

PART II. THE SYSTEM FOR DETERMINING BASIC PAY AND ALLOWANCES

Response Due: August 19, 1988

In this part, the questions seek descriptive information on the system or systems of the agency for determining the basic pay of employees.

Since the General Schedule classification and pay system for white collar work is well known, some of the questions are framed in a way that asks for a comparison of the agency system or systems with the main features of the General Schedule.

The NAPA study team already has information on some of these questions from some of the agencies under study. Where the team has sufficient information from specific agencies, that fact is noted and those agencies do not have to supply any additional information on those points. If no statement is made about this matter with respect to a particular question, NAPA needs a response to the question from all of the agencies involved in the study.

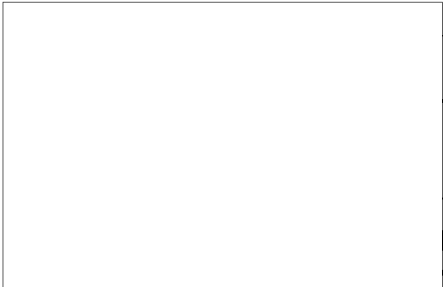
Some of the agencies are devoted exclusively to intelligence and counterintelligence missions (e.g, CIA, NSA, DIA). Those agencies should interpret the questions to apply to the whole agency. With respect to other agencies included in the study, i.e., the military intelligence services, the FBI, the State Department, the questions should be interpreted to apply only to the portions of the agencies that are devoted to intelligence or counterintelligence missions, and then only to the civilian staff devoted to those functions or to supporting those functions.

FORM OF PAY SYSTEMS:

Question 5. Does the agency maintain a rank-in-person pay system for any of its employees?

No. Agency pay systems are all rank-in-job systems. (If no, move on to Question 6.)

If yes, please describe the rank-in-person system or systems. *Personnel Management Handbook (attached to PART III) page 13*



What employees does the system cover?

What are the ranks and pay levels within the system?

Is there a method to match employees and their personal ranks with billets, positions, or duty assignments?

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- Does the rank in person system have an up-or-out advancement feature?

(NAPA has sufficient information on Question 5 from STATE. NAPA needs information on this question from CIA, NSA, DIA, the MILITARY INTELLIGENCE AGENCIES, and FBI.)

BASIC PAY FOR NONSUPERVISORY EMPLOYEES IN RANK-IN-JOB SYSTEMS

Question 6. Determining Basic Pay for Nonsupervisory Employees:

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With a rank-in-job system the first step in pay determination is to classify the position. Since the salary rate table is linked directly with the position classification structure of the system, the rate of basic pay for the employee follows automatically from the classification of the position. Question 6 is split into two parts. Question 6a. inquires about the structure of the position classification scheme in the agency, by comparison with the General Schedule classification scheme. Question 6b. inquires about the structure of the salary rates in the agency, by comparison with the salary rate table of the General Schedule.

Question 6a. Position Classification: How does the position classification scheme of the agency compare with the classification scheme of the General Schedule?

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In the General Schedule, the unit that is to be classified in the position. (Definition: the duties and responsibilities assigned to one employee.) The position is to be placed in a class. (Definition: all positions sufficiently similar as to kind of work and level of difficulty and responsibility and qualifications required as to be treated alike in pay setting and all other personnel management functions.)

The classification scheme of the General Schedule subdivides work first into occupations and second into grade levels. The universe of work is subdivided into 22 Occupational Groups, and then into 440 specific occupational series, which are defined by OPM. The levels of difficulty and responsibility are subdivided into 18 grades (15 for nonsupervisory work), which are defined in statute and further described in OPM classification standards.

What is the structure of the classification scheme or schemes used in the agency?

The agency uses the General Schedule occupational structure as specified by OPM and the General Schedule grade structure. (If no, move on to Question 6b.)

The agency uses a classification scheme that differs from the General Schedule structure. If so, please describe how the agency classification scheme differs from the General Schedule in terms of occupational (kind-of-work) subdivisions and grade (level-of-work) subdivisions. Please indicate whether the occupations and the grades are defined in a document that is available to employees, to supervisors, or to others.

(NAPA has sufficient information on Question 6a from CIA and STATE. NAPA needs information on this question from NSA, DIA, the MILITARY INTELLIGENCE SERVICES, and FBI.)

Question 6b. Salary Determination: The grade level of the position determines the pay level of the employee.

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The salary table of the General Schedule has 18 pay grades (15 for nonsupervisory work), and each grade is further subdivided into pay steps. The pay rates embodied in the table are revised periodically, and a new table is issued by an Executive order.

What is the structure of the salary table used in the agency for nonsupervisory work?

