



Instructor Guide
Lesson 5 Compensation Administration



Cyber Excepted Service (CES) HR Elements Compensation Administration

Instructor Guide





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Cyber Excepted Service (CES) HR Elements Course, Lesson 5 Compensation Administration

COURSE OUTCOME

The overall course goal is to prepare HR Professionals to guide supervisors and employees covered under CES for transition to the new personnel system with an overview of compensation elements of the CES occupational structure.

METHODOLOGY

Lecture: Transmit information which supplements or enhances reading; promote understanding via explanations; respond to student misconceptions or difficulties; create or engage interest in a new area; motivate reading or other assignments. Examples of lecture content includes: Create interest in the performance management program, promote understanding via explanations; and respond to student misconceptions or difficulties.

Discussions: Practice thinking and communicating in the subject/discipline; evaluate positions, arguments, or designs; defend own position; identify problems, conflicts and inconsistencies; get feedback from/about students; draw on students' expertise and prior knowledge.

TARGET AUDIENCE

The primary target audience is HR Professionals covered under CES.

About Facilitating

MATERIALS NEEDED

Be sure you have the following materials, which will be needed to complete the activities:

- ◆ Instructor Guide/Slides
- ◆ Copies of Lesson 1- Ice Breaker Participant Activity Sheet
- ◆ Chart paper/easel (at least 3)
- ◆ 3"x3" Post-It notes
- ◆ Markers for Chart paper





SETUP

Prior to a training session, be sure that the following setup has been completed:

- ◆ Practice with slides on session computer
- ◆ Test slides/practice in room
- ◆ Test microphone if used

SPECIAL FACILITATION REQUIREMENTS

Keep the participants actively involved, but watch the time!

BEST PRACTICES

Here are some best practices for facilitating an instructor-led training course.

1. Refer to the *Instructor's Guide* and rely on the script. Rehearse the script several times so that you can paraphrase it in a natural way. To the degree the schedule allows, try to add information that supports or highlights the points being made in the slide (e.g., add examples from your own experience).
2. Encourage participation. Accomplish this by asking questions and by having the participants interact as directed.
3. Encourage participants to speak in turn.
4. Encourage participants to follow along on the slides.
5. At the end of a lesson, ask the participants what they remember. Let them summarize the major instructional points, if time permits.
6. Keep the atmosphere informal so that the participants are comfortable asking questions, participating in activities, and sharing their knowledge or concerns.





COURSE Introduction and Overview

COURSE NAME

Lesson 5 Compensation Administration

Duration

90 minutes

PURPOSE

The purpose of this lesson is to prepare HR Professionals to guide supervisors and employees covered under CES for transition to the new personnel system with an overview of compensation elements of the CES occupational structure.





LESSON 5: Compensation Administration

PURPOSE

The purpose of Lesson 5 is to prepare HR Professionals to guide supervisors and employees covered under CES for transition to the new personnel system with an overview of compensation elements of the CES occupational structure.

LEARNING TOPICS

When participants have completed Lesson 5, they will be able to discuss:

- Explain the elements of the CES compensation structure, including base salary, local market supplements, and targeted local market supplements
- Describe the purpose and benefits of market-based pay
- Explain how to annual salary adjustments are made and how to set pay under CES guidelines
- Describe the way that promotions are processed under CES
- Explain how voluntary and involuntary reductions in grade are handled
- Explain the compensation flexibilities that are delegated to the Components for administration





TIME

The following is a suggested time plan for this lesson. The instructor(s) may adapt it as needed. Note this table does not reflect breaks – use your judgement to determine the timing of breaks for participants.

LESSON	SUGGESTED TIME
Lesson 5: Compensation Administration	70 minutes with two 10 minute breaks



Instructor Notes

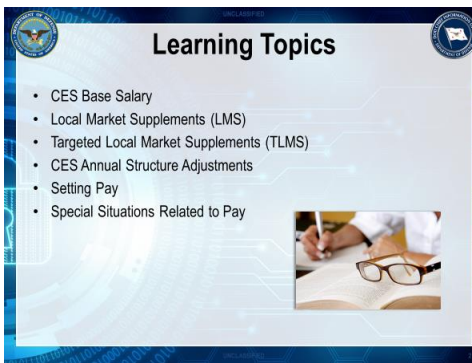


LESSON 5: Compensation Administration

DO - Display the course title slide as participants arrive for training each morning.

- Welcome participants as they arrive for the class
- Thank them for coming

SAY: Welcome participants as they arrive for the class. Thank them for coming.



DO - Show Slide 2

SAY: By completing this lesson, you will be able to:

- Explain the elements of the CES compensation structure, including base salary, local market supplements, and targeted local market supplements
- Describe the purpose and benefits of market-based pay



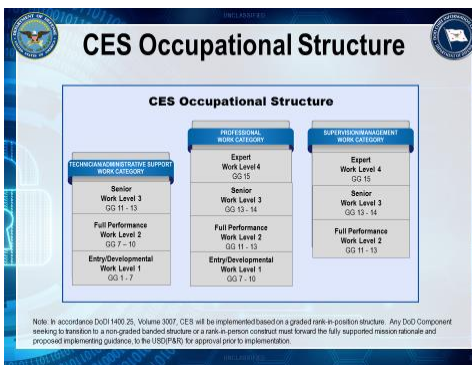
Instructor Notes

- Explain how to annual salary adjustments are made and how to set pay under CES guidelines
- Describe the way that promotions are processed under CES
- Explain how voluntary and involuntary reductions in grade are handled
- Explain the compensation flexibilities that are delegated to the Components for administration

This should take us no more than 90 minutes

(Pause)

Transition: Now, let's take a step back and review the CES Occupational Structure.



