

PERSONNEL DEMONSTRATION PROJECT AGREEMENT

FY21-FY23

Naval Undersea Warfare Center Division  
Newport  
and  
FUSE



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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, which is located on the Demonstration Project (DEMO) Wiki page.

## **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 One-Year Plan
  - ~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 calendar 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 during the performance year and sends the final copy to the Human Resources Office (HRO). A copy will be 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. 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.

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 if requested.

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**

Management will publish a schedule for Performance Development generally within 6 weeks of the beginning of the performance cycle. The performance cycle will begin at the start of each fiscal year and will run from 1 October until 30 September the following year. Additionally, 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 reminded they have 30 calendar days left to establish performance expectations.
- (b) 120 calendar 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 calendar 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 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 communications around expectations and needs
- 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.
- help supervisors and employees seek agreement throughout all aspects of the performance development process.

The PDR team consists of NUWCDIVNPT individuals appointed by both the union president and Division management in equal numbers. Management will appoint three members and one alternate and the Union will appoint three members and one alternate.

There will be two co-chairs, one each from management and FUSE selected members. The co-chairs will be selected by the PDR members. Typically, the minimum term is two years. 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.

Union members will be on properly requested and approved official time.

At a minimum, PDR members will receive training in conflict resolution, listening skills, facilitation, and writing performance plans to help team members better perform the PDR function.

The DEMO Program Manager (DPM) is the PDR point of contact for members regarding PDR related Business. The DPM is responsible for:

1. Providing an NWA# to PDR members (supervisors)
2. Arranging PDR training as specified in the DEMO Agreement.
3. Providing a lockable file cabinet for PDR files.
4. Facilitating the attendance of a subject matter expert at PDR meetings when requested.

Any member of the PDR team can request the assistance of a subject matter expert in fields such as legal, technical, equal employment opportunity, human resources, etc.

The PDR's contact information will be made available via link on the in the Demonstration Project (DEMO) Wiki webpage.

PDR engagement with employees in their probationary or trial period does not in any way affect the right to terminate an employee during their probationary period.

## **8. Contact with the PDR Team**

Initial contact with the PDR team or any individual team member may be made by supervisor, employee, or union. Either the employee or supervisor may 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.

A formal PDR meeting is defined as a meeting between supervisor and employee that includes PDR assistance requested by either or both parties. Formal PDR meetings will have the presence of

both a Management-appointed PDR team member and a Union-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.

## **9. Performance Plans**

Performance Plans will be developed and executed in accordance with the Federal Register.

Before a performance plan can be implemented, a formal PDR meeting must take place with the employee, supervisor, and both a management-designated representative and a union-appointed PDR representative. This meeting will take place within fourteen (14) calendar days of the supervisor's request. If this meeting does not occur within the required timeframes due to the PDR's inability to meet, the Commander or designee, at his/her discretion may require the PDR to meet at a specific date and time.

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

- Supervisors will develop the Performance Plan after consideration of any input from the PDR
- PDR team is expected to be involved throughout the entire Performance Plan process
- PDR team documents the Performance Plan process

The purpose of the PDR 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 may be needed and the PDR may assist in its development.

The PDR team is expected to participate in discussions at Performance Plan meetings and to be involved throughout the term of the plan to facilitate resolution of problems that may arise. If problems with the Performance Plan or the PDR process are identified by the PDR team, comments will be generated and forwarded to upper management for resolution, with copies provided to the supervisor and the employee.

## 10. Performance Plan Process

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 is an option and may be considered if management determines a suitable position is available and the employee is qualified. 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 must be a written document addressing the following elements:

- organizational expectations for successful job performance
- accountability
- identify developmental resources to correct any skill deficiencies
- define the timeframe of the performance plan, (long enough to permit the employee to demonstrate acceptable performance, minimum of 90 calendar days)
- specify organizational support that will be provided
- how progress will be monitored and performance results will be assessed and the results measured
- Periodic discussions between the supervisor and employee to be held during the timeframe of the Performance Plan (discussions must be documented)
- Deficiencies in satisfying performance expectations.
- Prior intervention and corrective measures.

