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*Instit of Standards & Technology*

National Bureau of Standards Briefing - 8/30/88  
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Participants:

NBS:	Elizabeth W. Stroud	- Personnel Director
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NBS Salary Demonstration Project

The authorization for this project is the NBS Authorization Act for FY 1987 with a 5 year duration. (See Attachment 1)

This act made the NBS and the OPM sole developers - Department of Commerce was not included in the development, but NBS kept them fully informed.

- This act allows NBS to direct hire (no title 5) the best qualified candidates (could have exempted themselves from VA hiring preferences, but chose not to). Attachment 2-2 illustrates this concept.
- Demo project is to be budget neutral 1st year only; N.B.S.'s goal is to maintain budget neutrality for the 5 year duration.
- GAO will evaluate this Demo Project at the end of 5 years.

Objectives of Project: (See Attachment 3, p. 3)

- Improve Hiring
- Motivate and Retain Staff
- Strengthen Manager's Role
- Increase Efficiency of Personnel System

Process:

- Set up a committee of their top management and the Personnel Director, plus an attorney from the Office of General Counsel.
- No prior approval from O.P.M. required, but O.P.M. was kept informed
- Their S.E.S. not covered by the project.

Background:

- NBS interviewed China Lake managers and employees; the principal issue was promotion from grade 13 to 14, and from 14 to 15.
- China Lake demo did pay banding, and focused on classification and pay for performance.

NBS's system also incorporates pay banding (see Attachment 2-1) which combines a series of GS grades into a single rate range without steps. There are separate pay bands for Scientific and Engineering, Scientific and Engineering Technician, Administrative, and Support.

Salary Package:

The act directed NBS to do a total compensation comparability study but they have done only the base salary because of the high cost (\$100,000/year) to do an actuarial study of the value of benefits to employees.

The annual salary package is the greater of:

1. The GS scale increase, or
2. Net increase in the deficiency (cost to reach their market target), or
3. Any part or all of the total deficiency.

The deficiency is developed from base salary data derived from BLS data by Hay Group, a contractor.

Administering the Package:

- Have their own classification description system that is automated.
- No institutional requirement for internal equity -- Ms. Stroud noted it would have destroyed flexibility; instead managers work the equity issue by administering salary increases at normal increase time to even out the equities.
- Ranking:
  - a) 1 - N Ranking by GL's
  - b) the interleaving by successively higher levels of management (Div Chiefs to Center Directors to Laboratory Heads (major operating unit heads)).

Then, from the interleavings (rankings) a forced ranking is done -- 25 percent outstanding, 35 percent commendable, 40 percent fully successful.

- Pay for Performance:

- a) Use a pay out matrix for each pay band. Those less than fully successful receive zero increases. The percentage in the matrix are determined by size of the salary package.

n.b. Everyone receives the percentage amount the pay bands move, without regard to their rankings. N.B.S. did discuss going to total merit and will review this again in approximately three years.

- Performance Appraisals:

The performance appraisals are completed for each employee but the best in the group could be ranked only fully successfully.

- Promotions:

Promotions require a new job description. To be promoted from the bottom of one pay band to the next requires an outstanding ranking. Promotion from the middle of the pay band requires a commendable or outstanding ranking, and promotion from the top of the pay band requires fully satisfactory or better ranking.

Promotion to above the midpoint requires approval of a Laboratory Head. A promotion to less than midpoint can be approved by lower levels.

- Communications:

- A contractor (WESTAT) was hired to interview each employee for the baseline study.
- Another contractor (URC) is doing the employee/manager evaluation.

- Other Features:

- Recruitment allowance of up to \$10,000 given over a six to twelve month time frame at discretion of Laboratory Director.
- Paid advertising is an option as soon as position opening meets normal approvals.

*Direct hire only?*

- Probation period of up to 3 years is available with the length of time being determined by the supervisor at the end of the first year.
- Retention allowance of up to \$10,000 must be approved by their internal Personnel/Management board. The law allows the same employee being repeatedly granted \$10,000 per year, but with the caveat that total base plus allowances, bonuses and awards not exceed \$99,500 per year. Top management approval required. Have made minimal use of this authority because most staff can get offer.
- RIF bumping is possible for employees within their career path, but only within with the three pay bands below their own.