DO - Show Slide 3

SAY: This lesson focuses on compensation elements of the CES occupational structure.

Remember, **there is one occupational structure for all Defense Cyber Components and there are two separate, but related pay structures that are available.**

Pay Bands retain the open bands that encompass multiple grades.

Grades provide GG Grades within those bands. Both exist under the work levels of the CES Occupational Structure.

Both bands and grades provide broad flexibility to Components to attract and retain quality employees and reward their contributions to mission accomplishment.

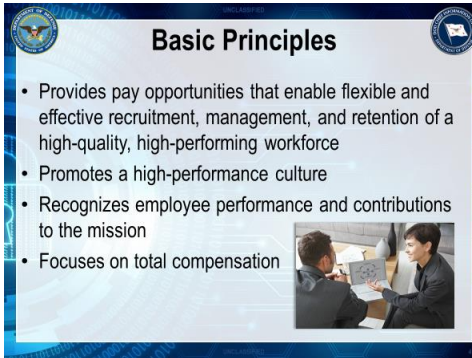
(Pause)



Instructor Notes

However, for initial CES implementation a graded rank-in-position structure will be used for all Defense Cyber Components.

Therefore, the primary focus of this lesson is on the graded structure.



DO -Show Slide 4

SAY: We will start this lesson by discussing these basic principles of the compensation architecture:

- Provides pay opportunities that enable flexible and effective recruitment, management, and retention of a highly qualified, high-performing workforce.
- Promotes a high-performance culture within the Defense Cyber Components.
- Recognizes employee performance and capability increases through:
 - Recognition mechanisms in the graded structure that include performance-based within-grade increases, inter- and intra-work level promotions, and performance-based awards.
 - Employees in the graded structure may also be eligible for base-pay increase monetary awards resulting in step increases. **The CES Quality Step Increase (QSI) results in a one-step increase.** These rewards are the only mechanism by which an employee may advance into the extended range of the grade (beyond step 10) to the equivalent of the step 12 rate.

Total Compensation

The compensation philosophy focuses on total compensation. Cash compensation (salary and bonuses) is only one piece of total compensation.



Instructor Notes

When you discuss compensation with employees, focus on total compensation and not just salaries and bonus potential. As a side note, awards are not guarantees or entitlements. Receiving a bonus or award one year should not create the expectation to receive one the next year.

Total compensation includes many things in addition to salary and potential awards. Government employees are entitled to ten paid holidays a year and can participate in the Thrift Savings Plan, with entitlement for portions to be matched by the Government. Premium pay, other cash incentives and allowances, benefits, retirement, Thrift Savings Plan (TSP), and leave are examples of other items that make up the total compensation package.

Some Components may offer student loan repayment, tuition reimbursement or other educational incentive programs, and/or recruitment, relocation, and/or retention incentives. Additionally, some positions may be eligible for overtime or night pay differentials.

When discussing compensation with employees or candidates, emphasize the package, but take care not to try to value things like childcare centers, parking, or gymnasiums when setting pay as these are very personal and may or may not appeal to various candidates and employees. However, it is important to note that while these are not a part of pay, they can be important to an applicant when deciding to accept an offer.

Transition: The first concept in understanding compensation architecture is seeing how total compensation is calculated. Let's look at some key terms used to calculate basic pay of the total compensation package.

Compensation Key Terms

- Base Pay
- Local Market Supplement (LMS)
- Targeted Local Market Supplement (TLMS)
- Basic Pay

Basic Pay = Base Pay + LMS (or TLMS)

The slide includes a small image of two men in business attire reviewing documents.

DO - Show Slide 5

SAY: Base Pay is an employee's salary rate before any local market supplement (LMS), targeted local market supplement (TLMS), or other adjustment is added.



Instructor Notes

The base pay structure provides a common pay structure for worldwide use. LMS or TLMS are added to base pay to reflect regional, occupational, organizational, or other labor market requirements.

The **Local Market Supplement (LMS)** is an addition to the base pay of employees assigned to a geographic region that reflects the labor market in that region. These rates generally correspond to the locality rates established by the Office of Personnel Management (OPM) for the General Schedule (GS).

Targeted Local Market Supplement (TLMS) is another type of addition to the base pay of employees established in response to labor market conditions not fully addressed by the Grade rate ranges and LMSs. To ensure that qualified Cyber Community employees are hired and retained, TLMSs may be established for employees in specific:

- Local market areas (or worksites) that are a subset of, or that cross, established locality area boundaries
- Occupations or specializations (e.g. polygraphers)
- TLMSs may cover one or more work categories and/or work levels, inclusive of employees in grades included in the work level(s). An employee receiving a TLMS cannot also receive an LMS

LMS or TLMS serve the same function under CES as locality pay and special salary rate supplements serve within the General Schedule.

