on or below the SPL (a ΔX equal to or greater than 0.00), (2) those with CCS assessments above the SPL but on or below the upper rail (a ΔX equal to or greater than -0.30 and less than 0.00), and (3) those with CCS assessments above the upper rail (a ΔX less than -0.30). For broadband level IV, CCS assessment scores on or below the SPL (a ΔX equal to or greater than 0.00) will equate to 20 years of service. Scores above the SPL but on or below the upper rail (a ΔX equal to or greater than -0.30 and less than 0.00) will be credited with 12 years of service. No additional years of service will be given for assessment scores above the upper rail (a ΔX less than -0.30).

E. Contribution-based Reduction in Pay or Removal Actions

CCS is a contribution-based assessment system that goes beyond a performance-based rating system. Contribution is measured against six factors each having four levels of increasing contribution corresponding to the four broadband levels. This section applies to reduction in pay or removal of demonstration project employees based solely on inadequate contribution. The following procedures are similar to and replace those established in 5 CFR 432 pertaining to performance-based reduction in grade and removal actions. Adverse action 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, but fails to do so, 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 as specified in 5 CFR 432.106.

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 therefor, 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 or solicitations 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 will be reviewed by the local Staff Judge Advocate representative responsible for ethics determinations under the Joint Ethics Regulation. 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 service credit for such purposes as retirement, severance pay, and leave 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

A separate competitive area will be established by geographic location for all laboratory personnel included in the demonstration project.

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 designees, will observe and participate with the appropriate Civilian Personnel representative in all placement actions.

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 that everyone has a comprehensive understanding of the program and to emphasize the benefits to employees. Additional supervisory 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) Laboratory S&Es included in the demonstration,

(b) Civilian and military supervisors and managers, and

(c) Administrative support and civilian personnel office personnel who must understand laboratory operations under the demonstration project.

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 the permanent GS/GM grade and step of record 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 areas. 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 project. The project evaluation plan adequately addresses how each intervention will be comprehensively evaluated for at least the first 5 years of the demonstration project. 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 project 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. The overall evaluation consists of two components—external and internal evaluation. The external evaluation for the four Air Force laboratories is part of a larger effort involving evaluation of demonstration projects in a total of 24 reinvention laboratories in three military services. External evaluation will be overseen by the Office of Merit Systems Oversight and Effectiveness, OPM, and the Director Defense Research and Engineering (DDR&E) and Civilian Personnel Policy (CPP), DoD. OPM's Personnel Resources and Development Center (DPRC) will serve in the role of external evaluator to ensure the integrity of the evaluation process, outcomes, and interpretation of results. The internal evaluation will be accomplished by the staff of the Air Force laboratories.

The main purpose of the evaluation is to determine the effectiveness of the personnel system changes to be undertaken by the laboratories. To the extent possible, cause-and-effect relationships between the changes and personnel system effectiveness criteria will be established. The evaluation approach uses an intervention impact model which specifies each personnel system change as an intervention, the expected effects of each intervention, the corresponding measures, and the data sources for obtaining the measures. Table 4 presents an example of the intervention impact model.

TABLE 4.—INTERVENTION IMPACT EVALUATION MODEL

Interventions	Expected effects	Measures	Data sources
1. Compensation			
a. Broadbanding	A. Increased organizational flexibility	1. Perceived flexibility	Attitude survey.
	B. Reduced administrative work load, paperwork reduction.	1. Actual/perceived time savings	Personnel office data, PME results, attitude survey.
	C. Advanced in-hire rates	1. Starting salaries of banded vs non-banded employees.	Work force data.
	D. More gradual pay progression at entry levels.	1. Progression of new hires over time by band, career path.	Work force data.
	E. Increased pay potential	1. Mean salaries by band, career path, demographics.	Work force data.
	F. Higher average salaries	1. Total payroll cost	Work force data.
	G. Increased satisfaction with advancement.	1. Employee perceptions of advancement.	Attitude survey.
	H. Increased pay satisfaction	1. Pay satisfaction, internal/external equity.	Attitude survey.
	I. Improved recruitment	1. Offer/acceptance ratios	Personnel office data.
		2. Percent declinations	Personnel office data.
	J. No change in high grade (GS–14+) distribution.	1. Number/percentage of employees at high grade salaries pre/post banding.	Work force data.
2. Contribution/Performance Management and Assessment			

TABLE 4.—INTERVENTION IMPACT EVALUATION MODEL—Continued

Interventions	Expected effects	Measures	Data sources
a. Cash awards/bonuses	A. Reward/motivate contribution/performance.	1. Amount and number of awards by career path, demographics performance.	Work force data.
		2. Perceived motivational power	Attitude survey.
		3. Perceived fairness of awards	Attitude survey.
b. Contribution-based pay progression	A. Increased pay-contribution link	1. Pay-contribution correlations	Work force data.
		2. Perceived pay-contribution link	Attitude survey.
		3. Perceived fairness of ratings	Attitude survey.
		4. Satisfaction with ratings	Attitude survey.
		5. Employee trust in supervisors	Attitude survey.
	B. Improved contribution/performance feedback.	1. Adequacy of contribution/performance feedback.	Attitude survey.
	C. Increased retention of high contributors.	1. Turnover by contribution assessment.	Work force data.
	D. Increased turnover of low contributors.	1. Turnover by contribution assessment.	Work force data.

