

# Cyber Excepted Service (CES) HR Elements Course

Lesson 5

## *Compensation Administration*



DoD CIO





# Learning Topics

- CES Basic Principles
- CES Occupational Categories
- Compensation Key Terms & Occupational Categories (Pay) Adjustments
- Pay Setting
- Compensation Menu
- Local Market Supplement (LMS) & Targeted Local Market Supplement (TLMS)
- Compensation Flexibilities
- Reassignment
- Promotion
- Reduction in Grade Scenarios
- Pay Retention
- Special Situation Related to Pay
- Practical Exercise: Pay Setting
- Lesson Review





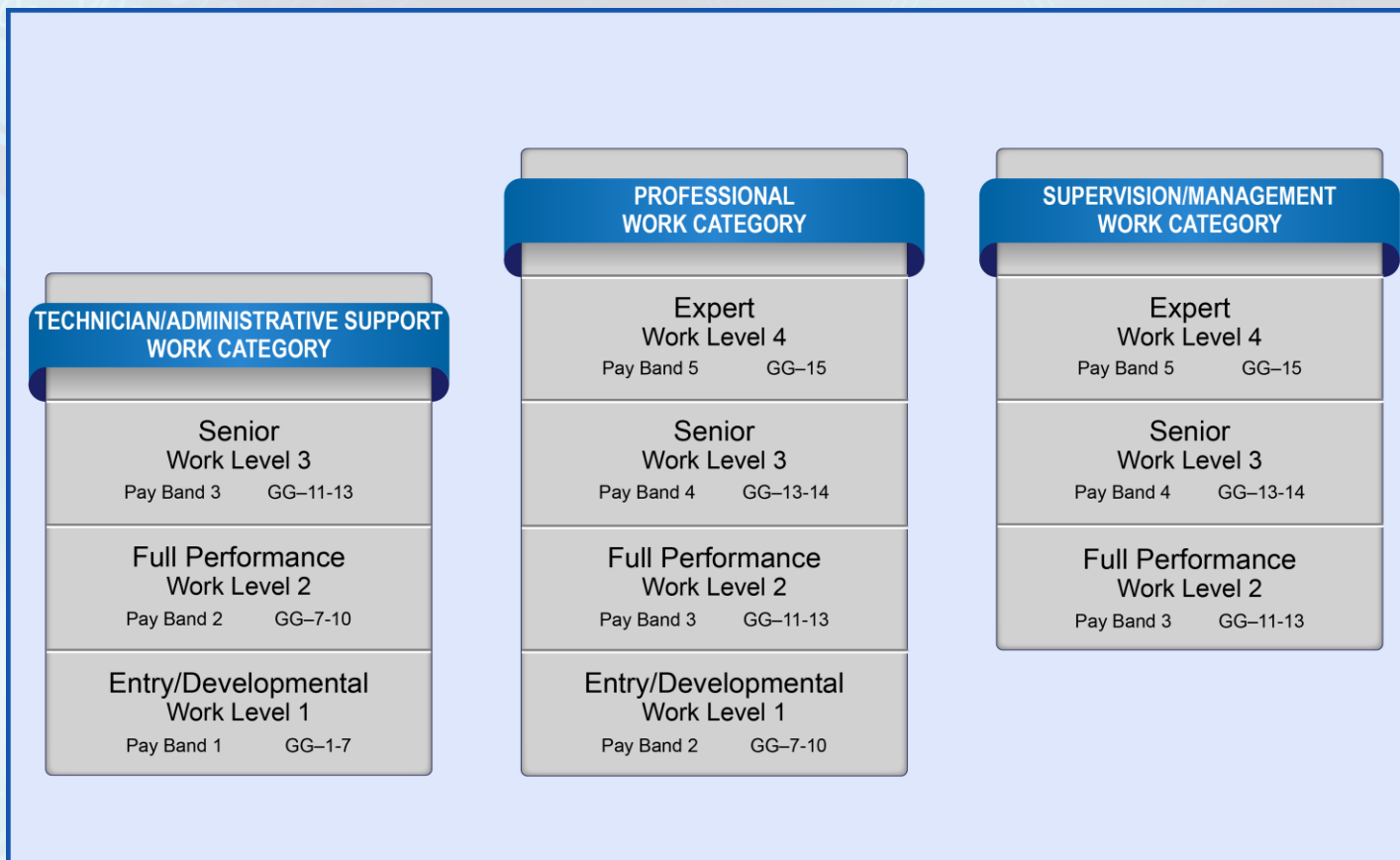
# CES Basic Principles

- Provides pay opportunities that enable flexible and effective recruitment, development, and retention of a high-quality workforce
- Recognizes employee performance and contributions to the mission and operations
- Focuses on total compensation





# CES Occupational Structure



**Note:** In accordance DoDI 1400.25, Volume 3007, **CES is based on a graded rank-in-position structure.** Any DoD Component seeking to transition to a non-graded banded structure or a rank-in-person construct must forward the fully supported mission rationale and proposed implementing guidance, to the Under Secretary of Defense (USD) Personnel and Readiness (P&R) for approval prior to implementation.