An employee cannot receive both LMS and TLMS.

Basic Pay is an employee's regular rate of pay for premium pay and retirement calculations. It consists of base pay and any LMS or TLMS supplement.

Other allowances and entitlements such as Cost-of-Living Allowance (COLA), post differentials, and danger pay are not part of basic pay.

Basic pay = Base pay + LMS (or TLMS). Another way to look at it is that base pay plus an LMS or TLMS equals adjusted or basic pay.





Instructor Notes

LMS and TLMS

- Allows Components to compete more effectively for highly skilled employees
- Replaces GS locality pay and special rate supplements
- Included in basic pay
 - Basic pay = base pay + LMS or TLMS
 - Employees may receive an LMS or TLMS, but not both
- Considered when calculating many of the Federal benefits

DO - Show Slide 6

SAY: Provisions such as LMS and TLMS allow the Defense Cyber Components to compete more effectively in the marketplace for highly skilled employees.

LMS and TLMS replace both GS locality pay and special rate supplements.

Employees may receive an LMS or a TLMS, but not both.

Remember that **Basic pay = Base pay + LMS or TLMS. Allowances and entitlements such as COLA, post differentials, and danger pay are not part of basic pay.**

LMS and TLMS are considered when calculating many of the Federal benefits.

The LMS or TLMS is an additional payment to employees in specified local market areas and is added to their base salaries.

These supplements are established in response to labor market conditions that the pay band rate ranges or the GG grade rate ranges do not adequately cover. These supplements are calculated as a percentage of base salary. The DoD CIO in conjunction with the USD (P&R), sets and adjusts them, usually annually, or as necessary. TLMS may be reduced or eliminated at the discretion of the DoD CIO.

LMS areas are identical to the OPM established locality pay areas. Where LMS rates do not enable the Defense Cyber components to hire and retain their workforce, either regionally or occupationally, TLMS rates may be established to meet the specific requirements.

(Note: A government-wide pay freeze or similar action could impact or restrict CES policy's ability to establish new TLMS rates.)



Instructor Notes

Additional pay structures may be considered to accommodate special market considerations if the combination of CES basic salary and LMS or TLMS cannot address the requirement adequately.

LMS and TLMS are considered when calculating:

- Retirement deductions, contributions, and benefits
- Life insurance premiums and benefits
- Premium pay
- Severance pay
- Overseas allowances and differentials

Basic pay is used when calculating:

- Recruitment, relocation, and retention incentives
- Lump-sum payments for accumulated and accrued annual leave
- Other payments and adjustments DoD authorizes
- Overseas allowances and differentials

Transition: Next, we will discuss how LMS and TLMS amounts are determined.

Setting and Adjusting LMS and TLMS

- Who has the authority to set or adjust LMS and TLMS?
- What does CES consider when determining the monetary value of LMS and TLMS?
- What is CES LMS linked to?
- What are occupational TLMS analogous to?
- Is an LMS portable?
- Is a TLMS portable?

DO - Show Slide 7

SAY: DoD CIO in conjunction with USD (P&R), has authority to set or adjust LMS and TLMS.



Instructor Notes

In **determining the monetary value of these supplements**, CES considers:

- **Recruitment and retention in support of mission**
- **Labor market conditions**
- **Rates of pay at other Federal agencies**

CES LMS is linked to OPM locality pay rates. If there is a requirement to establish something for an area not considered by OPM, or that is higher than OPM rates, DoD CIO will use TLMS.

CES policy also may identify the TLMS that applies to a specific geographic area, occupation, work level, or grade. Coverage may be defined and limited by CES policy.

Occupational TLMSs are analogous to GG/GS special salary rates. An example of an occupational TLMS is the TLMS for polygraphers.

As with Locality Pay, LMS is not portable. When an employee moves into a different geographic area, he or she receives the LMS for the locale of the new position. Employees do not retain a higher LMS. For example, when someone moves to a locality where the amount of the LMS is lower than it is where he or she last worked, he or she does not retain the higher pay amount.

A TLMS may or may not be portable. In general, a TLMS will be treated as an LMS, if it has been established based on a geographic area/locality requirement. However, an occupation-specific TLMS may carry with an employee to another position, but a geographic-specific TLMS will not. Guidance will be published for any TLMS that may be established regarding its applicability.

Transition: Both the basic pay (as determined in the graded work level structure) and the LMS or TLMS will change over time. Let's look at how adjustments are made.

Annual Structure Adjustments

- Applies to both pay banded and graded compensation structures:
 - Reviewed annually
 - Linked to the annual Congressional pay increase process
 - Adjusted at the same rate and at the same time as the General Schedule
 - LMS rates are adjusted to correspond to locality rate increases
 - Each TLMS is reviewed annually to determine whether the business case exists for its continuation



Instructor Notes

DO - Show Slide 8

SAY: In terms of annual structure adjustments, the following apply to graded compensation structures:

- Reviewed annually
- Linked to the annual Congressional pay increase process
- Adjusted at the same rate and at the same time as the General Schedule
- LMS rates are adjusted to correspond to locality rate increases
- Each TLMS is reviewed annually to determine whether the business case exists for its continuation; it may be decreased, increased, or eliminated

Let's look at annual structure adjustments in more detail.