- Tasks directly related to acceptable performance expectations

In addition, the plan will clearly specify the potential consequences if performance is not acceptable.

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.

If during a performance plan, a supervisor is changed, even temporarily, there will be a meeting with the PDR, the outgoing supervisor and employee. The outgoing supervisor will provide an interim assessment on each element of the performance plan. Then, the employee will meet with the incoming supervisor and the PDR. The incoming supervisor will go through the interim assessment with the employee. The supervisor of record is required to be at all PDR meetings where a performance plan is discussed or monitored with the employee. No substitutes are allowed unless the PDR and employee agree in advance. If a supervisor is absent for an extended period of time, another qualified supervisor may provide feedback to the employee at the regularly scheduled time. When the supervisor returns, the supervisor should review all the feedback with the employee and discuss the employees' performance relative to the performance plan up to that point.

## **11. 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 acceptable, plans must clearly reflect the 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 acceptable or unacceptable 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: 80% 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 for the task, tasks should be structured to reflect completion rates of no greater than 80% to capture acceptable performance level. Deviation from this figure will be documented and justified. Since performance plans are meant to measure performance at an 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.

## **12. Performance Plan and PDR Case Completion**

A performance plan is considered complete at the end of the period specified in the plan. 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, which will be a minimum of ninety (90) calendar days and long enough to permit the employee the opportunity to demonstrate acceptable performance. The manager determines the length of time for the performance plan. The PDR will be made aware of all performance plan results upon completion.

If there is no performance plan involved, a PDR case is considered complete when the PDR members, employee, and supervisor involved in the case agree that it is complete.

## **13. 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.

#### **14. 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 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.

Prior to the beginning of the first PDR meeting, the PDR team will make both the supervisor and employee aware of this policy and of their mutual responsibility for maintaining order and respect during the meetings. During the meeting, the supervisor, employee, or PDR, should call for a short break if they perceive that the potential for unacceptable behavior is increasing, or any of the participants feel uncomfortable.

Since the PDR members 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 as to how to maintain effective communication is the best assurance that instances involving behavior during PDR case meetings are addressed.

Being placed on a performance plan can be very stressful to the employee and increase stress to the supervisor. To facilitate communications around expectations and needs, and help employees and supervisors seek agreement throughout all aspects of the performance development process, the key to effectiveness of the PDR process is open and frank communication. Members of the PDR team are trained in facilitation and conflict resolution and are responsible for facilitating the meeting to strive for a successful outcome.

On-going respectful dialogue between all involved is fundamental to the success of this process.

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 is not conducive to effective communication and which may result in negative consequences. PDR members are also expected to remind the participant who displays the behavior that it does not contribute to the success of the PDR process.

#### **15. Employees' PDR Rights**

If an employee believes an issue exists that is affecting his/her performance, employees in a duty status 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, depending upon the employee's current employment status.

Employees in receipt of a letter of requirement for reasons 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 for performance related issues have an advisory notice about the employee's right to seek assistance from the PDR.

#### **16. PDR CONOPS**

The PDR team will meet within thirty (30) calendar days of the execution of this agreement, unless mutually agreed otherwise by the parties, to review and revise (if necessary) an administrative concept of operation (CONOPs) that will be signed off by the co-chairs and the Demo Program Manager. In revising the CONOPs, the PDR team does not have authority to expand or change the PDR role beyond that is agreed to in this document.

The PDR 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. The CONOPs will in no way conflict with any provision of this agreement or the Federal Register, and if any conflicts arise this, this agreement and the Federal Register will take precedence over the CONOPs.

Minimally, this document will include roles and responsibilities, term of membership, meeting procedures, and documentation.

**PDR Records**-The HRO will maintain records of closed PDR cases per the records retention manual.

## **17. 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 upon 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 Science and Technology Reinvention Laboratory Personnel Demonstration Project at the Naval Sea Systems Command Warfare Centers; Federal Register (FR)/ Vol. 62, No.232/ Wednesday, December 3, 1997 and Federal Register (FR)/Vol. 64, No. 139/ Wednesday, July 21, 1999 are the authority for the Incentive Pay (IP) System and all other aspects of the NUWCDIVNPT Personnel Demonstration Project (DEMO).