The specific measures to be collected using the different methods are determined 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 outcomes of the interventions are hypothesized to lead to laboratory personnel management improvements, as reflected by timeliness, cost-effectiveness, and quality.

A quasi-experimental design with pre- and post-implementation comparisons will be employed. Baseline measures are being taken prior to project implementation. Then, repeated measurements will be taken post-implementation to allow longitudinal comparisons by intervention within and across the four Air Force laboratories. Additional features of the design call for comparisons of Air Force results to those for the other 20 service laboratories that are expected to be part of the demonstration program, as well as to those for the original Navy demonstration project conducted at China Lake and San Diego. Further comparisons for pay purposes will be conducted with a composite comparison group covering similar occupations and job series to be constructed from OPM's Central Personnel Data File.

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 assessment of external economic and legislative changes. Other methods such as periodic attitude surveys, structured interviews, and focus groups will be used to assess the perceptions of laboratory managers, supervisors, scientists, and engineers regarding the personnel system changes and the performance of their organizations in general.

In addition to the intervention impact model, a general context model will be used to determine the effects of potential intervening variables, e.g., downsizing, regionalization of the personnel function, and the state of the economy in general. Potential unintended outcomes will also be monitored, and an attempt will be made by the external evaluation team to link the outcomes of project interventions to organizational effectiveness.

The evaluation effort will consist of two main phases: formative and summative evaluation covering 5 years. The formative evaluation phase will include baseline data collection and analyses, implementation evaluation, and interim assessments.

Periodic reports and annual summaries will be prepared to document the findings. The summative evaluation phase will focus on an overall assessment of project outcomes after 5 years.

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 has fallen below fully successful.

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.

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 project 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.

B. Out Year Project Costs

The overall demonstration cost strategy will be to balance project costs with benefits of the demonstration project to bring about the projected improvements to the Air Force laboratories. The project evaluation results will be used to ensure that out year project costs remain neutral over the life of the project. 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 evaluations. In addition, simulations and models will be run to estimate future workforce and cost trends.

The amount of the ''I'' value in the out years will be determined as part of the yearly project evaluation process, starting with a review of the prior year's data by the Air Force Laboratory Demonstration Project Executive Steering Committee. The ''I'' value determination will be based on a balancing of appropriate factors, including the following: (1) Historical spending for within-grade increases, quality step increases, and in-level career promotions (with dynamic adjustments to account for changes in law or in staffing factors—e.g., average starting salaries and the distribution of employees among job categories and broadband levels); (2) labor market conditions and the need to recruit and retain a skilled workforce to meet the business needs of the organization; and (3) the fiscal condition of the organization. Given the implications of base pay increases on long-term pay and benefit costs, the ''I'' value will be determined after cost analysis with documentation of the mission-driven rationale for the amount. As part of the evaluation of the project by AF, DoD, and OPM, the base pay costs (including average salaries) under the demonstration project will be tracked and compared to the base pay costs under similar demonstration projects and under a simulation model that replicates General Schedule spending. These evaluations will balance costs incurred against benefits gained so that both fiscal responsibility and project success are given appropriate weight.

C. Personnel Policy Boards

Each laboratory shall establish a Personnel Policy Board for the demonstration project that will consist of the senior civilian in each directorate within the laboratory and be chaired by the laboratory executive director. The board is 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,

(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, and

(i) 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, simulation, 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 5. Project evaluation costs will continue for at least the first 5 years and may continue beyond.

TABLE 5—PROJECTED DEVELOPMENTAL COSTS

[Then Year Dollars]

	FY95	FY96	FY97	FY98	FY99
Training	$170K	$120K	.....	.....	.....
Project Evaluation	20K	192K	280K	280K	280K
Automation/Simulation	.....	150K	240K	125K	75K
Data Systems	.....	260K	.....	.....	.....
Totals	190K	722K	520K	405K	355K

IX. Required Waivers to Law and Regulation*

A. Waivers to Title 5, United States Code

Chapter 31, Section 3111: Acceptance of volunteer service.

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); 5303–5305; 5331–5336; and 5361–5366: Related to special pay; pay rates and systems; grade and pay retention (Sections 5301, 5302 (8) and (9), and 5304 are waived 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).

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).

B. Waivers to Title 5, Code of Federal Regulations

Part 300, Sections 300.601 through 300.605: Time-in-grade restrictions.

Part 308, Sections 308.101 through 308.103: Volunteer service.

Part 315, Sections 315.801 and 315.802: Probationary period.

Part 334, Section 334.102 : Temporary assignment of employees outside agency.

Part 340: Other than full-time career employment.

Part 430, Subpart A and Subpart B: Performance management; performance appraisal.

Part 432, Sections 432.103 through 432.105: Performance-based reduction-in-grade and removal actions.

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

Part 511, Subpart A, Subpart B, and Subpart F, sections 511.601 through 511.612: Classification within the General Schedule.

Part 530, Subpart C: Special salary rates.

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 550.703: Severance Pay, definition of ''reasonable offer'' (by replacing ''two grade or pay levels'' with ''one broadband level'' and ''grade or pay level'' with ''broadband level'') and 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).

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