An employee's performance affects his or her eligibility for pay increases under the graded compensation structure. **In the graded structure, employees advance through the grade by receiving within-grade increases.**

When GS locality rates are adjusted based on an Executive order or by an act of Congress, corresponding **CES LMS rates based on GS locality rates will be adjusted automatically by the same percentage as the GS locality rates.** Adjustments to CES LMS rates based on GS locality rates will be effective the first full pay period beginning in January of each year. Any adjustments to LMS rates that have been created must be approved by the DoD CIO in conjunction with the USD(P&R).

Employees in the graded structure receive the Congressional adjustment to base pay.

CES policy currently adjusts the graded structure to parallel any increases granted to the General Schedule.

Employees who are on pay retention receive 50% of any increase to the maximum of the rate range, or to the maximum rate for their GG grade in the graded structure, including the extended pay range. If the rate range adjustment causes the grade maximum to exceed an employee's retained rate, pay retention terminates and the employee may receive the full pay increase, or that portion of the increase to align the employee's salary to the maximum for his or her pay band or grade.

When an LMS is increased or decreased as a result of the annual market analysis or for other reasons (e.g., Executive order), the adjustment applies to all employees receiving the supplement regardless of current performance evaluation rating of record. Pay retention pursuant to this Volume does not apply in the case of a reduction in an employee's pay that results from a reduction in an LMS. This reduction in an employee's pay does not constitute an adverse action. The DoD CIO in conjunction with the USD (P&R), sets, modifies, or eliminates CES TLMS based on mission staffing challenges, labor market conditions, and



Instructor Notes

comparability with similarly situated employees of other federal agencies and the Department of Defense and any other factors.

Such TLMS rates will be effective the first full pay period beginning in January of each year.

Transition: Now that we understand the facets of basic pay, let's look at how pay is set.

CES Pay Setting

New (First) Federal Appointments to CES:

- Alignment to the CES occupational structure
- Salary offers are generally set at or below step 5 (midpoint)
- Typically do not exceed step 10 of the grade
- Incentives may be offered in accordance with Component procedures

Requirements for Exceptions (offers above the step 10):

- Employee possess critical skills for hard fill cyber positions
- Current rate of pay exceeds the step 10
- DoD CIO authorization, in conjunction with USD(P&R), is required for this type of appointment

DO - Show Slide 9

SAY: The pay setting flexibilities available in CES policy provide Components with an increased ability to set pay competitively for top talent.

When employees are hired or are transferring to a new position, setting pay takes into consideration many factors, including:

- The employee's qualifications for the position or role for which selected (Note: An individual employee's experience is evaluated relative to the requirements of the job and mission, not to the experience of other employees.)
- The Component's hiring guidelines
- The employee's salary history in related positions, to the extent Component guidelines allow

Each Component must develop and publish pay-setting guidelines aligned to CES policy and provide them to DoD CIO for oversight and consistency purposes. These guidelines drive the salary-setting process and define local management approval levels.

In the event a Component notes a requirement to set pay outside of policy, a justification must be provided to DoD CIO seeking an exception to policy.



Instructor Notes

Components have the flexibility to set pay for new hires consistent with their own guidelines aligned to CES policy, the requirements of the position, and the employee's qualifications, anywhere in the GG grade in the graded structure.

For purposes of pay setting, the minimum and maximum of the grade rate ranges are defined as the step 1 to the step 12.

CES does not use the title 5 criteria for superior qualifications. Instead, Cyber Components can simply set pay in relation to the qualifications of the candidate in relation to the requirements of the position.

Under CES policy, **an employee's pay is usually set between the minimum and midpoint of the rate range for his/her grade.** In the graded structure, this generally is between step 1 and step 5 of the grade. In all cases, the offer is based on analysis of applicant qualifications in the context of the position and component hiring guidelines, not against other candidates' qualifications.

However, CES Volume 3006 permits DoD Components to request authorization from DoD CIO, in conjunction with USD(P&R), to process personnel actions with base pay increase calculations that result in equivalent rates above the step 10 (not to exceed the CES step 12) when an employee possesses critical skills for a hard to fill cyber position).

When setting pay, the goal is to keep pay competitive with the market and consistent with the requirements of the position and the employees qualifications.

(Pause)

Transition: For current employees moving into new CES positions, from within Government, DoD, and DoD Components, let's take a look at some pay setting considerations.

CES Pay Setting

Within Government (non-DoD), DoD, and Between CES Components:

- From non-CES grade structure (i.e. GS) to CES graded structure*
 - Lateral Move: no change in pay
- From non-CES grade structure (i.e. GS) to CES band structure*
 - Lateral Move: within grade buy-in may be given
- From non-CES band structure (i.e. Acq Demo) to CES band structure*
 - Lateral Move: no change in pay, except consideration may be given for anticipated performance-based increase
- From non-CES band structure (i.e. Acq Demo) to CES grade structure*
 - Lateral Move: no change in pay, except alignment to a step

* Non Lateral Move: handle as promotion or change to lower grade

EXCEPTIONS: DoD CIO and USD(P&R) Approval Is Required For Offers Above Step 10
Losing Federal entity has the authority to pay rates higher than those authorized for the CES position to which the appointment is being made OR employee possess critical skills for hard fill cyber positions

