

Impact of the Revised Regulations on the 2008 Pay Pool Process

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The Department expects its revised NSPS regulations that were published on September 26, 2008 to become effective prior to the effective date of this year's performance ratings and payouts. Therefore, pay pools may have to operate under the new NSPS policies during this year's pay pool process. To help you better understand what exactly is changing with the new regulations, the NSPS PEO has prepared the following summary of the impact of the revised regulations on the NSPS pay pool process.

Performance assessments and pay adjustments for specially situated employees

The following sections of the November 2005 regulation and June 2008 implementing issuances will change when the new regulations become effective:

- 5 CFR 9901.342(f), (g)
- SC1940.AP1

The revised policy language is located in:

- 5 CFR 9901.342(i), (j), (k) (l) (revised September 26, 2008 regulation)
- SC1940.12 (revised fall 2008 implementing issuances – currently in draft)

Summary of the revisions:

- The revised regulations change the way salary increases are calculated for employees in special circumstances that do not have a rating of record for that year. 5 CFR 9901.342(i), (j), (k), (l) state that if an employee does not have an NSPS rating of record for the appraisal period serving as a basis for increases to base salary under this section, rate adjustments will be made based on the average base salary increase (expressed as a percentage) granted to other employees in the same pay pool who received the same rating as the employee's last NSPS rating of record or the average base salary increase (expressed as a percentage) granted to employees who received the modal rating for the pay pool, whichever is most advantageous to the employee.
- Previously, performance pay adjustments were based on either the employee's last NSPS rating of record or the modal rating received by all other employees in the same pay pool, pay schedule, and pay band for the most recently completed appraisal period, whichever is most advantageous to the employee. If using a modal rating, the base salary rate was set prospectively using the average base salary rate adjustment received by employees with that rating, in the group used to determine the modal rating assigned under this rule.

Movement between pay pools

The following section of the June 2008 implementing issuances will change when the new regulations become effective:

- SC1940.AP1

The revised policy language is located in:

- 5 CFR 9901.342(g)(9) (revised September 26, 2008 regulation)

Summary of the revisions:

- When an employee moves to a position that falls under the authority of a different NSPS pay pool, that employee's payout will be calculated and paid based on the pay pool funding and share valuation of the gaining pay pool except when the employee transfers to an NSPS position that does not have a fully constituted pay pool in which case the payout is based on the share valuation of the losing pay pool. In all cases, the gaining pay pool will determine the share assignment and payout distribution between salary increase and bonus.
- Previously, employees who were eligible for a rating of record and who change jobs so that they fall under the authority of a different pay pool were evaluated and assigned a rating of record and number of shares by the rating official, pay pool panel and pay pool manager associated with the pay pool of record on the last day (normally September 30) of the appraisal period. This rating of record was the basis for the payout. The payout was calculated and paid based on the pay pool funding and share valuation of the gaining pay pool. The gaining pay pool would also determine the share value and payout distribution between salary increase and bonus. Employees who moved to an unconstituted pay pool (a fully constituted pay pool was defined as one that is funded for the performance cycle associated with the effective date of the payout and which has active pay pool deliberations for that performance cycle), were not eligible for a performance payout.

Reconsiderations of job objective ratings

The following section of the June 2008 implementing issuances will change when the new regulations become effective:

- SC 1940.12.4.2.5

The revised policy language is located in:

- 5 CFR 9901.413 (revised September 26, 2008 regulation)

Summary of the revisions:

- The revised regulations state that employees are able to seek reconsideration of individual job objective ratings, irrespective of impact on rating of record.
- Previously, individual job objectives could only be reviewed insofar as a change would impact the rating of record.

Sharing aggregate pay pool results

There is no previously established DoD policy on this subject.

The revised policy language is located in:

- 5 CFR 9901.342(g)(10) (revised September 26, 2008 regulation)

Summary of the revisions:

- 5 CFR 9901.342(g)(10) states “To the extent permitted by law, NSPS organizations will share the results of the performance management process with NSPS employees. At a minimum, these pay pool results will include the following: Average rating, ratings distribution, share value (or average share value), and average payout (expressed as a percentage). Organizations will ensure that the sharing of these or any other pay pool results will be presented in a manner that does not violate the Privacy Act.”

General pay increase

The following section of the November 2005 regulation will change when the new regulations become effective:

- 5 CFR 9901.323

The revised policy language is located in:

- 5 CFR 9901.323 (revised September 26, 2008 regulation)
- SC1930.8.1.2 (revised fall 2008 implementing issuances – currently in draft)

Summary of the revisions:

- The revised regulations state that the amount of any NSPS general salary increase is determined by the Secretary, but may not be less than 60 percent of the General Schedule annual adjustment under 5 U.S.C. 5303.
- The revised issuances state that employees who are in NSPS, but do not have a rating of record and are ineligible for a payout under 9901.342(i), (j), (k), or (l), are given the equivalent of the full GPI.
- Operationally, there is no change from last year.

EPI and OAR

The following sections of the November 2005 regulation and June 2008 implementing issuances will change when the new regulations become effective:

- 5 CFR 9901.344
- SC1930.AP4

The revised policy language is located in:

- 5 CFR 9901.344 (revised September 26, 2008 regulation)
- SC1930.9.8 (revised fall 2008 implementing issuances – currently in draft)

Summary of the revisions:

- Extraordinary Pay Increase (EPI) is renamed Extraordinary Performance Recognition (EPR). Operationally, there is no change from last year.