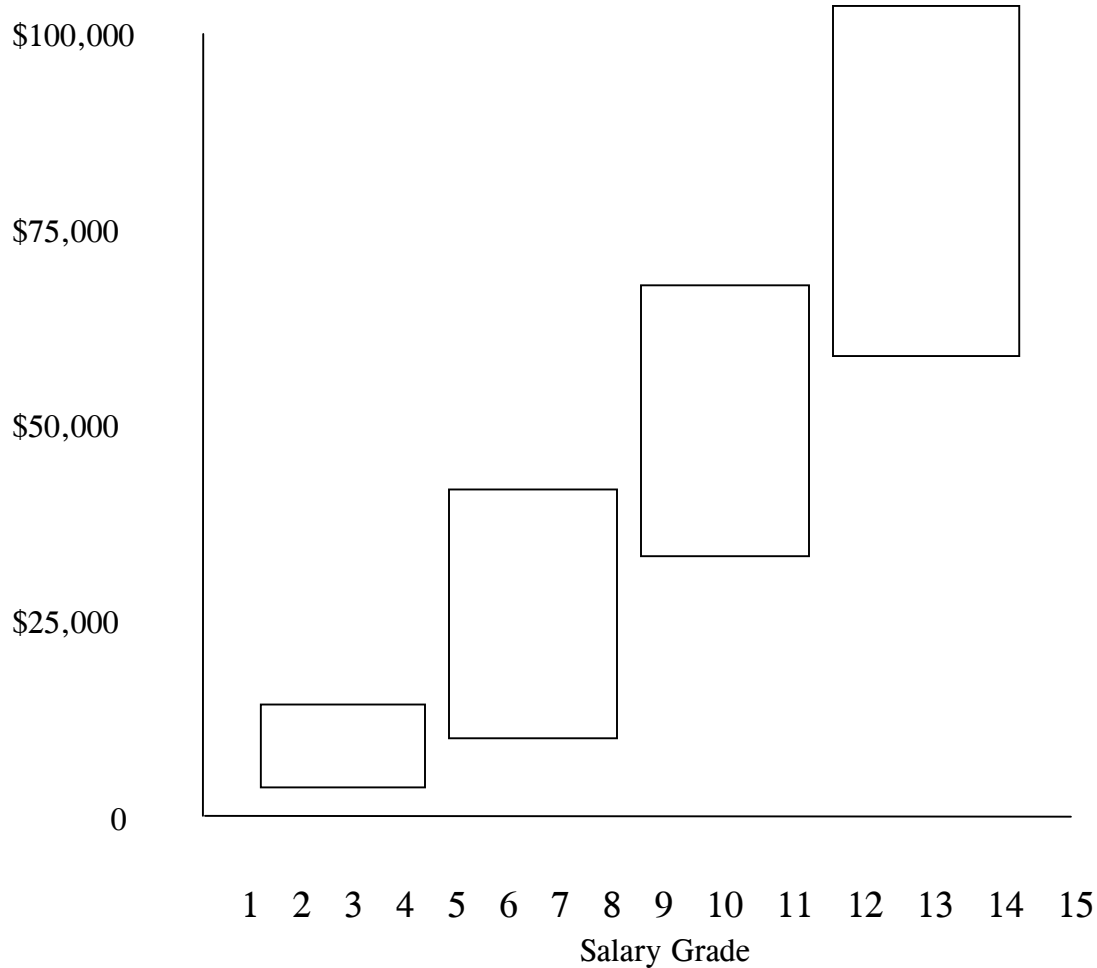


A Report by the Human Resources Management Panel

Broadband Pay Experience in the Public Sector



Report 2, Vol. I of the HRM Consortium Broadband Pay Series



National Academy of Public Administration
Center for Human Resources Management

August 2003

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Broadband Pay Experience in the Public Sector

Human Resources Management Panel

Thomas S. McFee, Chair

Carolyn Ban

Cora Prifold Beebe

Ralph Bledsoe

Bradford Huther

Patricia Ingraham

Harriett G. Jenkins*

Madelyn P. Jennings*

Rosslyn S. Kleeman

James Perry

Gordon Sherman*

Curtis Smith*

Frank Thompson

William Wilder*

*Indicates Advisory Panel Members

Officers of the Academy

Carl W. Stenberg, *Chair of the Board*
Cora Prifold Beebe, *Vice Chair*
Howard Messner, *President*
Frank Fairbanks, *Secretary*
Sylvester Murray, *Treasurer*

Project Staff

Al Ressler, *Director, Center for Human Resources Management*
Carol Hayashida, *Deputy Center Director*
Ray Sumser, *Project Director*
Dorothy Meletzke, *Senior Consultant*
Howard Risher, *Senior Consultant*
Christine Sterling, *Research Assistant*
William Shields, *Editor*

The views expressed in this report are those of the Panel. They do not necessarily reflect the views of the Academy as an institution.

