

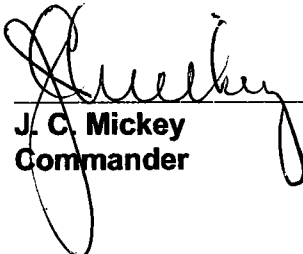
**PERSONNEL DEMONSTRATION PROJECT
EXTENSION AGREEMENT
2003**


**Naval Undersea Warfare Center
Division Newport**

and

**Federal Union of Scientists and Engineers
(NAGE R1-144)**




13 JUNE 2003
Date
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Commander


6/13/03
Date
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Personnel Demonstration Project

Section 1 - Performance Development System

The philosophical basis of the Personnel Demonstration Project (PDP) is that employees are valued and trusted and are the organization's most critical assets. Accordingly, the primary objectives of the PDP are to

- develop employees to meet the changing needs of the organization,
- help employees achieve their career goals,
- improve performance in current positions, and
- retain high performers and improve communication with customers, colleagues, managers, and employees.

To achieve these objectives, a Performance Development System (PDS) has been established, which is a simplified performance rating system based on two-levels (acceptable/unacceptable). The PDS comprises the following main features:

- Two-level rating system (Acceptable/Unacceptable),
- Establishment of performance expectations,
- Ongoing performance dialogue,
- Feedback from multiple sources,
- Performance Development Resources (PDR),
- Performance plan, and
- Accountability for performance.

The following text describes the above seven features in detail.

1. Two-Level Rating System

The PDS employs a two-level rating system: *acceptable* and *unacceptable*. *Acceptable* performance is defined in the Federal Register III.2.b as "performance that fulfills the requirements for which the position exists." An employee's performance may not be determined *unacceptable* unless the employee has previously been placed on and failed a Performance Plan.

The annual performance cycle begins and finishes at the same time as the incentive pay schedule. Communication of an *acceptable* rating and a review of performance expectations take place at one fixed time of the year, at the same time as the incentive pay point decision. Ratings are documented on a Division-designed Performance Determination Rating Form (Figure 1).

2. Performance Expectations

Clear, mutually understood performance expectations linked to organizational goals, strategies, and values are fundamental to successful individual and organizational performance. The outcome of this component of the PDS is clear communication of the products and/or services to be delivered by the employee(s), and the success criteria against which those outputs are assessed. Performance expectations are communicated in the following manner:

- Organizational goals are communicated using a top-down approach, and that communication is based on the following:
 - Division Newport Strategic Plan
 - Division Newport Five-Year Plan
 - Directorate goals and objectives
 - Department, division, and branch goals and objectives.
- The Division Communication Model provides guidance for communicating organizational goals and objectives throughout the Division.
- Department heads inform their subordinate supervisors of department goals and objectives at least annually.
- Individual objectives (linked to department objectives) are developed by supervisors and communicated to employees.

At a formal meeting within 90 days of the beginning of the performance cycle, the first-line supervisor translates Division Newport and Department goals and objectives into performance expectations specific for each employee. This occurs during the first quarter of the fiscal year, after organizational plans and resource allocations have been approved. Performance expectation discussions should occur frequently during the year, especially if significant changes occur in positions, organizations, or resources.

Formal (written) documentation of expectations is required for employees represented by FUSE, and should be modified or clarified when: (1) when an employee begins a new or substantially different job or tasking and (2) when requested or desired by either the employee or supervisor. Documentation of outputs and success criteria is expected when necessary to facilitate mutual understanding of performance expectations. No prescribed format exists, therefore, the employee and supervisor jointly decide on format and content. The first line supervisor maintains this documentation for at least two years, with a copy provided to the employee.

3. Ongoing Performance Dialogue

Employees and supervisors are to engage in ongoing dialogue. Ideally this dialogue, or discussion, occurs as part of normal day-to-day interactions for the purpose of ensuring a common understanding of expectations, reviewing whether expectations are being met, providing support in identifying resources or solving problems, providing coaching on complex or sensitive issues, providing information to increase the understanding of the project context, and keeping the supervisor informed of progress.

In addition, it is expected that more formal discussions will occur periodically and focus on reviewing progress, discussing customer feedback, exploring process improvements that could remove obstacles to effective performance, and identifying developmental needs to support continuous improvement and career growth. This must occur at least twice a year (mid-year and at the end of the year). The formal performance development meeting between employee and supervisor at mid-year may be combined with the required mid-year IP discussion.

The supervisor and the employee agree on the frequency of the informal discussions. A Performance Development Resources team, described later in this section, is available to help, when requested by either party.

No documentation is required for the informal, day-to-day dialogue. For the more formal periodic discussions, minimal documentation is required.

4. Feedback from Multiple Sources

The primary purpose of feedback as a component in the PDS is to provide employees with information regarding how well they are meeting customer requirements and to help employees continuously improve their performance. The responsibility for employee development and continuous improvement is held jointly between the supervisor and employee. Outputs expected from this component include specific information related to the employee's performance and customer feedback, which enable review of performance against success criteria. Employees and supervisors are expected to work together to identify internal and external customers and to define and implement a process by which the employee can regularly receive feedback. Supervisors are expected to facilitate this process and work with employees to interpret the feedback and establish improvement goals.

The purpose of feedback in the Performance Development process is to

- benefit employee and supervisor through open discussion and sharing of information,
- provide confirmation and validation of employee and supervisor perceptions of the employee's performance,
- support employee continuous improvement and growth,
- assess performance contributions (part of IP pay out decision),
- Contribute to the assessment of whether performance fulfills the requirements for which the position exists (acceptable rating),
- identify qualities and attributes of an individual to the organization.

Feedback occurs at any appropriate time, but is recommended (at a minimum)

- during annual performance expectations discussions,
- at beginning and end of a major project or task, and
- if performance is becoming an issue.

5. Multi-Source Feedback

Multi-source Feedback is defined as formally solicited written feedback used by the supervisor to evaluate the employee's performance and progress mid-year and at the end of the performance/IP cycles. Multi-source feedback is distinguished from informal communication between supervisors, customers, project managers, team leaders, and employees, and other appropriate parties, which is expected to take place on a continuous basis throughout the year.

No prescribed format exists for obtaining written multi-source feedback. Employees and supervisors may devise the form and content. The Feedback Form may be used by supervisors to obtain input. If an employee requests that the Feedback Form be used Supervisors will not discourage employees from gathering input. Supervisors will encourage team leaders, project managers and other sources of feedback to provide input before the

specified deadline. If an employee requests that the Feedback Form be used, the supervisor should use the form unless there is a business reason not to do so (e.g. the organization has standardized its approach to multi-source feedback, using an alternative format). In this case, the supervisor should try to address the substance of the employee's concerns within the constraints of the business reason.

Employees are provided copies of written feedback by their immediate supervisors, as requested.

For FUSE-bargaining-unit employees, the following guidance regarding feedback applies:

A. Supervisors are encouraged to obtain input regarding an employee's performance from other government employees having knowledge of the employee's work and performance. Other government employees will typically include customers or other employees in managerial / oversight positions. This knowledge will normally be gained through regular, recurring and significant contact between the employee being evaluated and the employee(s) providing input, and not through infrequent and insignificant contact.

1. If a supervisor uses input from other employees in the evaluation of an employee, the supervisor shall provide the employee being evaluated with specific information regarding the nature of the input.
2. Employees shall be given the opportunity to provide their supervisor with the names of other employees to be contacted for input, and/or to provide written input from other employees.

B. Employees are encouraged to provide their supervisors with self-evaluations in order to provide input that may not otherwise be considered by the supervisor. Supervisors shall consider, utilize, and discuss with employees, the self-evaluations provided.

1. Self evaluations are optional, and shall not be made mandatory by any supervisor. Employees choosing not to provide self-evaluations shall not be negatively impacted solely by their decision. It remains the supervisor's responsibility to fairly and equitably evaluate all employees regardless of the presence of a self-evaluation.
2. Employees who choose to provide a self-evaluation shall be given a reasonable amount of time to complete it, and in no case shall be forced to provide an 'on-the-spot' self-evaluation."

6. Management of the Performance Development Process

To ensure that supervisors are aware of and properly discharge their responsibilities for performance development, the Demo Project Manager will publish the schedule for Performance Development within 6 weeks of the beginning of the performance cycle. Additional all-supervisor messages will be sent via e-mail at different points during the cycle:

- (a) 60 calendar days after the beginning of the cycle, supervisors will be told they have 30 days left to establish performance expectations.
- (b) 120 days after the beginning of the cycle, supervisors will be reminded that they should be providing continuous performance feedback.
- (c) 30 calendar days before the mid-year, supervisors will be reminded that they have 30 days to hold mid-year IP/performance development meetings.

- (d) 45 calendar days before the end of the cycle, supervisors will be reminded that they should be soliciting multi-source feedback from individuals as discussed at the beginning of the performance cycle.
- (e) Whenever an employee is reassigned from one supervisor to another, the losing supervisor will be notified of his or her responsibility to perform a close-out of the performance period.

7. Performance Development Resource (PDR)

To ensure optimum effectiveness in the PDS process, a Performance Development Resource (PDR) team serves as a neutral third party, who can

- provide advice regarding performance development issues
- facilitate the communications process,
- achieve mutually beneficial solutions between managers and employees at an early stage in the annual performance cycle, and
- ultimately preclude performance-related problems from arising later in the process.

The PDR team consists of in-house individuals appointed by both the union president and Division management in equal numbers. These individuals are versed in facilitation, communications, and performance development. While formally designated, the team acts in an informal advisory capacity, making recommendations to employees and supervisors. Funding for the team is provided by Division overhead with a unique job order number. If necessary, this job order number will also be used for PDR team member training in specific areas outlined above to help team members better perform the PDR function.

Either the employee or supervisor can request assistance from the PDR team at any time during the performance development process. Assistance can also be requested from any single member of the PDR team to provide information or to informally assist with performance issues or problems. By informally providing information, advice, and assistance, as well as facilitating communication, it is hoped that problems can be resolved without conflict and without negatively affecting the relationship between the supervisor and the employee.

Contact with the PDR Team

Initial contact with the PDR team or any individual team member may be made by supervisor, employee, or union. A formal meeting is defined as a meeting between supervisor and employee that includes PDR assistance requested by either or both parties. Formal meetings require the presence of both a Management-appointed PDR team member and a FUSE-appointed PDR team member, unless the supervisor and employee mutually agree that only one PDR team member will be present. The PDR member documents the contact.