# Compensation Key Terms & Occupational Categories (Pay) Adjustments

## Compensation key terms:

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

$$\text{Basic Pay} = \text{Base Pay} + \text{LMS (or TLMS)}$$

## Applies to both pay banded and graded occupational categories:

- Reviewed Annually
- Linked to the annual Congressional pay increase process
- Adjusted at the same rate and at the same time as the General Schedule
- Adjusted LMS rates will correspond to locality rate increases
- Reviewed TLMSs annually to determine whether the business case exists for its continuation



# Pay Setting

(1 of 2)

## 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 step 10):

- Employee possesses critical skills for hard to fill cyber positions
- Current position rate of pay exceeds step 10
- Department of Defense, Chief Information Officer, in conjunction with USD, P&R approval



# Pay Setting

(2 of 2)

## ❖ Within Government (non-DoD) and DoD:

1.) GRADE → GRADE

- From non-CES **grade structure** (i.e. GS) to CES **graded structure**\*
- **Lateral Move:** no change in pay.

2.) GRADE → BAND

- From non-CES **grade structure** (i.e. GS) to CES **band structure**\*
- **Lateral Move:** within grade buy-in may be given.

3.) BAND → BAND

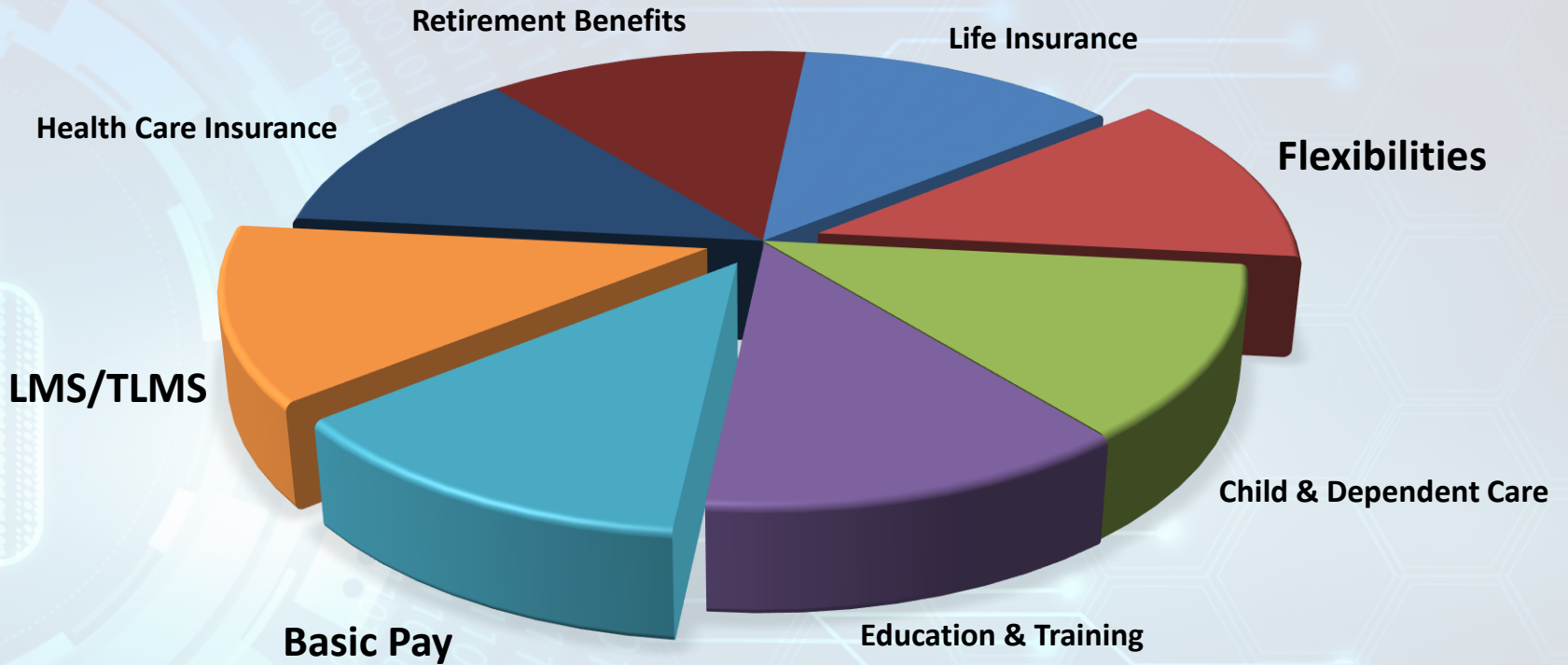
- From non-CES **band structure** (i.e. Acq Demo) to CES **band structure**\*
- **Lateral Move:** no change in pay, except consideration may be given for anticipated performance-based increase.