IP is 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 and Decision**

The amount of money in the IP pool is determined annually during the Division's budget cycle. Within the IP pay pool, there are separate funds for continuing pay (CP) increases and bonus pay (BP) and each fund is subject to available funding and other factors outlined in the Federal Register and this agreement. The size of the CP fund and BP fund are based on the appropriate factors outlined in the Federal Register. The IP funding determination is made by the Division's Commander and Technical Director, after discussions with Senior Management and the FUSE President. The FUSE President will be invited to a meeting with upper management to discuss IP pay pool funding before the funding determination is made. Notice will be provided to the Union President at least 5 workdays in advance of this meeting which typically will occur within 5 workdays after the notice is provided at mutually agreeable date and time. This meeting 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. Management will notify the Union in writing of the Commander and Technical Director's IP pay pool funding decision.

## **2. IP Payout**

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.

### **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 funds must be distributed yearly to employees within the pools at the end of the IP cycle. Locality pay is not included in the CP pool funding, but is applied later to the new base pay, which includes any CP points distributed to employees.

CP funding is determined by considering such factors as historical spending for within grade increases (WIGIs), quality step increases, 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. All funding assigned to the CP pool shall be fully expended to the nearest whole point value.

### **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 pay pool. The size of the bonus pay fund will be based on appropriate factors from the Federal Register.

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 base pay (not including 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 prior to implementation. A detailed explanation for 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 funding assigned to the BP pool shall be fully expended to the nearest whole point value. Bonus Pay will be allocated at the NUWCDIVNPT level and managed at the Department level.

## **5. Reconsideration Set-Aside**

Within the Continuing Pay (CP) Pool and the Bonus Pay (BP) pool, up to 4% of the funding from each pool will be set-aside for Incentive Pay Reconsideration. This funding is set-aside for reconsideration payments at the informal, formal, and Arbitration stages.

**CP Set-Aside.** This funding is used for reconsideration requests that result in the awarding of additional CP point(s) during the reconsideration process. The amount of CP money awarded in excess of the set-aside will be deducted from the CP pool in the next performance pay pool cycle. In the event that any funding remains in this set-aside, the remaining funds will be distributed to the FUSE bargaining pool.

**BP Set-Aside.** This funding is used for reconsideration requests that result in the awarding of additional BP point(s) during the reconsideration process. In the event that any funding remains in this set-aside, the remaining funds will be distributed to the FUSE bargaining pool.

## **6. Minimum Incentive Pay Requirements**

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

An employee whose salary falls below midband, and who received a Summary Assessment of Exceptional Contributor, is guaranteed a minimum of 2 CP points unless assigned 0 pay points under the

"Assignment of Pay Point Section" of this agreement. Additional CP and BP points may be awarded as appropriate up to a total of four.

## **7. Incentive Pay Pool Breakdown**

- a.** The FUSE pools consist of FUSE bargaining unit employees only, whose IP payments come from these pools. FUSE CP and BP pools are established and managed at the department level. Funding for FUSE CP and BP pools are calculated as a percentage of total base salaries of all FUSE bargaining unit employees in each department, unless additional employees are needed in the pools to meet minimum pay pools size requirements.

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 any 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 employees temporarily occupying non-FUSE positions (including detailed and acting supervisors/management officials and other employees in temporary non-bargaining unit 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 non-FUSE pools at the end of the IP cycle.

## **8. 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 an acceptable rating.

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

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

Employees receiving an unacceptable rating since the last incentive payout are ineligible for the next incentive pay consideration.

#### **9. IP for Retiring or Separating employees**

Employees who retire or exit from Demo prior to the annual center-wide IP payout are not eligible to receive an IP payout whether or not they completed the previous IP cycle.