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FOREWORD

In 2002, the Academy's Human Resources Management (HRM) Panel, at the behest of the HRM Consortium, set out to catalogue public and private sector experiences in using broadband pay. The Consortium was interested in the successes and problems that users encountered in managing this approach to pay-for-performance. The interest arose as Consortium members anticipated the possibility that broadbanding would become the system of choice in the federal sector.

In this report of the HRM Consortium Broadband Pay Series, the HRM Panel benchmarks most of the federal and state organizations that have been given authority to pilot or test this approach to paying civil servants. Coupled with the Panel's first report, *Broadband Pay Experience in the Private Sector*, this one includes public sector experiences and the lessons learned from those experiences. A Case Study Companion, a compilation of the benchmark research data, will be published on the Academy web site as Report 2, Volume II, so that HRM Consortium users can get more detail on the featured organizations.

The Broadband Pay Series will be completed later this year when the HRM Panel publishes its third report in this series. It will assess the effectiveness of the approaches described in the first two reports and recommend options for compensation systems that the federal government should consider for the future. I want to take this opportunity to thank the Panel and project staff for their dedicated work and insights on this important topic.

Howard M. Messner
President

EXECUTIVE SUMMARY

Broadbanding has been a part of the federal government's human resources system since 1980. Two Navy laboratories—Naval Weapons Center China Lake and the Naval Ocean Systems Center—received approval to band grades and pay using demonstration authority contained in the Civil Service Reform Act of 1978. The approach, commonly known as the China Lake Demo, proved successful. Following several extensions of their demonstration authority, the two laboratories obtained legislative approval in 1996 to make broadbanding permanent. This was the first application of broadbanding in any organization, public or private. Since then, starting with General Electric in 1989, many private sector companies have chosen broadbanding as their preferred approach to compensation.

Numerous National Academy of Public Administration (Academy) Panel reports have recommended broadbanding as an approach to the federal classification system, beginning with, *Modernizing Federal Classification: An Opportunity for Excellence* in 1991. An August 1995 report, *Modernizing Federal Classification: Operational Broad Banding Systems Alternatives* emphasized the critical need for new human resource management tools and systems, given the mandate that managers reinvent programs and streamline structures to achieve efficiency.

Yet, attempts to make permit broadbanding of classification and pay across the federal government have been limited by executive and legislative branch concerns. These concerns about permitting broadbanding of classification and pay included the reluctance to have various human resource systems implemented in different federal organizations, an unwillingness to change Title 5 which established the current classification system, opposition from labor organizations that did not trust managers to make fair decisions about performance and pay, reluctance from some federal agencies to propose demonstration projects unique to their organizations and concern over increased costs.

Since 1980, the environment for human resource management (HRM) systems has changed. More and more organizations have concluded that accomplishing their missions depends on having a tailored system. Several organizations not governed by Title 5 of the U.S. Code, such as the Administrative Office of the U.S. Courts (U.S. Courts) and the General Accounting Office (GAO) have adopted broadbanding; others including the Federal Aviation Administration (FAA) and the Internal Revenue Service (IRS), have obtained legislative approval to use it. The Department of Defense (DOD) received authorization to implement broadbanding as a part of a broader demonstration project for its science and technology reinvention laboratories and for the DOD Acquisition community. Recent legislation creating the Department of Homeland Security gave that Department the authority to design new approaches to compensation, classification and performance management, among other human resource areas. More than half of federal organizations now have HRM systems that are exempt from Title 5 or have authority to modify its provisions.

Broadbanding and pay-for-performance currently are in the forefront of federal compensation discussions. In April 2002, the U.S. Office of Personnel Management (OPM) issued a white

paper, *A Fresh Start for Federal Pay: The Case for Modernization*, that outlined the way the federal government determines employee pay. The paper's stated intent was to raise questions for discussion that could lead to stakeholder agreement about the need to change the system.