- **PDR and Performance Plans**

The following excerpts from the *Federal Register* guide PDR efforts in this area:

"When there is an indication that performance is not consistently meeting customer requirements, supervisors are expected to call on the PDR team to analyze the causes of the difficulty and develop an approach for resolving it."

"A Performance Plan is a written document which clearly identifies organizational expectations for successful job performance, specifies accountability, identifies developmental resources to

correct skill deficiencies, defines the time frame of the Performance Plan, and specifies how performers will be monitored. In addition, the Performance Plan will clearly specify the potential consequences if performance is not acceptable."

"Development of a formal Performance Plan is indicated if and when it is determined that the employee's performance (vs. system performance) is a contributor to the problem and informal intervention has not been successful in correcting the problem."

Before a Performance Plan can be written, a formal meeting must take place with the employee, supervisor, and PDR. At this meeting, if the employee is a member of the FUSE bargaining unit, both a management-designated PDR representative and a union-appointed PDR representative must be present.

Supervisors are required to seek guidance from PDR team in the process of Performance Plan development

- o Supervisors develop the Performance Plan
- o PDR team is expected to be involved throughout the entire Performance Plan process
- o PDR team records and documents the Performance Plan process on a standard form

The purpose of the formal meeting is to review the situation to determine if the employee's performance is a contributing factor to any failure in meeting job expectations. If so, a Performance Plan is needed. When this need for a Performance Plan is established, and, if requested, the PDR team assists in its development. The PDR team is expected to participate in discussions at the Performance Plan meeting and to be involved throughout the term of the plan to facilitate resolution of problems that may arise. If problems with the Performance Plan are identified by the PDR team, comments should be generated and forwarded to upper management for resolution, with copies provided to the supervisor and the employee.

8. Facilitation of Communications

In addition to the services provided by the PDR team, a professional facilitator will be available to help with communication problems that may exist between supervisors and employees, if requested by the supervisor, employee or PDR, and to assist the PDR in its responsibilities, if requested by the PDR. The facilitator is also available to assist supervisors in analyzing causes of performance gaps and selecting appropriate interventions; and identifying alternative development methods. The facilitator will not be involved in the assessment, development or monitoring of employee's performance, or be involved in setting, evaluating, monitoring or developing performance criteria, tasking, training, individual development plans, performance plans, or any other performance related activities or documents, unless mutually agreed otherwise. However, as determined by the Demo project manager, he or she may be tasked to train or coach supervisors in these areas.

The facilitator will treat all information and discussions related in any way to employees as strictly confidential, and will not disclose any information to anyone other than the parties directly involved in each case without the specific permission of the parties.

The facilitator will be selected by NUWC and the union through a contract solicitation, and will serve under mutually agreed upon rules and directions of NUWC and the union, either of which may suspend or

revoke an individual facilitator's involvement in PDR business at any time, as described in the contract. The facilitator will not be a voting or active member of the PDR team, but will provide assistance to the PDR when requested. The function will be provided by one or more professional facilitators/counselors with recognized credentials in the area of assisting management and employees with communications. All expenses related to the facilitator will be paid by NUWC.

Management/oversight of the facilitator contract will be the responsibility of the Demo project manager. The facilitator will provide a quarterly report to the PDR, who will review quarterly results and make recommendations for procedural changes.

9. Performance Plans

When there is an indication that performance is not consistently meeting customer requirements, supervisors call on the PDR team to analyze the causes of the difficulty and to recommend an approach for solving it. The team can be particularly useful in diagnosing issues impacting performance (employee skills, attitudes, motivation, clarity of job expectations, work relationships, etc.). The PDR team can identify options for addressing these issues (developmental opportunities, tools or equipment to support improved performance, reassignment of employee to a position that better matches his/her capabilities and interests, etc). Reassignment to a different supervisor should be made if a suitable position is available and if the employee wants to accept it. If the employee's performance is a contributor to the problem and other approaches are not considered feasible by the supervisor, the supervisor provides the employee with a formal Performance Plan. The Performance Plan is a written document addressing the following elements:

- Deficiencies in satisfying performance expectations,
- Prior intervention and corrective measures,
- Work assignments directly related to acceptable performance expectations,
- Duration of the Performance Plan (long enough to permit the employee to demonstrate acceptable performance). The minimum duration is 30 days. For FUSE-bargaining-unit employees, the minimum is 90 days, with a maximum period of 270 days.
- Developmental resources needed to correct any skill deficiencies, and organizational support that will be provided,
- Information on how progress is monitored and results measured,
- Potential consequences if acceptable performance is not achieved.
- Periodic discussions between the supervisor and employee to be held during the time frame of the Performance Plan (discussions must be documented).

The immediate supervisor, including an individual acting or detailed to those responsibilities, is responsible for, and must be directly involved in, all aspects related to generating, measuring, monitoring, and assessing the performance plan and the employee's performance while under a performance plan during the period that the plan is in effect.

10. Standards for Measurable Criteria

All performance plans shall only contain elements that are measurable and clearly understandable by a knowledgeable, objective observer. Performance plans should not contain elements that are vague or nebulous. Although the objective of the plan is to bring the employee's performance up to at least fully acceptable, plans must clearly reflect the minimally acceptable standard.

Previous incidents and evidence of performance and/or behavioral problems on the part of the employee occurring before the start of the performance plan period shall not be used as additional factors or weighted as relevant information in the final pass or fail assessment at the completion of the performance plan. Only elements of the performance plan will be evaluated and weighted in the final assessment by the supervisor.

Measurable performance criteria used in performance plans must be expressed as successful completion rates (example: 75% or greater successful completion of milestone is acceptable).

Acceptable completion rates for objective performance criteria in performance plans should be used whenever possible, and should be appropriate for the task(s) being measured.

Whenever practical, tasks should be structured to reflect completion rates of no greater than 80% to capture the minimally successful performance required to be considered acceptable. Deviation from this figure should be documented and justified. Since performance plans are meant to measure performance at a minimally acceptable level, acceptable success rates must allow for some error. A single element of a performance plan which may result in loss of life, injury, breach of national security, or great monetary loss, if failed, could require a 100% success rate.

11. Performance Plan Completion

A performance plan is considered complete at the end of the period specified in the plan (minimum 90 days, maximum 270 days), and shall not be terminated before the specified end date unless agreed otherwise by the employee, supervisor and the PDR team members. A determination by management that an employee has failed a performance plan can only be made, and any resulting actions can only be taken, at the end of the performance plan period (after the specified end date).

12. Accountability for Performance

An employee is given a rating of *unacceptable* only when and if the employee is unable to successfully complete the Performance Plan. When an employee's performance is rated *unacceptable*, one of four actions, as specified in the Performance Plan, is taken: (1) removal from Federal Service, (2) placement in a lower band level with a corresponding reduction in pay (demotion), (3) reduction in pay while remaining in the same band level, or (4) placement in a lower band level with no reduction in pay (demotion).

If the third type of action is taken, following the pay reduction, the objective is to restore performance and pay commensurate with it. Therefore, a formal development plan must be established, identifying performance expectations and defining a plan to achieve them within an appropriate time frame, not to exceed 12 months. If and when performance improves during the period in which the employee is otherwise ineligible for incentive pay, original salary level may be partially or fully reinstated. Such reinstatement is not retroactive.

If the fourth type of action is taken, i.e., placement in a lower pay band with no reduction in pay, this would not be considered an adverse action and would not be appealable through statutory appeals procedures except for veterans' preference-eligible employees. The decision to reduce an employee to a lower band level with no reduction in pay is subject to review under existing grievance or alternative dispute resolution procedures. A preference-eligible employee in a bargaining unit may appeal or grieve, but not both. The options described above, and any other actions taken by management are subject to all available appeal procedures, including but not limited to negotiated grievance procedures for bargaining unit employees, and statutory appeal rights, unless specified otherwise.

13. Performance Development Resource (PDR) Process - Acceptable Behavior

The following is understood and agreed to by the parties:

The primary purpose of PDR meetings is to establish better communication about performance expectations between employees and supervisors. Often, the PDR is involved when the supervisor has serious concerns about whether an employee's performance is acceptable or unacceptable. Sometimes, the PDR is involved when there are communications problems between the employee and supervisor, even though the employee's performance is clearly acceptable. A successful PDR process will result in a fair opportunity for an employee to demonstrate acceptable performance, and is in the interest of all parties.

Open, honest and direct communication is necessary for both parties to work together successfully on current and future performance issues. This may involve dealing with such topics as personality conflicts, performance or behavioral problems, mistrust, incompetence, favoritism, dishonesty, discrimination, retaliation, harassment, or other serious issues. While dealing with performance deficiencies or communication problems has the potential to evoke emotional responses to topics or issues which arise, all parties to PDR meetings have a common interest in and responsibility for maintaining order and respect during the meetings.

Being placed on a performance plan can be very stressful to an employee. Potential negative outcomes include loss of pay, status, or possible loss of employment. Employees undergoing the process may feel that their livelihoods and careers are in jeopardy. This is normally very stressful, demeaning, discouraging, frustrating and angering for the employee, which may in turn increase the stress on the supervisor. The result may be raised voices or yelling, emotional outbursts, sarcasm, intense or angry appearance, demeanor or movements, comments or accusations related to the issues of mistrust, incompetence, favoritism, dishonesty, discrimination, retaliation, harassment, etc., threats of legal action, or other behavior or actions which might normally be considered by management as disrespectful, insubordinate, intimidating, threatening or inappropriate in the workplace. Under these circumstances, it is reasonable to afford employees more leeway for single incidents of this behavior which, under other circumstances, might result in disciplinary action.

To facilitate open communications, which are key to the effectiveness of the PDR process, it is reasonable for management and employees to be more tolerant, and afford meeting participants more leeway and a broader scope of acceptable behavior than would normally occur during meetings that do not have trained conflict resolution facilitators present. Disciplinary action is not one of the objectives of the PDR process. With that in mind, participants must inform other meeting participants of behavior that they find abusive or harmful, and are required to warn them that further deliberate occurrences of such behavior may result in

negative consequences. PDR members and facilitators are also expected to remind the participant who displays the behavior that it is not conducive to the success of the PDR process. A first occurrence of such behavior will not result in disciplinary action or other negative consequences unless the behavior is egregious. Any further reoccurrence of such behavior may result in negative consequences to the offending participant. Egregious behavior will not be tolerated at any time, and may result in disciplinary action or other negative consequences without a warning. Examples of egregious behavior include: physical contact, threats of physical harm, physical actions that are deliberately threatening, provoking or intimidating, excessive profanity, excessive obscene language or gestures, or any illegal acts.