DO - Show Slide 10





Instructor Notes

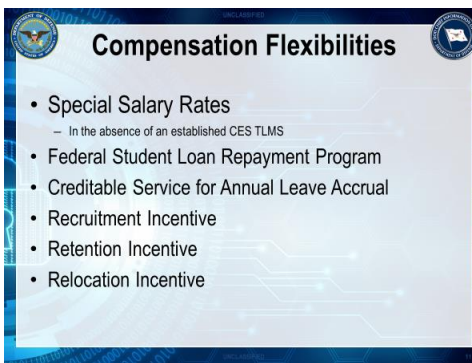
SAY: While CES policy provides pay setting flexibility, this flexibility is not to be used to disadvantage other Federal, Department of Defense, or Defense Cyber organizations; nor is it to be used to support candidate negotiations between multiple Defense Cyber organizations.

The following rules limit competition within the Cyber Enterprise:

- **Pay increases are not permitted for same grade lateral movements (reassignments, transfers)** when an employee moves between CES organizations; from a non-CES organization to a CES organization; and within the same CES organization.

DO - Walk participant through the entire slide....

SAY: However, CES Volume 3006 permits DoD Components to request authorization from DoD CIO, in conjunction with USD(P&R), to process personnel actions with base pay increase calculations that result in equivalent rates above the step 10 (not to exceed the CES step 12) when an employee possess critical skills for a hard to fill cyber position and/or the losing entity has the authority to pay rates higher than those authorized for the CES position.



DO - Show Slide 11

SAY: There are a number of compensation incentives and flexibilities that are available, to help “close a deal” with a highly qualified applicant. However, the availability of and procedures for using them should be defined in each Component’s local policies.

These flexibilities include:

- **Special Salary Rates**
 - In the absence of an established CES Targeted Local Market Supplement, DoD Components may continue to use GS Special Salary Rates, as appropriate.



Instructor Notes

- Special salary rates are supplements in addition to base pay that address existing or potential challenges in the recruitment or retention of well-qualified employees. Special salary rates can be used for entry and developmental computer engineers, computer science specialists, and information technology management specialists.
- **Federal Student Loan Repayment Program**
 - An organization may repay federally-insured student loans (up to a maximum of \$10,000 in a calendar year and a total of not more than \$60,000 for an employee) as a recruitment or retention incentive for newly-appointed or current employees.
- **Creditable Service for Annual Leave Accrual**
 - An organization may credit an employee's (newly-appointed, retired active duty uniformed services member, or re-appointed employee with a break in previous federal service of 90-days or more) prior relevant qualifying work experience for purposes of determining his or her annual leave accrual rate (4, 6, or 8 hours per pay period).
- **Recruitment Incentive**
 - If an organization has determined that a position is likely to be difficult to fill, a recruitment incentive may be provided to an individual or group of newly-appointed employees (not to exceed 25% of the annual rate of basic pay multiplied by the number of years in the service period).
- **Retention Incentive**
 - If a current employee (or group of employees) is likely to leave the Federal service, and the organization has determined that his or her unique qualifications, certifications, or credentials are critical to the mission, the organization may provide a retention incentive (not exceed 25% of the annual rate of basic pay for an individual employee or 10% for a group or category of employees).
- **Relocation Incentive**
 - If an organization has determined that a position is likely to be difficult to fill, an organization may pay a relocation incentive (not exceed 25% of the annual rate of basic pay multiplied by the number of years in the service period) to a current employee that accepts a position in a different geographic area.

While not offered by all Components, there are also **non-cash related incentives and flexibilities that can be offered to help close the deal** in the hiring process.





Instructor Notes

These include, but are not limited to flexible work schedules, advanced leave earning rate eligibility based on relevant private sector or other public-sector experience, and teleworking.

Before including non-cash incentives in pay setting considerations, consult Component guidelines to determine what non-cash factors are available and the stipulations for their use.

(Pause)

Now let's review, what we have discussed about pay setting.

DO - (Facilitate a voluntary round-robin Question and Answers Discussion with participants. Be sure to re-iterate key points from their responses with the below answers)

ASK: When employees are hired or transfer to a new position, what factors should be taken into consideration when pay setting?

Answer: The employee's qualifications for the position or role for which he/she was selected; the Component's hiring guidelines; the employee's salary history in related positions to the extent Component guidelines allow.

ASK: True or False? You should evaluate an individual employee's experience relative to the experience of other employees.

Answer: False, you should evaluate an individual employee's experience relative to the requirements of the job and mission, not to the experience of other employees.

ASK: Ask: Under CES policy, where is an employee's pay initially set?

Answer: An employee's pay is initially set between the minimum and midpoint of the rate range for his/her grade. In the graded structure, this generally is between step 1 and step 5 of the grade. In all cases, the offer is based on analysis of applicant qualifications in the context of the position and component hiring guidelines. **However, CES Volume 3006 permits DoD Components to request authorizations from DoD CIO, in conjunction with USD(P&R), to process personnel actions with base pay increase calculations that result in equivalent rates above the step 10 (not to exceed the CES step 12) when an employee possess critical skills for a hard to fill cyber position.**

ASK: While not offered by all Components, what are examples of non-cash factors?