The agency adheres to the General Schedule salary table. (If so, move on to Question 6c.)

The agency uses a salary schedule for some or all of its employees that differs from the General Schedule. If so, please describe the major difference in terms of structure -- the number of pay levels, the steps within grades, the size of the differentials between steps, or other differences. Indicate the coverage of the non-GS pay schedule. Indicate how the pay rates in the non-GS schedules compare with the GS rates. Indicate whether the rates are revised from time to time, how frequently, and on what basis.

(NAPA has sufficient information on Question 6b from CIA and STATE. NAPA needs information on this question from NSA, DIA, the MILITARY INTELLIGENCE SERVICES, and FBI.)

Question 6c. Simplification of the Pay Determining Process:

Has the agency taken any steps to simplify the classification and pay system?

Under the General schedule, some Federal agencies are currently experimenting with alternative pay schedule structures and methods of deciding on pay for individuals.

Some of these experiments involve "pay banding." Two or more grade levels of the GS pay schedule are combined into a single pay band, and the separate pay steps within grades are eliminated. New employees can be started at any rate within the broader pay band that will enable the agency to match the relevant labor market rates. Pay changes of individual employees are not set by fixed step rates. The supervisor adjusts the pay of each employee periodically on the basis of individual performance.

Other experiments aim at more precision in adjustment of salary schedules to match labor market competition for the kinds of knowledges, skills, and abilities the agency needs. Typically, these experiments involve consideration of data about local pay rates for work that is comparable to that of the agency, instead of making the same adjustments nationwide based on average rates in a nationwide survey.

Has the agency tried these or other measures to simplify the structure of the pay schedule, or to link movement through pay levels to performance, or to reflect more precisely local pay rates for comparable work?



No. (If no, move on to Question 7.)



Yes. If yes, please respond to the following additional points:

Describe the experiments.

What is the status of any experiments of this kind?

Has the agency decided to adopt any changes in these systems? What benefits does the agency expect to flow from these changes?

- Has the agency decided not to adopt changes in these systems? What are the reasons for deciding not to make changes?

PERFORMANCE APPRAISAL IN RELATION TO PAY

Question 7. Performance Appraisal and Pay Decisions for Nonsupervisory Workers: How does the agency appraise the performance of nonsupervisory employees? What use is made of performance appraisals in making personnel management decisions?

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The agency adheres to the OPM regulations for the Performance Management System for nonsupervisory workers. (If so, move on to Question 8.)



The agency system for performance appraisal and for relating performance and personnel management decisions differs from the Government-wide Performance Management System. If so, please send a copy of the materials that describe the performance appraisal system, including performance rating instructions and rating forms. Some key points to cover:

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- Whether the agency uses individual performance standards or performance plans.
- The basis for individual performance standards - e.g....., the duties of the position, or a work plan for the rating period, or general statements of the functions and objectives of the organizational unit. *The Advance Work Plan is no longer mandatory as indicated in the "Performance Appraisal Handbook" and the "Personnel Management Handbook"*
- The ways in which performance ratings are considered in making decisions on granting or withholding within-grade step increases, on promotions to a higher pay level, including moving trainees up the career ladder, on selection for supervisory jobs, etc.
- Whether the agency grants awards to employees based on performance, specifically:
 - o Quality step increases: moving the employee to a higher pay step within grade based on performance.
 - o Cash awards for sustained superior performance over a time span.
- The ways in which performance ratings are considered in taking action on employees whose work is not satisfactory - e.g., counseling, retraining, reassignment, removal.

(NAPA has sufficient information on Question 7 from STATE. NAPA needs information on this question from CIA, NSA, DIA, the MILITARY SERVICES, and FBI.)

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BASIC PAY FOR SUPERVISORS AND MANAGERS IN RANK-IN-JOB SYSTEMS

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Question 8. Basic Pay for Supervisors and Managers: How does the agency determine the basic pay for supervisors and program managers (i.e., those not included in a

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senior executive service)? How does the system for determining basic pay for supervisors and managers compare with the system for determining basic pay for nonsupervisory work?

- In the General Schedule system, the first step in determining the pay of supervisors and managers is classification of the job. The grade levels and occupational structure for supervisory work are included in the same General Schedule as the grade levels and occupational structure for classifying nonsupervisory work. OPM has provided a single classification standard for all supervisory positions in grades up to GS-15 -- the Supervisory Grade Evaluation Guide (SGEG).

When the grade of the supervisory position has been determined, the pay rate follows from the same General Schedule salary table as is used for nonsupervisory positions. Supervisors up through grade GS-12, like nonsupervisory employees, receive annual comparability adjustments (when the whole schedule is adjusted); and they get within-grade step increases in the same manner and under the same rules as nonsupervisory employees.