Prior to beginning of the first PDR meeting, the PDR team will make both supervisor and employee aware of this policy, and their mutual responsibility for maintaining order and respect during the meetings. During the meeting, the supervisor, employee, PDR, or facilitator should call for a short break if they perceive that the potential for unacceptable behavior is increasing, or any of the participants feels uncomfortable. Since the PDR members and facilitator(s) are the Center's experts in this area, are entrusted to perform this role for the organization, and have extensive case experience to draw upon, their recommendation is the best assurance that instances involving behavior during PDR case meetings are handled consistently.

If disciplinary action is being considered for behavior at a PDR meeting, management will consult with the PDR team and interview the facilitator before proposing or initiating any action. The PDR team and facilitator may choose, individually or as a team, to state their opinions on whether the behavior was within the bounds of behaviors which are permitted in the PDR process for the purpose of facilitating open communications. PDR members are not required to make such a recommendation, but are required to cooperate in any management investigation which precedes the proposal or initiation of a disciplinary action. Management shall weigh heavily any PDR recommendation(s) when deciding whether to propose or initiate disciplinary action.

Any actions (grievances, disciplinary actions, etc.) that may result from a participant's behavior during a PDR meeting should not affect the PDR process, which should continue to its normal conclusion independent of the grievance or adverse action.

14. Employees' PDR Rights

Employees are guaranteed at least one meeting with their supervisor and the PDR, if requested, to determine if a performance problem exists and whether further PDR involvement is necessary, regardless of the employee's current employment status. This includes situations in which employees have been terminated and their terminations are being appealed.

Employees in receipt of a letter of requirement for reasons wholly or partially related to performance have a right to know that they may seek help from the PDR with performance-related issues. Management will ensure that all letters of requirement have an advisory notice about the employee's right to seek assistance from the PDR.

15. PDR CONOPS

The PDR team of management and union appointees, which was established under the first Demo agreement, has written and promulgated a Concept of Operations (CONOPS), which was agreed to by the Demo Project Manager.

The CONOPS defines in greater detail how the PDR process will be followed, and provides clarification on the roles and responsibilities of the PDR, managers, employees and other participants in the PDR process. The PDR team, as currently composed, will revise the CONOPs to reflect the addition of a professional facilitator/consultant to the PDR process, and re-issue the CONOPs. In revising the CONOPs, the PDR team does not have the authority to expand or change the PDR role beyond that agreed to in this document. The PDR CONOPS is an integral part of the Demo program and the agreement negotiated with the union, and management will ensure that the PDR CONOPS is enforced and abided by.

16. Relationship between Performance Development and Incentive Pay (IP)

Although evaluations under Performance Development and IP may focus on the same tasks and achievements, they should be evaluated using separate criteria. Performance Development evaluations are the responsibility of the immediate supervisor, and must be based on the employee's performance using clearly defined expectations and criteria established under the Acceptable/Unacceptable standard. IP points are based the supervisor's assessment of the employee's performance contributions relative to Contribution Factors and expectations established under the IP process.

Incentive Pay decisions are the responsibility of the first-line supervisor, and are based upon expectations for performance contributions relative to an employee's salary and experience. Since individuals who provide feedback for performance purposes will normally not be aware of the employee's salary or experience relative to the others in the incentive pay pool, it is the supervisor's responsibility to interpret the multi-source feedback in that context. To be useful for performance development, multi-source feedback should include solicitations for feedback regarding employee strengths and areas for development.

Section 2 - Incentive Pay System

The Incentive Pay (IP) System provides the mechanism for encouraging and rewarding employees based on their performance and the value of their contributions to the organization. As the value of a person's contributions increases, compensation also increases. Likewise, as an individual's compensation increases, there is a corresponding increase in expected performance contributions. IP awards are separate from annual cost-of-living allowances, locality adjustments, promotions, and any other awards or payments received for other purposes.

1. IP Pay Pool Funding Decision

The amount of money in the IP pool is determined annually during the Division's budget cycle. The determination is made by the Division's Commander and Executive Director, after discussions with Senior Management and the president of the union (FUSE) representing participating bargaining units. At least 30 days prior to making any funding decision, management will invite the union to participate in a meeting held by upper management to determine funding levels for pay pools. This will provide the participants with the opportunity to present their perspectives on the issues related to the funding decision and rationales supporting different funding level recommendations/options.

Any funding cuts in CP and BP pools from the previous year will be discussed with the union at a meeting at least 30 days prior to implementation. A detailed explanation of the reason(s) for the cuts will be provided by management at this meeting, and the union will have an opportunity to present their position and any alternatives to the proposed cuts.

2. IP Payout Process

The pool is divided into two separate funds: Continuing Pay (CP) and Bonus Pay (BP). These funds are distributed to individual pay pools throughout the Division. Each pay pool's share of IP funds is based on the salaries of the employees in the pay pool, and is determined by multiplying the funding percentage by the total of the basic salaries of the employees in the pay pool.

Supervisors within each pay pool conduct an annual review of each employee's salary and decide how total compensation should be adjusted to reflect the employee's performance and contribution to the organization. The adjustment may be made as a continuing increase (CP) to base pay and/or a one-time cash bonus (BP) to adjust total compensation.

The payout process uses a point system to determine an employee's IP increase. A maximum of four (4) points is available, thus each employee performing in an acceptable manner is eligible to receive 0, 1, 2, 3, or 4 pay points in the form of CP, BP, or some combination of the two. Partial points cannot be used.

An employee must be on board a minimum of 90 calendar days to be eligible for consideration for IP.

Federal Wage System (FWS) employees are not included under the IP component. Therefore, FWS employees are eligible to receive cash awards under the existing Incentive Awards system and continue to receive within-grade increases.

3. Continuing Pay (CP) Pool

The amount of money allocated to each CP pool is calculated as a percentage of the total base pay (excluding locality) of all employees in that pay pool. All CP pools at the Division are based on the same percentage of salary and must be distributed yearly among all pay units. Minimum funding for each CP pool is 1.4 percent of total base salaries in the unit. Locality pay is not included in CP pool funding, but is applied later to the new base pay, which includes any CP points distributed to employees.

CP funding in excess of the minimum is determined by considering such factors as historical spending for within-grade increases (WIGI's), quality step increases (QSI's), and in-level career promotions; labor market conditions and the need to recruit and retain a skilled work force to meet the business needs of the organization, and the fiscal condition of the organization.

Any decision to reduce the amount of funds devoted to continuing pay increases below the minimum 1.4% level occurs only in lieu of more drastic cost cutting measures (e.g., RIF or furlough), and must be negotiated and agreed upon by the union prior to implementation. However, the minimum guaranteed CP payments specified in this agreement must be paid to eligible employees.

All CP pools at the Division are based on the same percentage of salary, but may be augmented by funding from a corporate CP incentive pool administered at the Division level.

4. Bonus Pay (BP) Pool

The amount of money allocated to each BP pool is calculated as a percentage of the total base pay of all employees in that unit. The percentage is determined principally by historical spending for performance awards, special act awards, and awards for beneficial suggestions; the organization's fiscal condition and financial strategies; and employee retention rates.

Based on historical factors, the typical BP funding is 1.6 percent of the base pay (not including the locality adjustment) of pay pool members. Since the ability to pay out BP points is related to the fiscal condition of the Division, there is no minimum BP pool funding level. However, the minimum guaranteed BP payments specified in this agreement must be paid to eligible employees each year. Any decision to cut funding for BP pools of bargaining unit employees below 1.0% will be discussed with the union no less than 30 days prior to implementation. A detailed explanation of the reason(s) for the cuts will be provided by management at this meeting, as will an opportunity for the union to present their position and any alternatives to the proposed cuts. All BP pools at the Division are based on the same percentage of salary, but may be augmented by funding from a corporate incentive pool for BP administered at the Division level.

5. Corporate Incentive Pools

Two corporate-level pools of money exist at the Division level to provide Senior Management with the flexibility to incentivize business and technical initiatives and recognize Division-level contributions, as well as to supplement IP Reconsideration payments made by the pay pools.

Separate corporate IP pools for CP and BP are limited to 10% of the money allocated for the basic CP and BP pools, and are in addition to

that sum. Corporate incentive pool money may be added to existing IP pools, as desired, to augment available CP and BP. As a minimum, corporate pay pool funding must be provided each year to fund IP reconsideration points awarded for the prior year to the extent required by this agreement.

6. Other Awards

Special Division-level awards continue to exist. Division Annual Awards, patent and invention awards, waiver awards, publication and presentation awards, and beneficial suggestion awards continue to be given during the course of the year.

Maximum annual funding for these awards (not including beneficial suggestion awards) is .25 percent of the total BP funding, and is in addition to that sum. Funding for Other Awards will not be taken from or decrease any IP funds or pay pools.

7. Special Act (SA) awards for Demo employees

SA awards may be given to Demo employees at any time during the year for accomplishments which meet SA regulatory requirements specified in NUWCDIVNPTINST 12451.2A dtd 9 Sep 91, which will be the applicable instruction for SA awards for Demo employees, except as modified by this agreement. SA award funding will not exceed \$125,000 per fiscal year, and will not reduce IP pool funding. If BP funding falls below 1.6% at any time, no SA awards will be given to Demo employees until BP funding returns to the 1.6% level or greater. SA award payments may not exceed \$2,000 per employee per fiscal year. FUSE bargaining unit members will receive at least 60% (in dollars) of all SA awards paid to Demo employees each fiscal year. Employees may appeal the amount and non-receipt of SA awards through applicable grievance procedures.

8. Incentive Pay Pool Breakdown

The CP and BP pools are further allocated and managed as shown in figure 2.

a. The "FUSE pool" shown in Figure 2 consists of FUSE bargaining unit employees only, whose IP payments come from these pools. Generally, there is one FUSE CP pool per division and one FUSE BP pool per department, depending upon the size of the division and department as shown above. The "Other pool" consists of supervisors, management officials and other non-FUSE employees, whose payments come from this pool. Money from the FUSE pools cannot be paid to non-FUSE employees. Salaries of FUSE employees cannot be used to calculate or distribute funding to Other pools, except for FUSE employees who occupied temporary non-FUSE positions during the year, as described in paragraph b. below.

b. For the purpose of determining to which pay pool (FUSE or Other) employees temporarily occupying non-FUSE positions (including detailed and acting supervisors/management officials and other employees in temporary non-FUSE positions) are assigned, the following factors shall apply:

Employees who made final IP recommendations or decisions at the end of the IP cycle, or who performed both a mid-year review and a close-out review during the IP cycle, will be included in and paid from the "Other Pool" at the end of the IP cycle.