The Administration has developed a legislative package to modify the Senior Executive Service's pay and performance design. It has also proposed a \$500 million account to allow agencies to give increases based on extraordinary performance or to meet other human capital needs, such as rebuilding a badly performing organization. Senator George Voinovich and Representative Jo Ann S. Davis have introduced legislation to expand demonstration projects that test new pay and personnel systems. Further, DOD has advocated legislation to create a National Security Personnel System for all its civil service employees. The system would implement broadbanding and pay-for-performance for its entire DOD workforce. Many stakeholders think that these designs will set the framework for human resource reform across the federal government.

As part of its 2003 workplan, the Academy's HRM Consortium of federal, state, local and private sector organizations, asked the Academy to study broadband pay experience in the private and public sectors and to identify other current trends in private sector compensation system design. This report on public sector broadband experience is the second of three publications that the Academy's HRM Panel will issue on the broadbanding subject in 2003. The first focused on the private sector's experience with broadband pay and identified the emerging trends in compensation policy and practices used by private industry. The third report will assess the effectiveness of these approaches and recommend options for compensation systems that the federal government should consider to meet the mission needs of governing in the 21st Century.

Specifically, this report outlines various approaches that federal agencies and state governments have taken to apply broadbanding to their organizations. The project team examined federal broadbanding approaches through telephone and/or site visits at the Department of Commerce and its National Institute of Standards, Department of Defense Reinvention Science and Technology Laboratories, Department of Defense Acquisition Workforce, IRS, FAA, National Imaging and Mapping Agency, U.S. Courts, and GAO. The team reviewed the proposed DOD's standardized approach to broadbanding, published for comment in the April 2, 2003 Federal Register. Telephone interviews were conducted with the States of Florida, South Carolina, Virginia, Washington, and Wisconsin. The organizations covered in this report reviewed and confirmed the information gathered about them.

Several observations can be made about public sector approaches to broadbanding based on surveys conducted for this report:

- The broadbanding approaches being designed or modified take a very holistic approach not only to the specific broadband pay design but also to related human resource systems and the identification of expectations and goals. Pay-for-performance is a key factor and performance expectations are closely linked to an

organization's strategic objectives. Many federal organizations are setting department-wide performance standards and specific levels required for "meets expectations" and top performance ratings.

- Managers have more responsibility for measuring performance, setting pay and managing their workforces.
- All organizations reviewed attributed the effectiveness of their new approaches to having designed the new systems to meet their organizations' mission needs, not by applying a standardized approach. As departments include broadbanding and pay-for-performance as part of their human capital strategies, tensions will arise between individual bureau-level organizations (that want their human resource programs to support their particular mission) and departmental headquarters that seek uniform broadbanding and performance management systems that support an entire department's strategic plan.
- Position classification has been streamlined and delegated to managers in many federal agencies. Except for Washington, the states surveyed continue to perform classification in their human resource offices.
- Fewer top-level ratings are given in organizations that have pay-for-performance systems.
- Costs are managed by limiting salary budgets and establishing stringent performance standards and controls that limit progression through the range of a band. Most organizations control the rate of progression from the range's mid-point upward.
- Using various media to communicate with employees, managers and labor organizations is essential, from design beginnings through implementation. Follow-on communication also is important to train new managers and employees and to remind the rest of the workforce about how the broadbanding and performance management systems work.
- Union negotiations have been difficult and time consuming in most organizations given bargaining obligations for represented employees. Outside reviewers have expressed concern about the results of FAA's experience in negotiating pay with its unions.
- FAA was the only federal organization surveyed that uses market pay to set the range of its bands. Wisconsin uses market rates and negotiates pay with its unions. Other states conduct market surveys and provide the data to their agencies, but market pay only is granted to selected individuals.

- Promotions are emphasized less in organizations with broadbanding. Progression through the range based on performance and a variety of experiences is encouraged and rewarded.
- Several organizations have reported that their culture has changed from one where pay was considered an entitlement as a result of longevity to one where employees know that pay is based on performance.