Answer: Flexible work schedules, advanced leave earning rate eligibility based on private-sector or other public-sector experience, teleworking, student loan repayment.

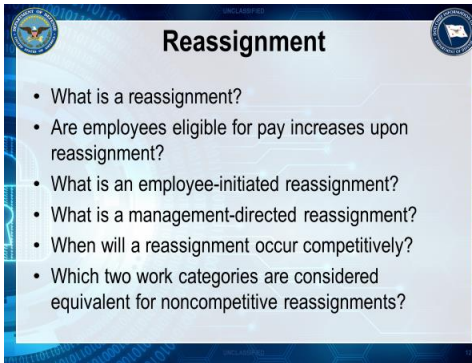
(Pause) If needed take a 15 minutes break.





Instructor Notes

Transition: Now, let's take a look at CES reassignments.



DO - Show Slide 12

SAY: The Defense Cyber Enterprise values broad experience.

- Broad experience will be rewarded throughout an employee's career by opening new opportunities for employee assignments and experiences. Reassignments are another way to obtain broad experience.
- CES policy volumes 3005 and 3006 establish specific rules governing staffing and pay issues, such as reassignments, that are supplemented by Component-specific guidance.
- Reassignments are an opportunity to develop and expand skills, support the mission, and enhance performance.

A **reassignment** occurs when an employee moves, voluntarily or involuntarily, to a different position within his or her work level and grade within his or her Component.

An **employee-initiated reassignment** is a voluntary reassignment at the employee's request, normally initiated by an employee applying for a vacant position through an advertised vacancy announcement, or otherwise requested for personal reasons.

A **management-directed reassignment** (commonly referred to as an MDR), is a reassignment initiated by management. While the employee may desire or support the reassignment, this action is considered involuntary. It normally does not include the employee applying through an advertised vacancy announcement.

- **Management directed reassignments are not considered adverse actions.**





Instructor Notes

(Pause)

Under CES policy, **employees are not eligible for pay increases upon reassignment**, whether voluntary or involuntary.

A **reassignment may occur competitively or noncompetitively**. A reassignment will normally use the Component's formal, competitive process outlined in its merit placement policy when the reassignment is to a work category with a higher pay grade potential than the current position, such as if an employee were moving from the Technician/Administrative Support Work Category to the Professional Work Category.

The employee is still moving to the same work level, or grade as his/her current position, but is moving to a new work category. The employee now has increased grade potential in the new position.

When a reassignment happens noncompetitively, the Component will ensure that the employee being reassigned meets the qualification requirements associated with the new position. The Professional Work Category and the Supervision/Management Work Category are considered equivalent for this purpose.

Reassignments are seen as an opportunity for the employee to develop and expand his or her skills, further support the mission, and enhance individual and team performance.

(Pause)

Now let's review, what we have discussed about reassignments...

DO: Facilitate a voluntary round-robin Question and Answers Discussion with participants. Be sure to re-iterate key points from their responses with the below answers

ASK: What is a reassignment?

Answer: When an employee moves (voluntarily or involuntarily) to a different position within his or her work level and grade within his or her Component.

ASK: Are employees eligible for pay increases upon reassignment?

Answer: No, regardless of whether the reassignment is voluntary or involuntary.

ASK: What is an employee-initiated reassignment?

Answer: A voluntary reassignment at the employee's request.

ASK: What is a management-directed reassignment?





Instructor Notes

Answer: A reassignment initiated by management. While the employee may desire or support the reassignment, this action is considered involuntary. Management directed assignments are not considered adverse actions.

ASK: When will a reassignment occur competitively?

Answer: When the reassignment is to a work category with a higher pay grade potential than the current position, such as if an employee were moving from the Technician/Administrative Support Work Category to the Professional Work Category. The employee is still moving to the same work level, and grade as his/her current position, but because of the new work category, the key wording here is the grade potential of the new position.

ASK: Which two work categories are considered equivalent for noncompetitive reassignments?

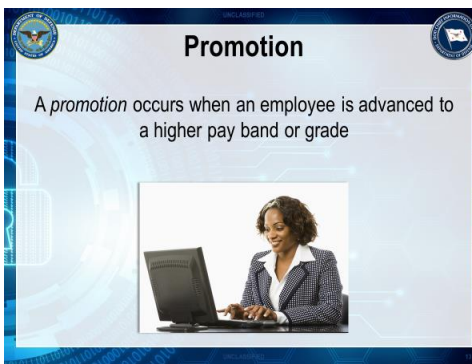
Answer: The Professional Work Category and the Supervision/Management Work Category.

(PAUSE)

SAY: Are there any additional questions or comments regarding reassignments?

Transition: As an HR Practitioner, you should encourage employees to seek out new and challenging assignments. Reassignments offer them the opportunity to expand their skills, enhance their resumes, develop their networks.

Next, let's consider what happens when an employee moves from one work level, pay band, or grade to another.



DO - Show Slide 13

SAY: A promotion occurs when an employee is advanced to a higher grade.