#### **10. Career-Ladder Promotion Eligibility**

Employees hired into Demo positions who are eligible for career-ladder promotions will be eligible for promotion on the first 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 FUSE 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 full performance level (FPL) for engineers and scientists at NUWCDIVNPT 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.

## **11. Mid-band Salaries**

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. The same mid-band value is used for both 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 (Boston or other applicable locality region), or
- (2) The arithmetic mean between the basic salaries of grades GS-12 step 1 and GS-13 step 10 on the General Schedule.

## **12. 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 points 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.

## **13. Pay Point Values**

The dollar value of a continuing pay (CP) point in each pay band is calculated by multiplying the mid-band 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 pay band is calculated by multiplying the mid-band 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 pay band.

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

At the beginning of the IP cycle, supervisors 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 takes place no later than 90 calendar days after the beginning of the IP cycle, and the agreed upon providers of Multi- source feedback is documented on the IP Assessment Form at this meeting. Contractors cannot be used as sources of multi-source feedback.

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 conducts 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 generally 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

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 generally 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 and IP decision is made.

Refer to the IP Decision Guidelines (Figure 1) and make an IP decision within the parameters of the 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.

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 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 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.

# INCENTIVE PAY DECISION GUIDELINE

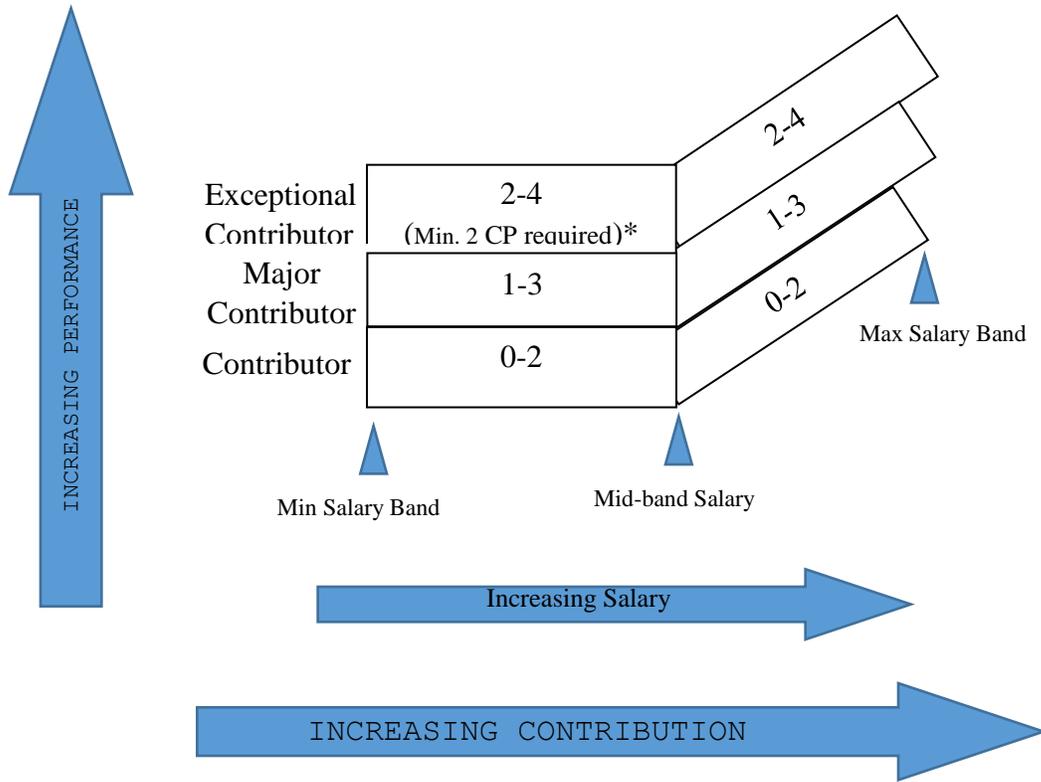


Figure 1.

\*Not a guideline - required unless employee is assigned 0 pay points under the "Assignment of "0" points" section.