INCENTIVE PAY POOL COMPOSITION			% of Total Base Salaries
Division Level Awards (Annual awards, inventions, patents, publications, Beneficial Suggestions)			0.25% (max - except Bene Suggs)
	FUSE Pool	"Other" Pool	
Bonus Pay	Corporate Incentive Pool (BP)		10% of Basic BP Pool (.016% hist)
	Allocated and managed at Dept level. Min 20; Max 500	Allocated and managed at Dept Level	1.6% (hist)
Continuing Pay	Corporate Incentive Pool (CP)		10% of Basic CP Pool (.014% min)
	Allocated and managed at div level or 2nd lowest supervisor level. Min 20; Max 300	Allocated and managed at Dept Level	1.4% (min)

Figure 2.

9. Minimum Incentive Pay Requirements

As reflected in the Federal Register, it is an IP principle that:

"All employees who are making positive performance contributions as demonstrated by acceptable performance will share in incentive pay. Amounts and time intervals will be set by the Divisions and sites."

Employees whose salaries fall below the mid-band salary, and who demonstrate acceptable performance, are guaranteed a minimum of 1 CP point every other IP cycle.

Employees whose salaries are at the mid-band salary or above, and who demonstrate acceptable performance, are guaranteed a minimum of 1 BP point every other IP cycle.

An employee whose salary falls below midband, and who receives a Summary Assessment of Exceptional Contributor, is guaranteed a minimum of 2 CP points. Additional CP and BP points may be awarded as appropriate up to a total of four.

10. Eligibility for Incentive Pay

If an employee is hired less than 90 calendar days before the end of the IP cycle, the employee will be ineligible for IP during the current IP cycle.

If an employee receives a merit promotion less than 90 calendar days before, or less than 30 calendar days after, the end of the IP cycle, the employee will be ineligible for IP during the IP cycle.

Employees on part-time or intermittent schedules, and those on extended leave (paid or unpaid) are eligible for IP provided that they have been in a duty status a minimum of 90 calendar days in their assigned duties during the IP cycle and achieved a satisfactory rating.

Employees on military leave are eligible for IP whether or not they have been in a duty status for 90 days.

Employees on long term training for educational purposes have performance objectives that reflect this training objective and will be eligible for IP.

11. IP for retiring or separating employees

Employees who retire or exit from Demo prior to IP payout (normally the first pay period in October) are not eligible to receive an IP payout, even if they complete the IP cycle.

12. Career-Ladder Promotions and Incentive Pay

Employees hired into Demo positions who are eligible for career-ladder promotions will be eligible for promotion on the anniversary of their hiring date. Engineers and Scientists (with a Computer Science discipline (series 1550)) who are hired as ND-02s, and who complete an accelerated training plan, will be eligible for promotion to ND-03 after six months, and eligible for promotion to ND-04 after an additional 24 months. Other employees hired as ND/NT-02, who are not eligible for accelerated promotion, will be eligible for promotion to ND/NT-03 after one year, and for promotion to ND/NT-04 after an additional 24 months. The recognized full performance level (FPL) for engineers and scientists at NUWC DIVNPT is ND-04.

The guaranteed minimum payment of 2 CP points for employees who receive a Summary Assessment of Exceptional and who are below the mid-band, does not apply to employees who have received a career-ladder promotion during the current IP cycle. This does not in any way prohibit such IP payment(s) if warranted, however.

13. Mid-band Salaries and Pay Point Values

Except as described otherwise in this agreement, mid-band salaries are defined as the arithmetic mean between the lowest payable salary in the band and the highest payable salary in the band, rounded up to the nearest whole dollar. Normally, mid-band salaries are expressed in terms of basic salary (not including locality pay). Mid-band salaries are used to determine (1) type of guaranteed minimum pay points, (2) whether emphasis should be on CP or BP awards, and (3) value of pay points. Except as described in paragraph 13.b. below, the same mid-band value is used for all three purposes.

a. ND-4 Mid-band

The mid-band for payband ND-04 is defined as the higher of the following:

- (1) GS-12 step 10 salary of the General Schedule, or
- (2) The arithmetic mean between the basic salaries of grades GS-12 step 1 and GS-13 step 10 on the General Schedule.

b. Special ND-4 Mid-band for employees assigned to series covered by the IT pay scale (used for guaranteed minimum IP points and CP/BP point emphasis, not pay point values)

The mid-band for IT employees in payband ND-04 is defined as the highest of the following:

- (1) GS-12 step 10 salary of the General Schedule, or
- (2) The arithmetic mean between the basic salaries of grades GS-12 step 1 and GS-13 step 10 on the General Schedule, or
- (3) GS-12 step 10 salary on the IT special pay table applicable to Newport, RI, less the locality adjustment applicable to Newport, RI.

c. NT-5 High Grade Ceiling

An NT-05 whose salary would exceed GS-13 step 10 if he or she were to receive CP points cannot receive CP points unless the Division receives a high-grade authorization. This is because OPM has determined that an NT-05 whose salary exceeds GS-13 step 10 will be counted as a high-grade. If an NT-05 employee who is less than one CP point below the GS-13 step 10 salary point is awarded a CP point, his or her salary will be raised to GS-13 step 10 and the remainder of the CP point will be awarded as a cash payment.

d. Pay Point Values

The dollar value of a continuing pay (CP) point in each payband is calculated by multiplying the midband salary (without locality) by 1.5%, and rounding up to the nearest whole dollar. After the CP point is added to the employee's new basic salary, the locality percentage is applied, meaning that the employee will receive the benefit of having locality pay added to the CP point.

The dollar value of a bonus pay (BP) point in each payband is calculated by multiplying the midband salary (excluding locality) by 1.5%, then applying the locality percentage, and rounding up to the nearest whole dollar. This results in a BP point having the same cash value as a CP point in each payband.

Pay point values for IT employees in payband ND-4 are calculated using the same midband value as all other ND-4 employees (GS-12 step 10 on the regular GS schedule).

14. Performance (Contribution Factor) Assessment and Pay Point Assignment Procedures

At the beginning of the IP cycle, supervisors must meet with employees to discuss IP expectations and determine sources of Multi-source feedback that will be used to evaluate employees at the midyear and final reviews. This meeting must take place no later than 90 days after the beginning of the IP cycle, and the agreed upon providers of Multi-source feedback must be documented on the IP Assessment Form (fig. 4) at this meeting. In addition, it is strongly recommended that IP expectations, which may be used at the end of the cycle in making the IP determination, be documented in writing at this meeting in order to clearly and accurately reflect the expectations and goals that the employee will be working toward and the supervisor will be measuring during the year.

a. Multi-source Feedback

Multi-source feedback is defined as formally solicited written feedback used by the supervisor to evaluate the employee's performance and progress mid-year and at the end of the performance/IP cycles. Multi-

source feedback is distinguished from informal communication between supervisors, customers, project managers, team leaders, and employees and other appropriate parties, which is expected to take place on a continuous basis throughout the year.

No prescribed format exists for obtaining written multi-source feedback. Employees and supervisors may devise and should mutually agree on the form and content. The IP Feedback Form may be used by supervisors and employees to obtain input. If an employee requests that the IP Feedback Form be used, the supervisor should use the form unless there is a valid business reason not to do so (e.g. the organization has standardized its approach to multi-source feedback, using an alternative format). In this case, the supervisor should try to address the substance of the employee's concerns within the constraints of the business reason, and must justify the reason in writing if requested by the employee.

b. Mid-Year Review

At the mid-point of the annual IP cycle, the supervisor shall conduct a mid-year review of each employee's performance as follows:

- Review the performance contributions of the employee and assess the relative level of their contributions in each Contribution Factor identified at the start of the cycle.
- The supervisor will gather written multi-source feedback from team leaders, project managers, and other customers who are involved in the employee's work and have knowledge of their contributions and level of performance within the position. Multi-source feedback will be used by the supervisor in the midyear assessment. The supervisor will provide a copy of all multi-source feedback to the employee within 2 workdays if requested. The IP Feedback Form, or other mutually agreed upon format, will be used by supervisors to obtain input. Any relevant additional input obtained by the employee will be considered by the supervisor in his/her assessment if requested by the employee. However, to avoid duplication of effort, only one solicitation of multi-source feedback will be made to each source by either the supervisor or employee. If a supervisor does not request feedback from a source, the employee can request it. Supervisors will not discourage employees from gathering input, or discourage team leaders, project managers or other sources of feedback from providing input, except as necessary to avoid sending duplicate requests.
- For each Contribution Factor, an assessment of Exceptional Contributor, Major Contributor, or Contributor is made. Neither Summary Assessments nor IP payouts are made at the midyear review.
- Document the midyear Contribution Factor Assessments on the employee's IP Contribution Assessment Form (Figure 4).
- Meet with the employee during the timeframe specified in the IP schedule (within 15 calendar days after the mid-point of the IP cycle) to discuss the assessment, feedback received, strengths and weaknesses of the employee, areas needing improvement, additional or new expectations, and other relevant information. Provide a copy of the form to the employee at the IP meeting.

c. End of IP Cycle Review

At the end of the annual IP cycle, the supervisor shall conduct a review of each employee's performance as follows:

- Determine the relative position within the band based on the employee's current salary.

- Review the performance contributions of the employee and assess the relative level of their contributions in each Contribution Factor identified at the start of the cycle.
 - The supervisor will gather written multi-source feedback from team leaders, project managers, and other customers who are involved in the employee's work and have knowledge of their contributions and level of performance within the position. Multi-source feedback will be used by the supervisor in the assessment. The supervisor will provide a copy of all multi-source feedback to the employee within 2 workdays if requested. The IP Feedback Form, or other mutually agreed upon format, will be used by supervisors to obtain input. Any relevant additional input obtained by the employee will be considered by the supervisor in his or her assessment if requested by the employee. However, to avoid duplication of effort, only one solicitation of multi-source feedback will be made to each source by either the supervisor or employee. If a supervisor does not request feedback from a source, the employee can request it. Supervisors will not discourage employees from gathering input, or discourage team leaders, project managers or other sources of feedback from providing input, except as necessary to avoid sending duplicate requests.
 - For each Contribution Factor, an assessment of Exceptional Contributor, Major Contributor, or Contributor is assigned and a Summary Assessment is made.
- Refer to the IP Decision Guidelines (Figure 3) and make an IP decision within the parameters of that grid. (i.e. determine the number of pay points and the split between CP and BP points.) Appropriate software to assist supervisors in distributing pay points will be provided.
- Document the pay point decision on the employee's IP Contribution Assessment Form (Figure 4).
- Meet with the employee during the timeframe specified in the IP schedule (normally within 35 calendar days after the end of the IP cycle) to discuss the IP decision, feedback received, strengths and weaknesses of the employee, areas needing improvement, and other relevant information. Provide a copy of the form to the employee at the IP meeting.