Instructor Notes

Promotions usually occur in one of two ways:

- Employee applies and is selected for promotion through an advertised vacancy announcement
- Component considers employees for promotion during the annual pay cycle, as part of the pay pool process (this approach is common in rank-in-person organizations)

In the **graded structure, promotions** occur when an employee moves from one grade to another higher grade. Promotions may be within or between work levels, depending on the grades involved.

This is treated as General Schedule promotions with **increases computed by going two steps up in the current grade, finding the salary in the next higher grade, then rounding up to the closest step, or to the minimum of the next grade.**

Typically, pay cannot be lower than the minimum or higher than the step 10. However, CES Volume 3006 permits DoD Components to request authorizations from DoD CIO, in conjunction with USD(P&R), to process personnel actions with base pay increase calculations that result in equivalent rates above the step 10 (not to exceed the CES step 12) when an employee possess critical skills for a hard to fill cyber position.

Lastly, CES policy permits Temporary Promotions.

Transition: Now, let's look at reductions in grade and pay retention.

Reduction in Grade Scenarios

- Voluntary reduction at employee's request
- Involuntary reduction resulting from a management-directed action
- Involuntary reduction resulting from an adverse action

The slide includes a photograph of a man in a light-colored suit and tie, gesturing with his hands as if in a meeting or presentation.

DO - Show Slide 14

SAY: A **reduction in grade** occurs when an employee moves, voluntarily or involuntarily, to a position in a lower grade.

There are three reductions in grade scenarios:



Instructor Notes

- Voluntary reduction at employee's request
- Involuntary reduction resulting from a management-directed action
- Involuntary reduction resulting from an adverse action

Voluntary reduction at employee's request:

- While the more traditional progression is from one work level and grade to the next, sometimes a voluntary reduction in grade may fit an employee's developmental requirement or be desired.
- When an employee voluntarily requests a reduction to a lower grade, **the employee's salary may be set at a rate no higher than his current rate of pay.** In the graded structure, pay can be increased to the extent necessary to match the employee's pay to the nearest step in the new grade, up to the maximum rate for the grade that is not lower than the employee's current salary. Under no circumstances may the employee's salary be set higher than the maximum of the CES graded structure. **The extended salary range is used to set pay in this scenario. The employee is not eligible for pay retention.**

Involuntary reduction resulting from a management-directed action:

- An employee agrees to a reduction to a lower grade as a result of a management-directed reassignment.
- There are a couple of additional points to know about an involuntary reduction resulting from a management-directed action.
- First, involuntary reductions resulting from management-directed actions occur in certain limited circumstances, such as through a Reduction in Force. In such circumstances, special rules apply to help avoid or reduce the number of employees displaced.
- Second, involuntary reductions resulting from management-**directed actions may not be used as a form of adverse, performance-based, or disciplinary action.**
- The **employee's salary is matched at the new grade and rounded up to align with a step under the graded structure**, if necessary.
- If the employee's salary at the time of reduction **exceeds the maximum rate for the new grade**, even with the extended pay range to the virtual step 12, **he or she is entitled to pay retention at the new grade.**
- A reduction to prevent separation would be an example of this type of involuntary reduction.

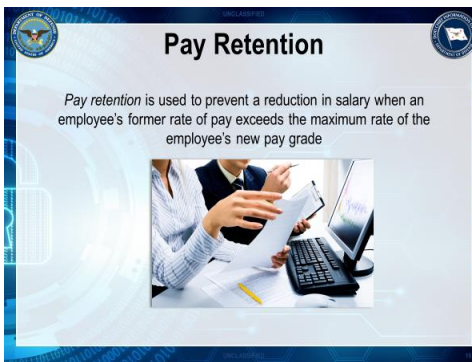


Instructor Notes

Involuntary reduction as a result of an adverse action:

- When an employee is involuntarily reduced to a lower pay band or grade through **adverse, performance-based, or disciplinary action procedures resulting from poor performance or misconduct, the employee's salary may be reduced**, but not to a point lower than the minimum of the new grade. Under no circumstance may the employee's salary be set higher than the maximum of the grade to which the employee is reduced.
- **The employee is not eligible for pay retention.**

Transition: Depending on the reason for the reduction in grade or work level an employee may be eligible for pay retention.



DO - Show Slide 15

SAY: Pay retention is used to prevent a reduction in salary when an employee's former rate of pay exceeds the maximum rate of the employee's new grade.

Voluntary reductions at the employee's request do not make the employee eligible for pay retention.

Employees affected by **involuntary reductions resulting from a management-directed action** where the employee's salary at the time of reduction in the new pay band or grade exceeds the maximum rate, including the extended pay range for those in the graded structure, **are entitled to pay retention.**

Pay retention remains in effect until:

- The rate range of the grade of the new position encompasses the employee's retained rate.
- The employee is assigned to a grade where pay can be set.



Instructor Notes

Employees on pay retention are eligible to receive 50% of an increase to the maximum of the rate range or grade (including LMS/TLMS). Employees on pay retention are eligible for performance payout in the form of a bonus or an award.

Grade retention is not authorized under CES policy.

Transition: Now let's put it all together. Let's do an exercise.

Pay Setting Exercise

Instructions:

- Break into groups to determine how pay would be set for each scenario provided
- Assign a spokesperson to share your answers with the other groups
- You will have 25 minutes for this exercise

DO - Show Slide 16

Exercise Instructions

Divide the class into groups and then pass out the Worksheets.