## **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 provides to FUSE cumulative FUSE statistics on:

- Distribution of CP points and BP points vs. Budget contribution
- Number and percentage of zero pay point decisions
- Percentages of individuals receiving Summary Assessments of Exceptional Contributor (E), Major Contributor (M) and Contributor (C).

Statistics are provided to the Union within 30 calendar days after IP payouts are distributed to employees.

### **16. Management of the Incentive Pay Process**

Figure 1 above provides a guideline for incentive pay decisions.

Management will publish a schedule for Incentive Pay generally within 6 weeks after the beginning of the IP cycle.

Additionally, all-supervisor messages will be sent via e-mail at different points during the cycle, for example, approximately:

**(a)** 60 calendar days after the beginning of the IP cycle, supervisors will be reminded they have 30 calendar days left to establish incentive pay contribution expectations.

**(b)** 150 calendar 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 calendar days later.

**(c)** 180 calendar days after the beginning of the IP cycle, supervisors will be reminded that they have 10 calendar 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 perform a close-out of the

IP period for the affected employee(s), and the new supervisor will have 30 calendar 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, will be distributed to the members of those pay pools using the IP process in Sections 2, 3, 4, and 5. 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.

#### **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 calendar 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 calendar 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. 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 calendar 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.

### **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.

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 Office is responsible for providing advice to management and keeping records for the reconsideration phase of Demo IP. It is imperative that the HRO be notified when an employee has asked for formal reconsideration. The HRO 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

### **1. Informal Reconsideration**

At the mid-point of the IP cycle, and again at the end of the IP cycle when IP points 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 pay point (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 the HRO 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 which is located on the Demonstration Project (DEMO) Wiki page.

FUSE bargaining unit employees provide a copy of the Reconsideration Request Form to the Department Head, with a copy to the local FUSE Office and the HRO. The Department Head immediately notifies the Demo Program Manager and forwards a copy to the HRO. 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 the HRO. If the payout decision, summary assessment or contribution factor assessments are modified, documentation is forwarded to the HRO for the applicable change to be made, and the employee is issued a revised payout notification.

### **3. Arbitration**

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 the HRO with a copy to the local 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.

Absent concurrence by the parties as to a particular Arbitrator, the Arbitrator is selected from the list of Arbitrators provided by the Federal Mediation and Conciliation Service (FMCS), Office of Arbitration Services, or other mutually agreed upon source. The cost

of the FMCS list, Arbitration and any other cost(s) associated with the Arbitration is paid by the Division as long as the number of arbitration cases does not exceed 5. If there are more than 5 FUSE arbitration cases in the performance year, Management and the Union will split all costs of the arbitration and FMCS list equally.

The Arbitrator will meet with the employee (and FUSE representative if requested) and management, and render a decision within 30 calendar days 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 the HRO for the applicable change to be made, and the employee is issued a revised pay out notification.

Employees represented by the Union 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 of additional official time (including presentation) may be used for formal reconsideration, and up to 7 hours of 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 authority is limited to the following: 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 30 calendar days 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 calendar 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.

#### **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. This document, along with the Office of Personnel Management regulations contained in the Code of Federal Regulations (CFR 351) governs all major aspects of RIF.

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. It is understood that if a RIF is conducted at NUWCDIVNPT, all affected DEMO positions are subject to the provisions of the Federal Register and references (a) - (c). All FUSE bargaining unit employees are covered by this negotiated agreement.

(a) 5 CFR 351

(b) 5 CFR 536

(c) Federal Register, Volume 62, Number 232 of December 3, 1997

**Policy:** NUWCDIVNPT will follow the Federal Register and pertinent sections of references (a) through (c) 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 (c) are as follows.

**a.** Competitive Area: All positions included in the Demonstration Project within an activity at a specific geographical location will be considered a separate competitive area.

The competitive area(s) at NUWCDIVNPT consist of: All Demonstration Project positions within NUWCDIVPT at a specific geographic location(s). Positions not covered by the Demonstration Project shall be included in their own competitive areas. Positions not covered by the Demonstration Project cannot be included in the same competitive area with Demo positions. Therefore, Demo employees may not displace non-Demo employees and non-Demo employees may not displace Demo employees.