15. Assignment of "0" points

Assignment of zero "0" pay points for acceptable performance is expected under the following conditions:

- Recent or upcoming merit promotions (occurring less than 90 calendar days before the end of the IP cycle, or before IP payout).
- Zero pay points may be justified for those who received a pay increase associated with a career-ladder or accretion of duties promotion during the current IP cycle, if the employee's new pay was properly set upon promotion.
- Employee on extended leave (paid or unpaid) and had less than 90 calendar days of time on the job during the performance year.
- An employee who fails a performance plan and receives a performance evaluation of "Unacceptable" is ineligible for IP until he/she receives a performance evaluation of "Acceptable".
- Recent hires are ineligible for IP if hired less than 90 calendar days before the end of the IP cycle.

It is recommended that pay pool managers meet with their branch heads (or equivalent lower level supervisors) to discuss the recommended distribution of IP and determine adjustments needed to ensure equity across the pay pools.

The pay pool manager must approve the final distribution of the incentive pay out. Figure 2 provides the details on how the pay pool units are defined.

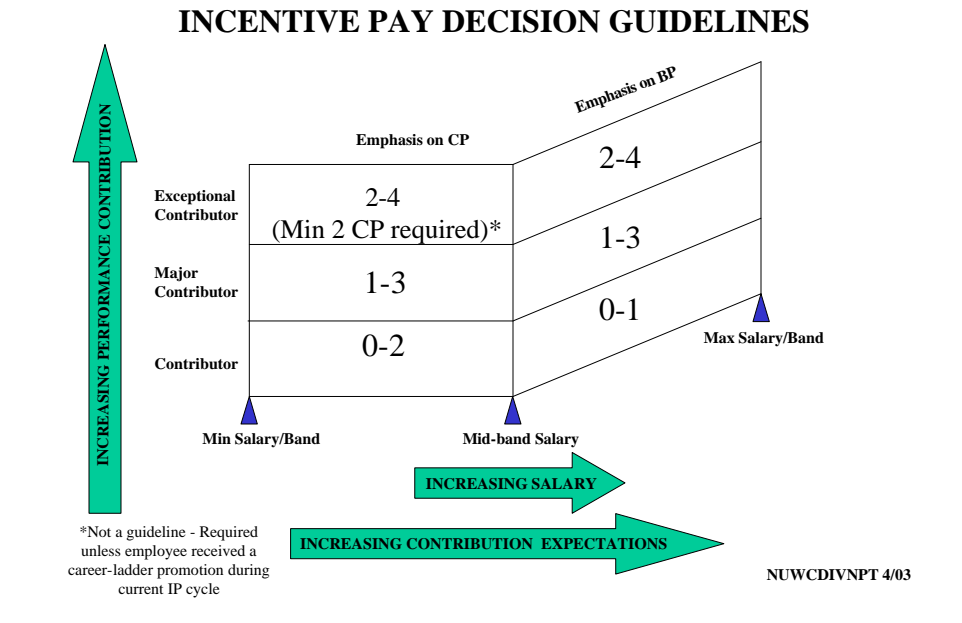


Figure 3.

Checks and Balances

To ensure consistency in the application of IP decisions, supervisors are provided with:

- Incentive pay decision guidelines chart
- Performance contribution factors to be considered in arriving at the value of a performance contribution
- Guidance concerning the use of "0" pay points
- Employees who are due guaranteed IP

Deviations from IP Decision Guidelines chart are documented on the IP Contribution Assessment form

In addition, the Division maintains and provides to PDP employees cumulative statistics on:

- distribution of CP points and BP points by career path vs. Budget contribution,
- number, percentage, and reason for zero pay point decision numbers, and
- percentages of individuals by career path receiving CP, BP, and special achievement awards.

Statistics are developed for total Division and for individual Pay Units.

16. Management of the Incentive Pay Process

To ensure that supervisors are aware of and properly discharge their responsibilities for Incentive Pay, the Demo Project Manager will publish the schedule for Incentive Pay within 6 weeks after the beginning of the IP cycle. Additional all-supervisor messages will be sent via e-mail at different points during the cycle:

- (a) 60 days after the beginning of the IP cycle, supervisors will be told they have 30 days left to establish incentive pay contribution expectations.
- (b) 150 days after the beginning of the IP cycle, supervisors will be reminded of the process and rules for making midyear performance (contribution factor) determinations, and that they should start collecting multi-source feedback for the mid-year discussions, which will occur 30 days later.
- (c) 180 days after the beginning of the IP cycle, supervisors will be reminded that they have 10 days to gather input and complete midyear performance reviews for their employees.
- (d) 60 calendar days before the end of the cycle, supervisors will be reminded of the process and rules for making incentive pay determinations.
- (e) 45 calendar days before the end of the IP cycle, supervisors will be reminded that they must begin obtaining written multi-source feedback from team leaders, project managers, and other sources identified and agreed to at the beginning of the IP cycle, and that all initial IP decisions must be made by the deadline (normally 7 working days after the end of the IP cycle).
- (f) At the end of the IP cycle, supervisors will be reminded about the deadline to complete initial IP decisions (normally within 5 workdays), and about the deadline to complete final IP decisions (including contingency), normally in approximately 18 working days.
- (g) On the deadline to complete initial IP decisions, supervisors will be reminded of the deadline for completing final IP decisions, and that they must meet with their employees to discuss the decisions by the deadline (normally within 10 working days after the final decision).
- (h) At the beginning of the period for supervisors to communicate final IP decisions to their employees, supervisors will be reminded that they must meet with their employees to discuss IP decisions within 10 working days of the final decision, and must conduct IP informal reconsideration meetings (if requested) within 5 workdays after the request, and that informal reconsideration decisions are due within 3 workdays after the reconsideration meetings.
- (i) Whenever an employee is reassigned from one supervisor to another, the losing supervisor will be notified of his or her responsibility to perform a close-out of the IP period for the affected employee(s), and the new supervisor will be notified that he or she

has 30 days to change or recertify the IP contribution factors for each employee.

17. Distribution of pay pool funding

All funds allocated to IP pay pools, including the Corporate Incentive Fund provided to supplement the pool, will be distributed to the members of those pay pools using the agreed upon IP process. The only funds that may be unused (not distributed) after being allocated to a particular pay pool are those that equal less than one pay point of the lowest pay point value in the pool. All unused funds will be returned/reallocated to the next highest level pool and used/distributed within that pool if possible. If not distributed at that level, the funds will be reallocated to the next-highest level pay pool in the Directorate (or Department if there is no Directorate) until the funds can be distributed. Any funds remaining at the Directorate/Department level will be used to pay out points awarded during reconsideration.

(Example: The lowest graded employee in pay pool YYY is ND-2, whose pay point value equals \$X. After all funds in pay pool YYY are distributed, if \$X or more is available, those funds will be distributed within pay pool YYY. If \$X-1 or less is available, that amount will be reallocated to the next highest pay pool (YY) and used within that pool if possible. If the amount of all returned funds in pool YY equal \$X-1, that amount will be reallocated to the next highest level pay pool (Y), and used within that pool if possible, and so on.)

18. PERFORMANCE CONTRIBUTION FACTORS

The following Contribution Factors (or subset) will be used to evaluate each employee's contributions for IP. These are the only factors that may be used. Only those factors that are relevant to an employee's position and duties will be used for that employee.

CUSTOMER FOCUS: Contributions in this area are assessed in terms of an employee's demonstrated concern for external and/or internal customer requirements and the degree to which the employee is responsive to such requirements. Demonstrated concerns for customer requirements typically involve discussing problems with customers, responding to customers' requests with a sense of urgency, communicating regularly and appropriately with customers, and displaying a positive attitude toward them.

TEAMWORK: Contributions in this area are assessed in terms of an employee's efforts in developing and maintaining productive working relationships with co-workers within and outside of the immediate work unit. Such efforts are typically reflected in an employee's participation in group efforts that require a willingness to place the goals of the group or organization before individual goals when appropriate or the two are in conflict.

INNOVATION: Contributions in this area are assessed in terms of the extent to which an employee brings new ideas and innovative techniques to work processes. Innovative contributions are, typically, imaginative, original, and serve as a source for new insights and initiatives.

PRODUCTIVITY: Contributions in this area are assessed in terms of an employee's completion of assigned projects or tasks within established time frames. Assessment of contributions in this area should consider factors such as the volume of work performed, the timeliness of output relative to expectations, the meeting of deadlines, and the amount of supervision required to maintain expected output levels.

INITIATIVE: Contributions in this area are assessed in terms of an employee's ability to recognize problems and to take necessary corrective actions without direct instructions. Such efforts are typically characterized by ingenuity, self-reliance, resourcefulness, and a capacity for knowing what needs to be done to accomplish a task.

WORKFORCE DIVERSITY: Contributions in this area are assessed in terms of an employee's awareness of, and sensitivity to, cultural, racial, gender, disabilities, and other individual differences present in the workforce. Typically, achievements in this area reflect support for Division workforce diversity goals and programs and the equitable administration of workforce-related policies. **This element is used only for individuals who are supervisors or who occupy positions with significant influence in this arena.**

LEADERSHIP: Contributions in this area are assessed in terms of the extent to which an employee is effective in accomplishing immediate and long-term organizational goals through the efforts of others. Leadership contributions are typically reflected in activities that challenge others to excel, promote competition and teamwork, support Division-wide initiatives, recognize and reward the achievements of others, and provide support and direction when needed.

CONTINUOUS IMPROVEMENT: Contributions in this area are assessed in terms of an employee's demonstrated effort to improve the process(es) on which he/she works and a willingness to change his/her approach to a task. Demonstrated effort for improvement typically involves employees taking the initiative to reduce cycle time, cost, and inefficient use of resources (materials and people) and increase the accuracy of their work; being adaptable to change and/or non-standard methods or approaches to their work; and identifying problem areas and providing recommendations for problem resolution with the overall goal of increasing the level of service and/or product performance for the internal/external customer.