Assign each group one scenario to work on.

Using the information covered up to this point in this lesson, ask the participants to decide how they would set pay in each of the scenarios and why.

Have a spokesperson from each group share with the other groups how his/her group arrived at their answers.

DO - Review the following instructions with the participants below:

- **Using the information covered up to this point in this lesson, determine how pay would be set for each scenario below and why**
- **Assign a spokesperson for your group to share your answers with the other groups**
- **You will have 25 minutes to complete this exercise**





Instructor Notes

After each group completes the assigned exercise, facilitate round-robin discussions on the scenarios with the assigned spokesperson from each group.

- Using the Exercise Answer Sheet reiterate the key points associated with each scenario after each spokesperson provides a response.

(Pause)

ASK: Are there any questions about what we have discussed with these exercises?

(Pause)

Transition: Now, let's take a look at some special situations related to pay.

Special Situations Related to Pay

- Developmental Progression Programs
- CES Implementation:
 - As-Is Conversions
 - Change in pay plan from GS to GG
 - No change in pay
 - Continuation of Documented Career Ladders
 - Continuation of GS-Special Rates
 - In the absence of a CES TLMS

The slide also features a photograph of a woman in a business suit talking on a mobile phone while looking at a document.

DO - Show Slide 17

SAY: There are three special situations related to pay:

- Developmental Progression Programs
- CES Implementation
 - AS-IS employee conversions
- Continuation of Documented Career Ladders
- Continuation of GS-Special Rates

Developmental Progression Programs:



Instructor Notes

- As discussed in Lesson 4 Employment Placement, CES policy requires all Professional Work Category employees hired into the Entry/Developmental Work Level to be in Developmental Progression Programs.
- The philosophy behind developmental progression is rewarding achievement of established goals related to experience, knowledge, and development.
- The programs begin with competitive selection to a developmental position and ends when the employee progresses to the pre-determined end point.
- Since, CES policy does not provide for the use of career ladders. Components may choose to include salary or grade progression as a part of developmental progression.
- Developmental programs seek to support employee development as they progress through the Entry/Developmental Work Level and then to and/or through the Full Performance Work Level, to a Component established end point in the Full Performance Work Level.
- **Developmental progression for employees in the graded compensation structure may include the grades encompassed with the Entry/Developmental and Full Performance Work Levels.**
- Developmental progression establishes an expectation between the employee and the supervisor, and an expected end point within the Full Performance Work Level. Employees in developmental programs will advance through the Entry/Developmental grades in accordance with rules established at the Defense Cyber Component level, and in accordance with Volume 3005.
- **Developmental progression terminates at the Full Performance work level once the employee has reached the termination point designated by the Component.**
- **Employees may not be placed into a developmental progression program if hired into a position at the Full Performance level.**
- Individual Components establish their developmental programs and receive approval from the DoD CIO.

CES Implementation:

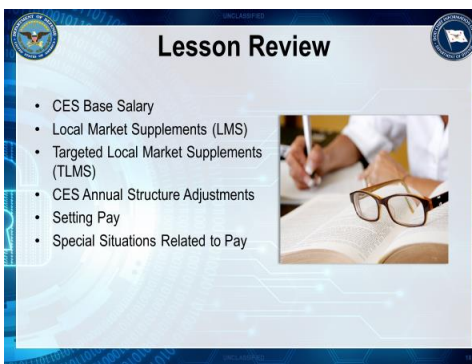
- **AS-IS Conversions**
 - All current employees that decide to convert from the competitive service to CES, will convert "as-is."
 - A conversion to CES will not result in a change in job title, occupational series, duties, or pay.





Instructor Notes

- A conversion to CES **WILL** result in a change in pay plan, from the GS to GG pay plan and a change in service type, from competitive service to the excepted service.
- **Continuation of Documented Career Ladders:**
 - CES policy does not have career ladders.
 - However, employees in career-ladders prior to conversion to a CES position are converted according to their current position and grade, not the target grade.
 - Employees in documented career ladders at the time of conversion to CES, will keep their career ladders and receive scheduled progression to the documented target grade in accordance with pre-determined requirements.
- **Continuation of GS Special Rates:**
 - In the absence of the requisite data, analysis, and a business case, **there has not been a Targeted Local Market Supplement (s) established for the CES.**
 - Therefore, DoD Cyber Components may continue the usage of GS- special rates for CES positions, as appropriate.
 - Should the Office of the DoD CIO, in partnership with the Defense Civilian Personnel Advisory Services Office, at a later date, establish a TLMS for specific CES positions an implementation plan will be established for phasing in the new rate.



DO - Show Slide 18

SAY: You should now be able to:



Instructor Notes

- Explain how base salary applies to CONUS and OCONUS employees
- Describe the purpose of local market supplements (LMS) and targeted local market supplements (TLMS)
- Explain the benefits for establishing market-sensitive pay
- Describe the effects of annual adjustments on base salary.
- Set pay appropriately based on provided guidelines
- Explain the way promotions are processed under CES
- Explain the way voluntary and involuntary reductions in grade are completed

Explain: The flexibilities that Components have to address other special situations.





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