The pay of supervisors and managers in grades GS-13, 14, and 15 is determined and adjusted under separate rules of the Performance Management and Recognition System (PMRS), at least until the PMRS legislation expires on September 30, 1989. This statute (Chapter 54 of Title 5, U.S. Code) prescribes for these employees a performance appraisal system with five possible levels of performance (from level 1 -- "Unacceptable" to level 5 -- "Outstanding"), and it mandates that the middle level -- "Fully successful" -- is to be defined in writing. The annual performance rating of the supervisor or manager in these three grades determines the amount of pay adjustment the employee will receive. The performance appraisal controls the pay raise in three categories:

- Annual (Comparability) Pay Adjustment -- full adjustment for performance at "Fully Successful" or above; lesser adjustment or no adjustment for performance below that level.
- Merit Increase -- an additional adjustment of base pay (equivalent to a within-grade increase or part of one) based on the performance rating.

- Performance Award -- a one-time, lump-sum "bonus" payment, representing a percentage of base pay; not added to base pay.

In the agency, how are supervisory and managerial positions (other than those in a senior executive service) classified, and how is basic pay of these employees calculated?



The agency follows the General Schedule classification and pay scheme for supervisors and managers. (If so, move on to Question 9.)



The agency uses a different scheme for classifying supervisory and managerial positions and for determining basic pay. If so, please provide a description of the system, including the classification of supervisory and managerial positions, and the role, if any, that performance plays in determining basic pay. If the agency has considered but not adopted a merit pay system or a pay-for-performance system for supervisors or managers, please describe the circumstances and the reasoning of the decision not to adopt such a system.

(NAPA has sufficient information on Question 8 from STATE. NAPA needs information on this question from CIA, NSA, DIA, the MILITARY INTELLIGENCE SERVICES, and FBI.)

PAY FOR EXECUTIVES

Question 9. Basic Pay in a Senior Executive Service: If the Agency has a senior executive service, what is the structure of the system of basic pay, and what are the rules and procedures for determining the basic pay of the executive?

In the Government-wide Senior Executive Service (SES), the statute (5 U.S.C. 5382) prescribes at least five levels of basic pay, to be established initially, and then adjusted, from time to time, by the President. The statute specifies the lower limit of the SES pay scale (equal to GS-16, step 1 of the General Schedule), and the upper limit (equal to level IV of the Executive Schedule).

Within that range, the President has actually prescribed six pay levels. The head of each agency decides what pay level to assign to each member of the SES in the agency. Since the SES is a rank-in-person system, the pay level is assigned to the individual and is not necessarily based on the grading of the job held by the individual, (although

the agency head may elect to consider the level of the job, or other factors, not specified in the statute, in determining the pay level of each individual.) The pay level of the individual may be adjusted once a year, upward any number of levels, downward one level a year, at the discretion of the agency head.

Career members of the SES are eligible to receive performance awards (bonuses) -- a one-time, lump-sum payment, representing a percentage of basic pay -- at the discretion of the agency head, based on the performance of the individual. Career members of the SES may also receive, from time to time, recognition by the President as a Meritorious Executive (up to five percent of the career executives per year may thus receive a one-time stipend of \$10,000), or as a Distinguished Executive (up to one percent of the career executives per year may thus receive a one-time stipend of \$20,000). Total compensation of one executive in a year may not exceed the pay of level I of the Executive Service.

Does the agency have a senior executive service?

No. (Move on to Question 10.)

Yes. If yes, please describe the pay structure of the senior executive service and the rules and procedures for determining and adjusting pay. See next two items:

Agency adheres to the Government-wide Senior Executive Service. (If so, move on to Question 10.)

Agency has a pay structure and pay-setting rules that are based on, but different from, those of the SES. If so, please describe.

(NAPA has sufficient information on Question 9 from STATE. NAPA needs information on this question from CIA, NSA, DIA, the MILITARY INTELLIGENCE SERVICES, and FBI.)

PAY IN ADDITION TO BASIC PAY

Question 10. Compensation in Addition to Basic Pay -- Adjustments, Additions, or Supplements to Basic Pay, or Allowances not Related to Basic Pay:

Listed below are several types of adjustments or additions to basic pay, or allowances that may supplement the basic pay of employees, supervisors, or managers. Please check off any or all of these

types of additional compensation the agency gives to employees in certain circumstances. Then, for each type of additional compensation, please provide a fuller explanation, covering the following:

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- Eligibility: who is eligible to receive the additional compensation and under what circumstances?
- Amount: what is the rate or amount of additional compensation and how is it calculated?
- Rationale: why is the additional compensation considered necessary?
- Extent: does the additional compensation apply only on domestic assignments, or also overseas? Does it apply only to nonsupervisory employees, or also to supervisors, managers, and senior executives?