Example: NUWCDIVNPT has Demo positions in the geographic areas of Newport, RI, West Palm Beach, FL, and Norfolk, VA. All three of these locations are in separate competitive areas, even if the positions are in the same code (i.e. same Department, Division or Branch).

As of the date of signing this agreement, positions in the FUSE Bargaining Unit are in the competitive area encompassing NUWC Division Newport, RI only.

**b.** Average Performance Score means the average score drawn from the two most recent performance appraisals received by the employee, except when the most recent performance appraisal reflects an "unacceptable" rating of record. When the most

recent performance appraisal reflects an "unacceptable rating", only the unacceptable performance appraisal will be considered for purposes of the employee's average performance score.

Scores for the acceptable/unacceptable demo performance ratings of record are, acceptable = 3 and unacceptable = 1.

The employee's average performance score is derived from the average score drawn from the two most recent performance appraisals received by the employee over the past four (4) years, except when the most recent performance appraisal reflects an "unacceptable" rating of record.

For example: An employee's two most recent performance appraisals are, 30 Sep

15 - Acceptable, and 30 Sep 16 - Unacceptable. For the purpose of determining the employee's average performance score, only the 30 Sep 16 unacceptable appraisal would be scored.

If the employee has only received one rating of record in the past four (4) years, that one rating of record becomes the employee's average performance score.

**c.** Representative rate means the fourth step of the highest General Schedule (GS) grade included in a band; e.g., step 04 of GS-13 for Band IV of the ND career path.

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

**Retention Register:** Separate retention registers must be established for Competitive Service employees and Excepted Service employees.

Competitive levels have been eliminated. Therefore, employees will be placed on a retention register (grouped by series) by average performance rating score, representative rate, seniority, type of work schedule and appointing authority (if an Excepted Service retention register.)

Employees with the same average performance rating score, representative rate, series, and type of work schedule will be ordered by retention groups from 1AD through 0B, listed in order of the service computation date for RIF, as described with 5 CFR 351.501 and 351.502. They will be listed within the retention group in descending order, with the person with the most

seniority at the top of the retention group. The addition of service time for performance is eliminated.

The retention register will be ordered by:

- a. Band in representative rate order;
- b. Type of work schedule (Full-Time, Part-Time);
- c. Series;
- d. Appointing Authority (Competitive Service, Excepted Service).

**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:

1. By tenure group I, group II, group III; and
2. Within each Tenure Group, employees will be ranked by average performance rating score.
3. Within each group by veteran preference subgroup AD, subgroup A, subgroup B; and,
4. Within each group by years of service beginning with the earliest DoD service computation date for RIF (SCD-RIF).

**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, within the same competitive area, at the same or lower grade/band level for which the senior employee is fully qualified. For purposes of qualification determinations, reference (a) should be consulted, including the section discussing "undue interruption".

The displaced employee must be placed in a position in the same work schedule (Full-Time, Part-Time) and have been appointed under the same authority, e.g. competitive service or excepted service. 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.

For purposes of displacement from one career path to another, the equivalence of band 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, within or outside of the competitive area, 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 reference (b).

All employees shall be given the opportunity to review and request to update, if applicable, 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.

All employees should review and update, if applicable, their resume. All knowledge, skills and abilities shall be added by the employee and be given consideration under qualifications determination during a RIF. Employees will be reminded to review their resume at least thirty calendar days prior to the establishment of a retention register for RIF purposes.

RIF's actions and discrepancies or disagreements related to the documents described above may be appealable in accordance with the negotiated grievance procedure.