19. CONTRIBUTION DESCRIPTIONS

EXCEPTIONAL CONTRIBUTOR

This assessment is limited to those employees whose contributions are so consistently far above expectations for the position that it would be difficult to indicate how any aspect of performance could be better. Employees assessed at this category demonstrate sustained mastery of all facets of their positions.

- Consistently exceeds all expectations associated with the position.
- Accomplishments are unique and superior to the standards for the position and sustained over the review period.
- Demonstrates innovative work practices and superior judgment, decision-making, leadership and initiative.
- Rarely requires even minimum guidance in producing results of high quality and/or volume.

MAJOR CONTRIBUTOR

This assessment is appropriate for those employees whose contributions are achieved with minimal supervision and in a manner that identifies them as capable of assuming additional responsibility.

- Exceeds most expectations associated with the position.
- Accomplishments are more than expected for position.
- Employee's judgment, work practices, decision-making and initiative exceed usual position expectations, producing work results of high quality.
- May require minimal guidance on complex and unique tasks.

CONTRIBUTOR

This assessment is appropriate for employees whose contributions reflect a performer who can be depended upon to satisfy position expectations in an acceptable manner.

- Meets most expectations.
- Employee's judgment, work practices, decision-making and initiative meet usual position expectations, producing work results of acceptable quality.
- Accomplishments are in accordance with position requirements.
- May require direction on more difficult tasks.

20. IP Closeout Procedures

When an employee changes supervisors after the first 90 days of an IP cycle, it will be necessary for the portion of the IP cycle already completed to be "closed-out" by the current supervisor, and IP expectations established with the new supervisor. The following procedures will be followed under those circumstances:

(a) If more than 90 days has passed since the beginning of the IP cycle, the current supervisor will evaluate the employee's contribution in each of the contribution factors which were established. An interim determination of whether the employee was a contributor, major contributor, or exceptional contributor will be made for each factor, but an overall Summary Assessment will not be done. The interim determination by the current supervisor will be done no later than 10 workdays after the change in supervisors occurs, and will be discussed with the employee within the following 5 workdays. If for any reason the current supervisor does not perform the interim evaluation in the specified timeframe, it will be done by the next level supervisor. The interim evaluation will be used by the new supervisor in his or her final IP evaluation. For FUSE employees, the interim appraisal is subject to informal reconsideration within 5 workdays, as described in the IP Reconsideration procedure. Formal Reconsideration and Arbitration can only be used at the end of the IP cycle to appeal interim (close-out) evaluations, not during the IP cycle.

(b) Within 30 days after the change in supervisors, the new supervisor and the employee must meet to establish new expectations, or modify or revalidate the old expectations. It is imperative that sources of multi-source feedback be identified and/or revalidated at this meeting, since the new supervisor may not be aware of prior discussions. The supervisor will document any changes and provide a copy to the employee within 5 workdays after the meeting.

INCENTIVE PAY CONTRIBUTION ASSESSMENT FORM

Name: _____ Beginning Date of IP Cycle: _____
 Organization: _____ End Date of IP Cycle: _____
 Pay Band: _____ Check if: Final Rating
 Base Salary (no local): _____ Check if: Close-out Rating

CONTRIBUTION FACTORS	Exceptional Contributor		Major Contributor		Contributor	
	Midyear	Final	Midyear	Final	Midyear	Final
1.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FINAL SUMMARY ASSESSMENT (end of IP cycle)		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>

CONTINUING PAY AWARD: (0-4 CP points) _____ CP Points

BONUS PAY AWARD: (0-4 BP points) _____ BP Points

TOTAL IP PAYOUT: (0-4 pay points) _____ Total Points

Establish Contribution Factors Midyear Review Payout

Supervisor's Signature Date Supervisor's Signature Date Supervisor's Signature Date

Employee's Signature Date Employee's Signature Date Employee's Signature Date

Providers of Multi-source Feedback (Must be documented at beginning of IP cycle, and updated as necessary):

Remarks: (Deviations; Zero Pay Point Decision, etc.)

Note: Employee's signature indicates receipt, not necessarily concurrence.

Figure 4

Section 3 - Reconsideration of Incentive Pay Decisions

Employees have the opportunity to have IP decisions reconsidered. While the specific purpose of the reconsideration is to address employee concerns about such decisions, the process is also intended to facilitate communication and understanding between employees and supervisors/managers concerning performance contributions and their impact on pay decisions. In addition, the process seeks to identify possible systemic problems that need to be addressed. In that regard, reconsideration is considered a positive and integral component of an effective IP system by providing a mechanism to support continuous improvement. Accordingly, employees are not discouraged from requesting reconsideration. Neither are they subjected to reprisal or stigma.

If the reconsideration request results in the awarding of additional pay point(s), the additional point(s) will not negatively impact the payout decision for any other individual in the pay pool. If the reconsideration process (informal, formal, or arbitration) results in the payment of CP in an amount no greater than 2.0% of the money assigned to a CP pool (without the corporate incentive fund), those payments will be made first from any money left unpaid in the current year's CP corporate incentive fund, and the difference will be paid from next year's CP corporate incentive fund. If the reconsideration process results in payment of money for CP in excess of 2.0% of a CP pool, the amount which exceeds 2.0% will be withheld from that CP pool the next year.

If the reconsideration process (informal, formal, or arbitration) results in the payment of BP in an amount no greater than 2.0% of the money assigned to a BP pool (without the corporate incentive fund), that payment will be made first from any money left unpaid in the current year's BP corporate incentive fund, and the difference will be paid from next year's BP corporate incentive fund. If the reconsideration process results in payment of money for BP in excess of 2.0% of a bonus pay pool, the amount which exceeds 2.0% will be withheld from that BP pool the next year.

Reconsideration may be requested because of the number of pay points awarded, the pay point distribution (CP versus BP), or a combination of both. Employees can also ask for reconsideration of the summary or individual contribution factor assessment(s), including midyear assessments (informal reconsideration only). If necessary, reconsideration decisions may be made following the IP distribution.

The Human Resources (HR) Dept. (Code 58) is responsible for providing advice to management and keeping records for the reconsideration phase of Demo IP. It is imperative that HR Code 582 be notified when an employee has asked for formal reconsideration. PMAs will advise managers on the reconsideration process.

The reconsideration process at Division Newport has the following features:

1. Informal Reconsideration (Optional)
2. Formal Reconsideration
3. Arbitration (only employees represented by FUSE)

1. Informal Reconsideration

At the mid-point of the IP cycle, and again at the end of the IP cycle when IP points (including the Corporate Incentive Pool allocation) have been determined for each Demo employee, supervisors meet with their

employees to discuss the contribution assessments, discuss the IP decision (end of cycle only), and give them a copy of their IP Contribution Assessment Forms apprising them of the contribution factor and paypoint (end of cycle only) decisions. Employees may choose to have an informal discussion with their immediate supervisors before the assessment/award becomes final. Informal Reconsideration is optional, but if used it must be requested from the immediate supervisor prior to the date that the decision is final (5 working days following initial notification). The immediate supervisor will meet with the employee (if requested) and render a decision on the informal reconsideration request within three (3) working days. Management, to the maximum extent possible, addresses employee concerns during this period. No written documentation of the decision is required, unless the payout decision, summary, or individual Contribution Factor assessment(s) are modified. If a change is made at the end of the IP cycle, documentation is forwarded to HR Code 582 for the applicable change to be made, and the employee is issued a revised payout notification. If a change is made at mid-year, the change is documented on the IP form and retained by the supervisor.

2. Formal Reconsideration

Formal reconsideration of final contribution factor assessments, Summary Assessments and IP awards may be requested at any point after the employee is notified by his or her supervisor of the initial decision, up to five working days after the award or assessment specified in the initial notification is finalized. Midyear reviews can only be submitted to Formal Reconsideration at the end of the IP cycle as part of the Formal Reconsideration process of a Final IP award or assessment.

If Informal Reconsideration is not requested, the initial award is finalized five working days after notification. If Informal Reconsideration is requested, the initial award is finalized when the employee receives the Informal Reconsideration decision.

An employee who requests Formal Reconsideration must submit a written self-evaluation which addresses each Contribution Factor with his or her request for Formal Reconsideration to the Dept. Head.

Once all initial IP decisions are finalized (5 working days following initial pay point notification, or upon receipt of Informal Reconsideration decision), Formal Reconsideration may be requested even if Informal Reconsideration wasn't used. Employees have five working days from the date their initial IP award is finalized (as described above) to request Formal Reconsideration by appealing their decisions to the Department Head using the Reconsideration Request Form (figure 5), which is available on the web at <http://npricode58.npt.nuwc.navy.mil/demo/PRECONSIDERREQUESTFORM.doc>.

FUSE bargaining unit employees provide a copy of the Reconsideration Request Form to the Department Head, with a copy to the FUSE Office (bldg. 679 2nd floor). The Department Head immediately notifies his or her PMA and forwards a copy to HR Code 582. The employee is entitled to make an oral presentation to the department head. If so requested, the Department Head must meet with the employee (and FUSE representative if requested) and render a written decision within five workdays from receipt of appeal, providing a copy of the decision to HR Code 582. If the payout decision, summary assessment or contribution factor assessments are modified, documentation is forwarded to HR Code 582 for the applicable change to be made, and the employee is issued a revised payout notification.

3. Arbitration (FUSE employees only)

If the employee is not satisfied with the Department Head's decision, he or she can request further review by an Arbitrator by submitting another Reconsideration Request Form to HR Code 582, with a copy to the FUSE office, within 5 workdays after the employee receives the Department Head's decision. Arbitration is only available at the end of the IP cycle, at which time midyear and final assessments/payouts may be reconsidered.

The Arbitrator is selected from the list of arbitrators provided by the Federal Mediation and Conciliation Service, Office of Arbitration Services, or other mutually agreed upon source. The cost of the Arbitration is paid by the Division.

The Arbitrator will meet with the employee (and FUSE representative if requested) and management, and render a decision within 14 workdays from receipt of request. The Arbitrator's decision is final, and can reflect the position of either party (employee or management) or any other position he/she believes to be supported by the facts. If the Arbitrator makes any changes to the employee's evaluation (payout or assessments), documentation is forwarded to HR Code 582 for the applicable change to be made, and the employee is issued a revised pay out notification.

Employees represented by FUSE will be given a reasonable amount of official duty time to prepare and participate in the IP reconsideration process. Up to 2 hours of official time (including presentation to the deciding official) may be used for informal reconsideration, up to three hours additional official time (including presentation) may be used for formal reconsideration, and up to seven hours additional time (including presentation) for reconsideration with the arbitrator. Unused time for one stage will not normally be used for another stage, and additional official time will not normally be authorized, unless mutually agreed otherwise by the employee, union and management.