4.) BAND → GRADE

- 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

# Compensation Menu







# LMS & TLMS

(1 of 2)

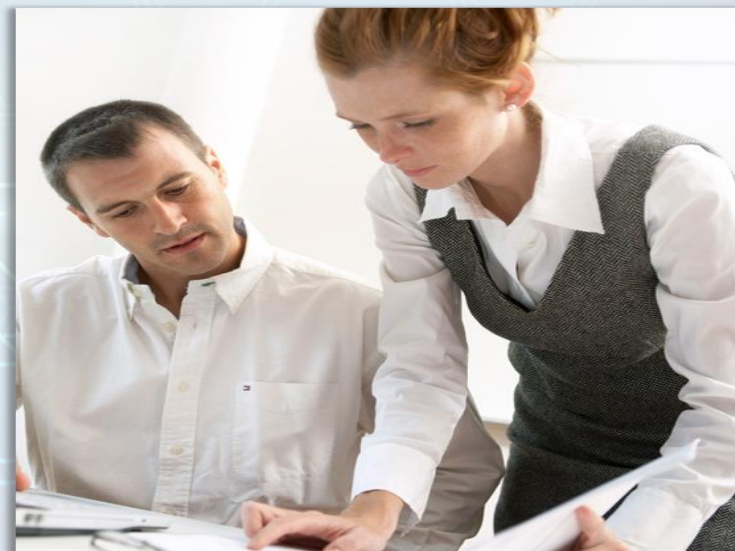
- Allows components to compete more effectively for highly skilled employees
- Replaces General Schedule (GS) locality pay and special rate supplements
- Included in basic pay:
  - **Basic pay = Base pay + LMS or TLMS**
  - Employees may receive an LMS or TLMS, but not both
- Considerations when calculating many of the Federal benefits



# Setting and Adjusting LMS and TLMS

(2 of 2)

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

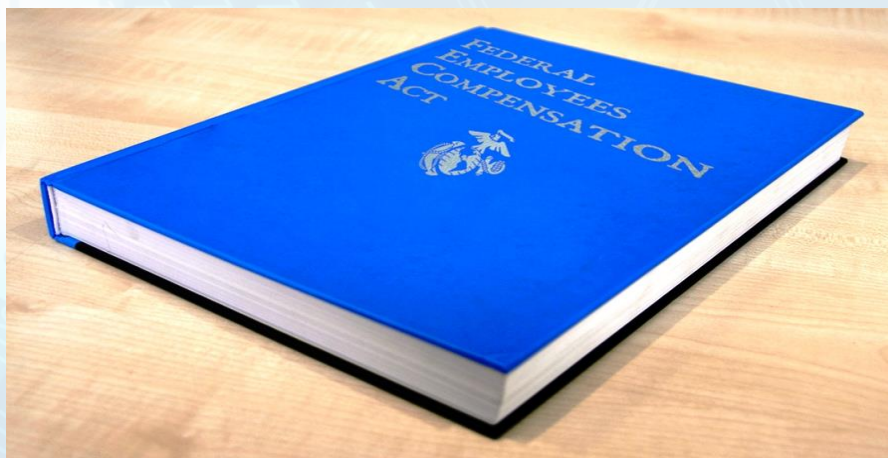




# Compensation Flexibilities

(1 of 4)

- Agency – based compensation authorities
- Compensation authorities available with OPM/OMB approval
- Premium pay and allowances



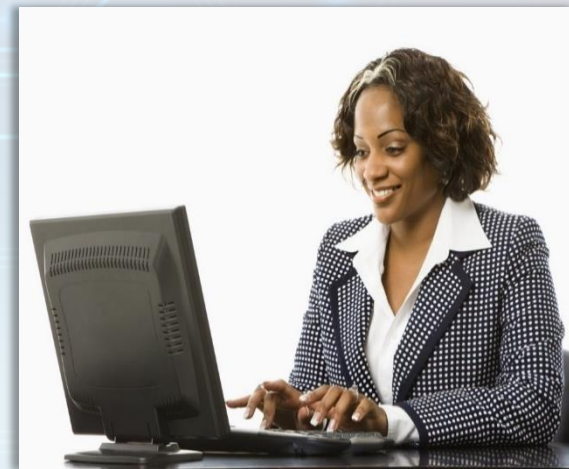


# Compensation Flexibilities

(2 of 4)