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

**Section 5 - Miscellaneous/Other**

**DEMO Rating & Payout Data**

- a) Management agrees to provide the Union with the following DEMO payout data for all FUSE bargaining unit employees in the FUSE pool no later than 10 working days after the beginning of the period in which IP/rating decisions are communicated to employees. This data will be provided to the FUSE President in an electronic Microsoft Excel file and include the following information for each FUSE bargaining unit employee:

<b>DEMO YEAR (Previous and Current)</b>
<b>KEY (No Name, but Key maps to a FUSE BU Member)</b>
<b>PP</b>
<b>CONTRIBUTION</b>
<b>DEMO CP PTS</b>
<b>DEMO BP PTS</b>
<b>BARG UNIT CODE</b>
<b>POOL DEPT CODE</b>
<b>DEMO CONT POOL NO</b>
<b>DEMO BONUS POOL NO</b>
<b>CASH PAYMENT- "YES" or "No"</b>
<b>TOTAL POINTS</b>
<b>PERCENT OF PAY BAND GROUPED BY RANGE</b>
<b>ABOVE MID BAND</b>
<b>REASON FOR ZERO POINTS</b>

- b) Management agrees to provide the Union with a list of the FUSE pool departments' CP and BP budget. The data will include the following fields for each FUSE bargaining unit pool department:

<b>Pool Dept Code</b>
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<b>POOL SIZE</b>
<b>CP BUDGET</b>
<b>BP BUDGET</b>

- c) Management agrees to provide the Union with a list of the FUSE pool departments' CP and BP amounts awarded. The data will include the following fields for each FUSE bargaining unit pool department:

<b>Pool Dept Code</b>
<b>PP</b>
<b>Number of Records</b>
<b>Total CP Awarded</b>
<b>Total BP Awarded</b>

- d) If the Union requires data specific to a BU member's current Demo year request for reconsideration/arbitration the Agency will provide the two employees above and two employees below the employee based on the basic salary from the department pool only for the pay plan, band and Contribution. The union will need to provide either the key or the employee(s) name. The data will be provided to the FUSE President in an electronic Microsoft Excel file.

If there is no one else above or below the employee then four employees above or below will be provided or some combination of four. For example three above and one below. The data will include the following fields for specific BU member row highlighted:

<b>CP PTS</b>
<b>BP PTS</b>
<b>POOL DEPT CODE</b>
<b>CONT POOL NO</b>
<b>BONUS POOL NO</b>
<b>CASH PAYMENT ("YES" or "No")</b>
<b>TOTAL POINTS</b>
<b>PERCENT OF PAY BAND GROUPED BY RANGE</b>
<b>ABOVE MID BAND</b>

<b>Min and Max Basic Salary Pay Band Range</b>
<b>Recon Key</b>
<b>CONTRIBUTION</b>
<b>PP</b>
<b>Pay Band</b>

**2. Duration of PDP**

This agreement covers the FY2021, 2022, 2023 DEMO years only: Oct. 1, 2020 through Sep. 30, 2023 and the resulting reconsideration period through Arbitration.

After this period, the agreement may be renegotiated or terminated by request of either party, or earlier by mutual agreement. If the agreement and DEMO program are terminated, employees will exit from DEMO in accordance with the procedures established by the Federal Register (FR)/Vol. 62, No. 232/ Wednesday, December 3, 1997 and Federal Register (FR)/Vol. 64, No. 139/ Wednesday, July 21, 1999. Personnel systems which were in place prior to Demo may be restored after negotiations with the Union, except insofar as they have been affected by changes in law or government-wide regulations in the interim. All negotiable aspects of an exit from the DEMO and the conversion to any other personnel/pay system will be negotiated by the Agency and the Union prior to implementation for FUSE bargaining unit employees in accordance with all applicable laws, rules, regulations, instructions, policies, agreements, and past practices.

If the FUSE bargaining unit exits DEMO as a whole, any/all IP payouts owed employees from the previous IP cycle will be paid to employees in accordance with this agreement.

**3. IP for Union Officials**

Union officials must perform work under their activity-assigned duties or responsibilities for a minimum of 520 hours per rating

year or else they cannot be rated under the Performance Development System, and therefore are ineligible for Incentive Pay. In cases where the Union Official works beyond 520 hours, they will be rated accordingly and IP will be issued by their respective supervisor within their organization.