4. Incentive Pay (IP) Arbitration Ground Rules

- a. The arbitrator's award is limited to changing the midyear and/or final contribution level(s) for individual contribution factor(s), the summary contribution level (Summary Assessment), and the number and/or distribution of IP points for the current IP payout. The arbitrator may choose the position of either party, or a compromise position. The arbitrator may not award the employee more pay points than requested on the Pay Point Reconsideration Request Form, or less than that awarded by management on the Incentive Pay Contribution Assessment Form. The arbitrator may not change the contribution factor level(s) or Summary Assessment to a level above that requested by the employee or lower than that awarded by management.
 1. The arbitrator may change the number and/or distribution of pay points (CP vs. BP).
 2. BP cannot replace CP (e.g. 2 BP cannot replace 1 CP).
 3. Partial pay points may not be awarded.
 4. The total of IP points (CP and BP together) cannot exceed four.
- b. The arbitrator's decision must be in writing, and may be rendered at the hearing, or within 14 workdays after the hearing. The decision will include the number of additional pay points, if any, to be awarded (BP and CP), and any change to the contribution factor level(s) and/or Summary Assessment, if any.

- c. The parties will provide copies of all written information to be provided to the arbitrator during the hearing to the other party at least 24 hours (1 workday) prior to the hearing, and to the arbitrator at the beginning of the hearing.
 - 1. Hearings will be scheduled for 2 ½ hrs. in length, with one hour between hearings. Extra time (up to 15 min. per hearing) is available for the sole purpose of providing equal time to both parties.
 - 2. Equal time will be provided to both parties. The first 45 min. will be reserved for management.
 - 3. Each side will be permitted a short (approx. 10 min) rebuttal/summary statement at the end of the hearing (employee summary last).
 - 4. Each side will provide at least one day advance notice of the names of any witnesses who will be asked to testify.
 - 5. Each side is limited to 3 participants/observers at a time.
- d. Neither management nor the arbitrator may change, include, exclude or re-prioritize Contribution Factors previously assigned by management and provided to the employee, unless the employee is given advance written notice of the specific changes at least 75 days prior to the end of the IP cycle, or the employee agrees to the changes in writing.
- e. No information provided after the hearing will be considered by the arbitrator in rendering a decision, unless requested by the arbitrator, in which case the information must be provided to both parties (union and management) in addition to the arbitrator.
- f. Any of the above conditions may be changed or deleted by mutual agreement of the parties.

5. IP Reconsideration/Arbitration Process - Acceptable behavior

The primary purpose of the IP Reconsideration process is to provide employees with a mechanism to address their concerns about incentive pay decisions, and to establish better communication between employees and supervisors about performance contributions and their impact on pay decisions. A successful reconsideration process will result in a fair opportunity for an employee and supervisor to discuss their viewpoints, and is in the interest of all parties.

Open, honest and direct communication is an important element of the reconsideration process. Discussing the reasons behind IP decisions may raise such topics as personality conflicts, performance or behavioral problems, mistrust, incompetence, favoritism, dishonesty, discrimination, retaliation, harassment, or other serious issues. While dealing with performance issues and/or communication problems has the potential to evoke emotional responses to topics which arise, all parties to IP Reconsideration meetings have a common interest in and responsibility for maintaining order and respect during the meetings.

IP Reconsideration can be very stressful to employees and managers. IP decisions affect an employee's pay and status. This can be very stressful, demeaning, discouraging, frustrating and angering for the employee, which may in turn increase the stress on the supervisor. The result may be raised voices or yelling, emotional outbursts, sarcasm, intense or angry appearance, demeanor or movements, comments or accusations related to the issues of mistrust, incompetence, favoritism, dishonesty, discrimination, retaliation, harassment, etc., threats of legal action, or other behavior or actions which might normally be considered by management as disrespectful, insubordinate, intimidating, threatening or inappropriate in the workplace. To facilitate open communications, which are key to the effectiveness of the

reconsideration process, it is reasonable to afford employees more leeway for single incidents of this behavior which, under other circumstances, might result in disciplinary action.

Disciplinary action is not one of the objectives of the reconsideration process. With that in mind, participants must inform the individual running the meeting of behavior that they find abusive or harmful. If the individual running the meeting (arbitrator at arbitration meetings) agrees that the behavior is abusive or harmful, he or she is required to warn the individual causing the problem that further deliberate occurrences of such behavior may result in negative consequences. A first occurrence of such behavior will not result in disciplinary action or other negative consequences unless the behavior is egregious. Any further reoccurrence of such behavior may result in negative consequences to the offending participant. Egregious behavior will not be tolerated at any time, and may result in disciplinary action or other negative consequences without a warning. Examples of egregious behavior include: physical contact, threats of physical harm, physical actions that are deliberately threatening and/or provoking and/or intimidating, excessive profanity, excessive obscene language or gestures, or any illegal acts.

During IP Reconsideration meetings or Arbitration hearings, the supervisor, employee, Arbitrator or other parties should call for a short break if they perceive that the potential for unacceptable behavior is increasing, or any of the participants feels uncomfortable.

If disciplinary action is being considered for behavior at an IP Reconsideration meeting or Arbitration hearing, management will consult with the participants, and consider the unique set of circumstances and stressful environment imposed by this process before proposing or initiating any action. Any actions (grievances, disciplinary actions, etc.) that may result from a participant's behavior during an IP Reconsideration meeting should not affect the reconsideration process, which should continue to its normal conclusion independent of the grievance or adverse action if possible.

Incentive Pay Reconsideration Request Form for Employees Represented by FUSE

Type of Request (circle) : **Formal (Dept. Head)** **Arbitration**

1. Name _____ 2. Phone # _____
3. Organization _____ 4. Title & grade _____
5. (a) Supervisor's Name _____ (b) Phone # _____
6. (a) Dept. Head's Name (formal reconsideration only) _____
6. (b) Dept Head Phone # _____ 7. Organization _____

8. Incentive Pay period: Beginning date _____ End date _____
9. Date IP decision received _____

10. Pay pt(s) received: Continuing Pay (CP) _____ Bonus Pay (BP) _____
11. Pay pt(s) requested: Continuing Pay (CP) _____ Bonus Pay (BP) _____
12. Summary assessment received: (C, M, E) _____
13. Summary assessment requested: (C, M, E) _____
14. Contribution factor ratings Rating received Rating requested
Contribution factor 1. _____ (C, M, E) _____ (C, M, E) _____
Contribution factor 2. _____ (C, M, E) _____ (C, M, E) _____
Contribution factor 3. _____ (C, M, E) _____ (C, M, E) _____
Contribution factor 4. _____ (C, M, E) _____ (C, M, E) _____
Contribution factor 5. _____ (C, M, E) _____ (C, M, E) _____
Contribution factor 6. _____ (C, M, E) _____ (C, M, E) _____
Contribution factor 7. _____ (C, M, E) _____ (C, M, E) _____
Contribution factor 8. _____ (C, M, E) _____ (C, M, E) _____

15. Brief description of your reason for requesting reconsideration (attach additional sheet(s) if necessary):

16. Do you wish to meet with the Dept. Head or Arbitrator? (Y/N) _____
17. If so, do you wish to have a union (FUSE) representative attend the meeting? (Y/N) _____
18. Please send a copy of this form to the FUSE office (bldg. 679 2nd floor),
and if requesting union representation contact FUSE as soon as possible (x22440).
19. Date sent _____ Date received _____ Meeting date _____

**INCENTIVE PAY SYSTEM
Sample Multi-Source Feedback Survey Form**

1. From Requesting Supervisor:

Name: _____
Organization: _____
Location Address: _____
E-mail Address: _____
Date of Request: _____

2. To Customer/Evaluator:

Name: _____
Organization: _____
Location Address: _____

3. Feedback for Following Employee:

Name: _____
Organization: _____
Position: _____

4. Request/Instructions from the Supervisor:

Please complete this Administrative Sensitive survey form to the best of your knowledge, and return it to me as soon as possible. This information will be used to provide Multi-source feedback regarding Incentive Pay contributions for the employee identified in the previous paragraph. Please provide your feedback for those areas marked below in the left column, "Feedback Requested". The column "N/A" is appropriate for those factors that you cannot judge or assess. The employee will be allowed to review this feedback survey.

Figure 6

5. To be completed by Supervisor:

- a. Left column of Survey Assessment Factors: check all factors that apply.
- b. Other Abilities, Knowledges, Skills, and Assessment Factors.

6. Survey Assessment Factors:

Feedback Requested	ASSESSMENT FACTORS	Excellent	Good	Fair	Poor	N/A
<input type="checkbox"/>	CUSTOMER FOCUS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	TEAMWORK	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	INNOVATION	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	PRODUCTIVITY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	INITIATIVE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	WORKFORCE DIVERSITY/EEO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	LEADERSHIP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	CONTINUOUS IMPROVEMENT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	PERSONNEL MANAGEMENT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	PROCESS MANAGEMENT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	TECHNICAL MANAGEMENT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	PROGRAM MANAGEMENT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	INTERPERSONAL SKILLS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	COMMUNICATIONS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	COST EFFECTIVENESS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	QUALITY OF SERVICE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	RELIABILITY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	OTHER ABILITIES, KNOWLEDGES, SKILLS AND ASSESSMENT FACTORS					
<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7. Please comment on notable positive efforts/service provided by the employee this past year.

Figure 6 (cont)

8. Please comment on any areas in which this employee could improve the level of efforts/service provided during the past year.

9. Other feedback:

10. Customer Signature (optional)

Date

11. Print this form and forward it to the requesting supervisor, indicated in paragraph 1, or send it to the requesting supervisor's E-mail address.

12. Thank you for your time and cooperation in completing this survey.

Section 4 - Reduction in Force

Introduction: Overall definition, structure, and guidance for the Reduction-in-Force (RIF) system under the Personnel Demonstration Project (PDP) are contained in the Federal Register, Volume 62, Number 232 of December 3, 1997. The PDP Implementing Regulations address those aspects of RIF's which are to be uniformly applied across the Warfare Centers and which are not fully documented in the Federal Register Notice. These two documents, along with the Office of Personnel Management regulations contained in the Code of Federal Regulations (CRF 351) govern all major aspects of RIF.