(NOTE: Allowances that relate only to overseas assignments will be covered separately in Part III of this inquiry.)

The categories of possible additional compensation are:

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Special pay rates or special pay schedules for employees in lines of work that represent critical skills, or hard-to-fill jobs, or occupations in which the agency has difficulty recruiting new employees or retaining experienced employees because of salary competition from the private sector or from other government entities. (State what employees get these rates; whether the rates are a flat percentage of basic pay added onto basic pay, or special rates superimposed on the regular salary table, or a separate salary table, or some other form; whether the rates are geographically restricted or paid everywhere. Send a copy of any special salary schedules.)

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Incentive Awards:

Cash or honorary awards for one-time special acts or services, or for superior accomplishments.

Cash or honorary awards for ideas or suggestions that improve operational performance.

Cash or honorary awards for inventions.

Presidential Awards: Cash or honorary awards for contributions to economy, efficiency, or improvement

of Government, or for meritorious acts or services.



Pay Differentials:

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Extra pay for overtime work. (Indicate whether employees are exempt or non-exempt under the Fair Labor Standards Act (FLSA). Indicate the basis for calculating overtime pay, and limits on overtime pay, if any.)

Extra pay for night shift work.

Extra pay for work on Sundays or holidays.

Extra pay for being on-call, or subject to call-back.

Extra pay for work in hazardous conditions or under unusual physical hardships. (Indicate if hazard pay applies only to irregular or intermittent hazards or hardships that have not been considered in classification of the position, or automatically applies to all employees in certain occupations or locations.)

Extra pay for work at remote sites.



Special Allowances:

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One-time recruitment bonus to employees in hard-to-fill job categories.

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Extra pay allowance (one-time or continuous) to retain experienced employees in critical skills categories.

Incentive payments to employees to learn a language, or to improve or maintain language skills.

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Incentive payments to get employees interested in geographic reassignments. (Within U.S. only, or also overseas? To any location, or only to specific locations?

One-time lump-sum, or continuing addition to compensation?)

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Extra pay for living and working in high cost of living areas. (Which areas? How is it calculated?)

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Travel and Moving:

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Reimbursement for travel in connection with geographic relocation or training assignments.

Reimbursement for moving expenses.

Reimbursement for house-hunting trips, for lease-breaking, or for residential transaction fees.

Extra allowance for expense of relocating employee to permanent residence at time of retirement, or for relocating employee's dependents to permanent residence at time of death of employee in service.

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Other kinds of adjustments, additions, supplements, allowances, or stipends. (please describe.)

(NAPA has sufficient information on Question 10 from STATE. NAPA needs information on this question from CIA, NSA, DIA, the MILITARY INTELLIGENCE SERVICES, and FBI.)

DATA ON COSTS RELATING TO COMPENSATION

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Question 11. Costs of Pay and Benefits: In gross terms, what are the costs of compensation in the agency? Please provide the following data:

What was the total amount spent on human resources for the staff of the agency in the most recently completed fiscal year -- embracing all forms of compensation (basic pay, allowances, supplements, additions, overseas allowances, plus employee benefits paid by the agency, for all employees (nonsupervisory, supervisory, managerial, executives).

Has the amount spent on compensation been stable, increasing, or decreasing during the last five years? Does the amount of change in spending correlate with changes in staffing levels during the same period, or is the amount of change disproportionate with changes in staffing?

Indicate the percent of the total personnel costs that went into salaries and allowances, i.e., the payroll of the agency. Has this percentage been stable, increasing, or decreasing during the last five years? What accounts for the changes, if any?

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Indicate the percent of the total personnel costs that was spent on performance awards, bonuses, or other incentive payments related to work performance. Has this percentage been stable, increasing, or decreasing, over the last five years? What accounts for the changes, if any?

Indicate the percent of total personnel costs spent on extra pay and allowances for employees stationed abroad. Has this percentage been stable, increasing, or decreasing over the last five years? What accounts for the changes, if any?

Indicate the percent of total personnel costs spent on basic employee benefits -- health insurance, life insurance, and retirement. (If possible, break this down further to distinguish between health insurance spending, life insurance spending, and retirement spending by the agency.) Has this percentage been stable, increasing, or decreasing over the last five years? What accounts for the changes, if any?

(NAPA needs this data from CIA, NSA, and DIA only; not from STATE, or the MILITARY INTELLIGENCE SERVICES, or FBI.)