## Agency – based compensation authorities:

- Recruitment bonuses
- Relocation bonuses
- Retention bonuses
- Federal student loan repayment program
- Highest previous rate
- Waiver of dual pay limitation
- Compensatory time for travel
- Travel and transportation expenses (interviews and appointments)
- Advance payments for new appointees





# Compensation Flexibilities

(3 of 4)

## Compensation available with Office of Personnel Management and/or DoD:

- Special rates
- Group retention allowances in excess of 10 percent





# Compensation Flexibilities

(4 of 4)

## Premium pay and allowances:

- Night pay
- Night shift differential
- Sunday premium pay
- Holiday premium pay
- Types of annual premium pay
- Hazardous duty pay
- Cost-of-living allowance and/or post differential in a non-foreign area
- Other payment and allowances





# Recruitment Bonus

- Paid to new employees
- Paid for hard to fill positions
- Requires employee to sign a service agreement
- Cannot exceed the aggregate limit of total compensation established by 5 U.S.C. 5753; 5 CFR part 575, **subpart A**



# Relocation Bonus

- Paid for hard to fill positions
- Requires employee to sign a service agreement
- Payment contingent upon budgetary allowance
- Cannot exceed the aggregate limit of total compensation established by 5 U.S.C. 5753; 5 CFR part 575, **subpart B**





# Retention Bonus

- Paid to an employee or employees with unique skill sets that are likely to leave their organization
- Skill has been determined to be mission critical
- Paid in accordance with the agency's plan and certified annually
- Cannot exceed the aggregate limit of total compensation established by (5 U.S.C. 5754; 5 CFR part 575, **subpart C** or 5 U.S.C. 5754; 5 CFR 575.315



# Federal Loan Repayment Program

- Agency sets the eligibility requirements
- Can be used as a recruitment or retention incentive
- Payments to an individual may not exceed \$10,000 per year or \$60,000 in total
- Requires employee to sign a service agreement



# Reassignment

- What is a reassignment?
- Are employees eligible for pay increases upon reassignment?
- What is an employee-initiated reassignment?
- What is a management-directed reassignment?
- When will a reassignment occur competitively?
- Which two work categories are considered equivalent for noncompetitive reassignments?



# Promotion

Occurs when an employee is advanced to a higher pay band or grade.





# Reduction in Grade Scenarios

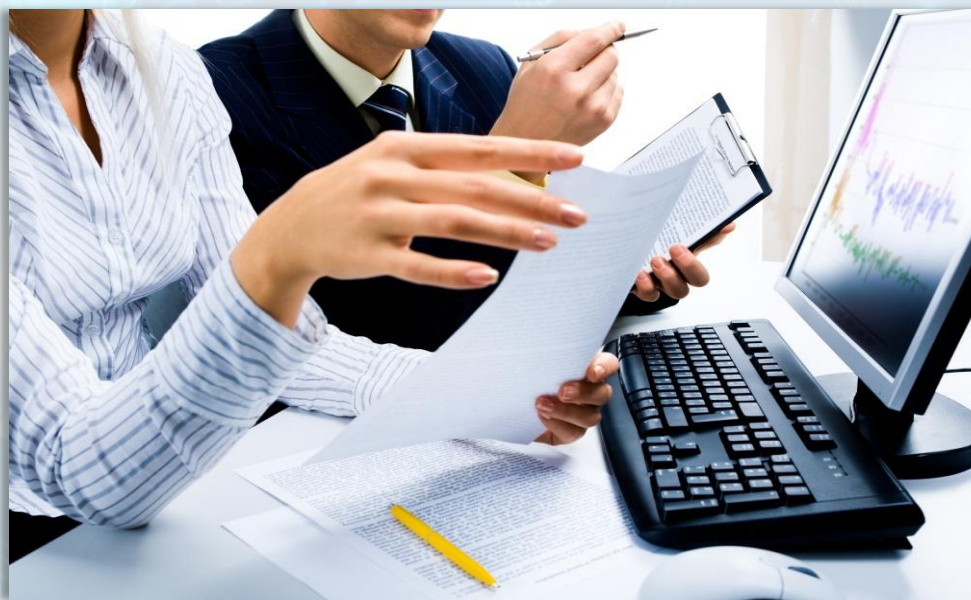
- Voluntary reduction at employee's request
- Involuntary reduction resulting from a management-directed action
- Involuntary reduction resulting from an adverse action





# Pay Retention

Used to prevent a reduction in salary when an employee's former rate of pay exceeds the maximum rate of the employee's new pay grade.





# 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





# Practical Exercise: Pay Setting

## 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





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