The provisions of the Warfare Center's Personnel Demonstration Project waive significant portions of the RIF regulations found in references (b) through (d). Competitive area has been redefined to place employees covered under the Personnel Demonstration Project in a separate area from those not covered. Competitive levels have been eliminated, as has the augmenting of service computation dates by performance credit. Regulations governing bump and retreat rights have been replaced by a displacement process which allows an employee to displace at the same or lower grade/band level, an employee of lower retention standing occupying a position for which the senior employee is qualified. An employee with an unacceptable performance rating, however, may only displace an employee also rated unacceptable. The range of positions to which an employee may be considered for placement has been modified to address a broad banding system that consolidates two or more General Schedule grades into a single band. Grade retention has been eliminated. Where not specifically waived, the definitions and procedures described in the following references continue to apply.

- (a) 5 CFR 351
- (b) CPI 351
- (c) SECNAVINST 12351.5e
- (d) 5 CFR 536
- (e) 5 CFR 532.

Policy: Department of Navy (DON) policy is to accomplish civilian personnel reductions through attrition whenever possible. Involuntary separations through RIF will occur only when attrition, reassignment and other management actions fail to accomplish the necessary reductions. In keeping with the DON policy of minimizing RIF separations, heads of activities will explore all options to keep RIF separations to a minimum.

Coverage: All employees of the Naval Undersea Warfare Center who are participating in the Personnel Demonstration Project are covered by these provisions.

Use of this Regulation: Each activity shall follow this regulation and pertinent sections of references (a) through (e) when it releases a competing employee from his or her position by furlough for more than 30 days, separation, demotion, or reassignment requiring displacement of other employees when the release is required because of lack of work; shortage of funds; insufficient personnel ceilings; reorganization; the exercise of reemployment rights or restoration rights; or reclassification of an employee's position due to erosion of duties when such action will take effect after an agency has formally announced a reduction in force in the employee's competitive area and when the reduction in force will take effect within 180 days.

Definitions: Changes to the definitions of references (a) through (e) are as follows.

a. Competitive area means the organizational unit and geographic location within which employees compete. The competitive area under the Personnel Demonstration Project will be all positions included in the Personnel Demonstration Project within an activity at a specific geographic location.

The competitive areas at the Division consist of:

1. All positions that are included in the Personnel Demo Project at NUWCDIVNPT
2. All positions that are not included in the Personnel Demo Project at NUWCDIVNPT
3. All positions that are included in the Personnel Demo Project at NUWCDIVDETPB
4. All employees with other duty stations will compete in one of the above areas based on their "home code" location.

b. Representative rate means the fourth step of the highest General Schedule (GS) grade included in a band; e.g., step 04 of GS-10 for Band III of the NT career path. Positions covered by the Federal Wage System (FWS) are not covered by the Demonstration project broad banding system. The representative rate for FWS positions therefore remain unchanged, i.e., Step 02 of an FWS grade level.

c. Displacement means the movement of an employee into a position held by an employee of lower retention standing.

Retention Register: When a competing employee is to be released from his/her position under this regulation, the activity shall establish a retention register for the competitive and excepted service, if necessary. The retention register will be ordered by:

- a. Band or FWS grade level in representative rate order;
- b. Type of work schedule; and,
- c. Appointing authority, if an excepted service register.

Order of Retention: Within the above groups, competing employees shall be listed on the retention register in descending retention standing order as defined by their tenure of employment, veteran preference, and length of service. There will be no augmented service credit based on performance ratings. Employees will be listed as follows:

- a. By tenure group I, group II, group III; and
- b. Within each group by veteran preference subgroup AD, subgroup A, subgroup B; and,
- c. Within each group by years of service beginning with the earliest service date.

RIF Placement Process: Employees will be placed in order of their retention standing, beginning with the most senior employee whose position has been abolished. This employee may displace an employee of lower retention standing occupying a position at the same or lower grade/band level for which the senior employee is fully qualified. For purposes of qualification determinations, reference (b) should be consulted, including the section discussing "undue disruption".

The displaced employee must be appointed under the same authority, if excepted service, and in the same work schedule. An employee who is rated unacceptable during the twelve-month period preceding the

effective date of the RIF may only displace an employee rated unacceptable during that same period.

Displacement Rights: In general, the displacement entitlement of those employees who are covered by the Personnel Demonstration Project Broad Banding Classification System is limited to no more than the equivalent of one broad band below the employee's present position. However, a preference eligible employee with a compensable service connected disability of 30 percent or more may displace up to two broad band levels (or the equivalent of five General Schedule grades) below the employee's present position. An employee covered by the Federal Wage System may displace up to three grades/ intervals below the employee's present position; FWS employees who are compensably disabled veterans of 30% or more may displace up to five grades/intervals.

For purposes of displacement across pay systems, i.e., FWS to a Personnel Demonstration Project career path, or from one career path to another, the equivalency of bands is determined by comparing representative rates. Where more than one position is available, the employee must be offered the position with the highest representative rate.

Employees may also be offered a vacant position with the same representative rate as the highest band/grade available by displacement. If the employee cannot be placed by displacement or into a vacant position, he or she will be separated.

Grade and Pay Retention: Employees covered by the Personnel Demonstration Project are not eligible for grade retention. Pay retention will be granted to employees downgraded by RIF whose rate of basic pay exceeds the maximum salary range of the pay band/grade to which assigned. Such employees will be entitled to retain the rate of basic pay received immediately before the reduction, not to exceed 150% of the maximum salary of the lower band/grade. Comparability and locality increases will be paid in accordance with references (e) and (f). Additional information on retained pay for Demonstration Project participating employees is covered in Chapter 5 and 6 of the Warfare Centers' Operating Regulations.

All employees shall be given the opportunity to review and request to update, if applicable, their position descriptions, Standard Level Descriptor Addendums, qualifications standards, and all other documents, records and any other pertinent information relative to their position and classification used in RIF determinations upon request. In addition, all employees shall be given the opportunity to review and update, if applicable, their Standard Form 171, resume, or any similar form. These forms, and all knowledge, skills and abilities obtained since the last update shall be added and be given consideration under qualifications determination during a RIF. All employees shall be notified of these opportunities at least yearly, and at least 30 days prior to the establishment of a retention register to be used for RIF purposes. Any discrepancies or disagreements related to these documents may be appealed through negotiated grievance procedures.

RIF actions are appealable to the Office of Personnel Management under procedures established by that office and, for represented employees, under applicable negotiated grievance procedures.

Specialty codes will not be used for any purpose under the Demo RIF procedures.

All previously negotiated agreements between NUWC DIVNPT and the unions regarding RIF shall remain in effect under the Demo project.

Section 5 - Miscellaneous/Other

1. Training

All NUWCDIVNPT employees covered under the PDP shall receive adequate training in all pertinent aspects of the PDP. This training shall include, but not be limited to the following:

- a. Incentive Pay System
- b. Incentive Pay Reconsideration
- c. Performance Development System
- d. Reduction in Force
- e. Promotion policy and procedures
- f. Broad Banding
- g. Classification
- h. Employee's rights and applicable appeal processes

Up to 8 FUSE officials shall be allowed to preview the complete training course at least 30 days prior to implementation. Management will discuss with the union any concerns which are expressed about the training and will correct any errors, but retains final say over training content.

2. Duration of PDP

This agreement is for a period of 4 years. After 4 years, the agreement may be renegotiated or terminated by request of either party, or earlier by mutual agreement. If the parties agree to terminate the agreement, employees will exit from DEMO in accordance with the procedures established by the Demo Program Office. Personnel systems which were in place prior to Demo will be restored, except insofar as they have been affected by legal/regulatory/procedural changes in the interim.

3. IP for Union Officials

Union officials who perform work under their activity-assigned duties or responsibilities for less than 520 hours per rating year cannot be rated under the Performance Development System, and therefore are ineligible for Incentive Pay. Because ineligibility for IP would deny union officials compensation to which they would otherwise be entitled, such as within-grade increases, one full-time union official shall receive the equivalent of 1CP + 1BP (2BP at top of his/her payband). This payout represents the average IP, both CP and BP, paid to the employees in their bargaining unit, rounded to the nearest whole point (BP only at the top of the pay band).

One full-time and 5 part-time FUSE officials (officials include officers, stewards, or other union representatives) shall receive yearly Incentive Pay (IP) based upon their full-time/part-time status each year as follows:

<u>Category</u>	<u>Yearly IP Pay</u>
Full Time	1CP + 1BP equivalent (2BP at top of his/her pay band)
Part Time	The greater of 1 CP (up to his/her mid-band, 1 BP at or above his/her mid-band), or the IP payment attributed to their activity-assigned duties/responsibilities.

Note: The terms "his/her mid-band" and "his/her pay band" refer to the individual union official's corresponding mid-band and pay band salaries, including special mid-band values applicable to Computer Scientists and Computer Engineers.

In each IP cycle, 1 FUSE official will be eligible for Full Time status.

Five part-time union officials shall receive the greater of the following each year, as shown above: 1 CP point (1 BP only above his/her mid-band) or the IP payment attributed to their activity-assigned duties/responsibilities. Part time officials will be evaluated and assigned pay points by management based on their performance (productivity, quality, quantity of work, etc.) while working on management-assigned duties only. Their IP and other performance evaluations shall not be based on the expectations of an employee working full time on management-assigned duties. In no way will they be under-compensated or penalized for working less than full time on management-assigned duties.

Union officials shall not be interfered with, restrained, coerced or discriminated against in any manner, including with regard to pay, for performing union related duties and responsibilities. In assigning ratings and IP decisions, management shall not penalize union officials for time spent on union matters, or for any other reason related to their union duties/responsibilities.

IP funding for up to 6 FUSE officials shall be allocated and distributed at the NUWC DIVNPT level (up to 22 pay points yearly), and will be separate and above the funding allocated to the regular pay pool units. The union shall inform management at least 3 weeks before the date that pay pools are "frozen" of the names of the officials to be covered by this agreement.

Either party may request to renegotiate the number of officials so treated, based on changing requirements or any other appropriate reason.

4. Training Expenses for Union Officials

The Division will provide up to a total of \$ 16,000 to FUSE during the four demo years covered by this agreement for training (tuition; fees; books; materials; travel including transportation, mileage, meals, lodging, etc.; and labor) at conferences, seminars, conventions and other events or activities which provide mutual Union/Division benefit. These funds will be made available to the FUSE President and may be used at his/her discretion, subject to management determination that the funds are being expended in accordance with law, regulations and local policy. The funding level for these purposes may be renegotiated at any time by mutual agreement. All charges will be processed through Code 58 for accounting and documentation purposes.