This report is structured around the topics discussed with the organizations surveyed. Areas of significant agreement and different approaches to the same issue are highlighted. A matrix of responses to the major topics is provided, as are individual responses of the surveyed organizations. Readers interested in a specific issue can find the information under the topic heading and in the matrix. Those who want to gain a perspective on how individual organizations construct their complete approach to broadbanding should find the companion Case Study helpful. The Case Study will not be distributed in paper copy but will be posted for Consortium members on the Center's website, accessible at www.napawash.org

INTRODUCTION

History of Broadbanding in the Public Sector. Broadbanding has been a part of the federal government's human resources system since 1980. Two Navy laboratories—Naval Weapons Center China Lake and the Naval Ocean Systems Center in San Diego—received approval to band grades and pay, using demonstration authority included in the Civil Service Reform Act of 1978. The approach, commonly known as the China Lake Demo, was successful. Following several extensions of their demonstration authority, the two laboratories obtained legislative approval in 1996 to make broadbanding permanent. This was the first application of broadbanding in any organization, public or private. Since then, starting with General Electric in 1989, many private sector companies have chosen broadbanding as their preferred approach to compensation.

Early public sector broadband systems were designed to solve such specific problems as position classification, recruiting, and retention. The scope of broadbanding since has been expanded to encompass a strategic and holistic approach to HRM. The systems now focus not only on the broadband system but on changing an organization's culture from entitlement to performance. Performance management, position classification, pay and, in some cases, promotions and training are thus fully integrated. This report reinforces those differences in public sector implementation approaches to creating holistic broadband pay systems.

EXTENDING BROADBANDING IN THE FEDERAL GOVERNMENT

Attempts to permit broadbanding of classification and pay across the federal government have been limited due to executive branch and legislative concerns. These concerns included general reluctance to have various human resource systems implemented in different federal organizations, an unwillingness to change Title 5 of the U.S. Code which established the current classification system, opposition from labor organizations that did not trust managers to make fair decisions about performance and pay, reluctance on the part of some federal agencies to propose demonstration projects unique to their organizations, and concerns over increased costs.

Since 1980, the environment for HRM systems has changed. More and more organizations have concluded that accomplishing their missions depends on having HR systems that support their objectives. Several organizations not governed by Title 5, such as the Administrative Office of the U.S. Courts and the General Accounting Office, have adopted broadbanding; others, such as the FAA and IRS, have obtained legislative approval to use it. DOD received authorization to implement broadbanding as a demonstration project for its science and technology reinvention laboratories and for the Department of Defense Acquisition community. Recent legislation creating the Department of Homeland Security gave it authority to design new approaches to compensation, classification and performance management, among other human resource areas. More than half of federal organizations now have HRM systems that are exempt from Title 5 or have authority to modify some aspects of it.

Broadbanding and pay-for-performance currently are in the forefront of federal compensation discussions, as the following items illustrate.

The Office of Personnel Management White Paper

In April 2002, OPM issued a white paper titled, *A Fresh Start for Federal Pay: The Case for Modernization*, that outlined the way the federal government determines employee pay. It also identified issues facing the federal compensation system. The paper's stated intent was to raise questions for discussion that could lead to stakeholder agreement about the need to change the system. Recommendations on specific changes are expected to emerge from the ensuing discussions and debate.

Volcker Commission Report

The January 2003 report of the National Commission on the Public Service, *Urgent Business for America: Revitalizing the Federal Government for the 21st Century*, also known as the Volcker Commission Report, focused on three areas:

- organization of government
- leadership for government
- operational effectiveness in government

Recommendations included in the report support the arguments for federal broadbanding of classification and pay. Recommendation 11 states, "More flexible personnel management systems should be developed by operating agencies to meet their special needs." Recommendation 13 states, "Congress should establish policies that permit agencies to set compensation related to current market comparisons."

Proposed Legislation

The executive branch has developed a legislative package to modify the Senior Executive Service's pay and performance design. It also has proposed creating a \$500 million account to permit agencies to provide pay increases based on extraordinary performance or to meet other human capital needs, such as rebuilding a badly performing organization. Similar efforts are underway on Capitol Hill. Senator George Voinovich and Representative Jo Ann S. Davis have introduced legislation to expand demonstration projects that test new pay and personnel systems.

In addition, the Department of Homeland Security is designing an HRM system. As stated earlier, the legislation establishing the department gave it great flexibility to design such a system using compensation, classification and performance management systems. Meanwhile, DOD has submitted legislation to create a National Security Personnel System for its civil service employees. The system would, among other things, implement broadbanding and pay-for-performance for the entire Department's civilian workforce. This legislation is receiving significant attention in Congress and the media.

Many view these developments as the bellwethers for the future U.S. civil service system. Following many years of frustration and incremental change to a government-wide HRM

system, and given that more than 50 percent of federal government agencies have received exemptions from some or all of Title 5, the executive and legislative branches appear to recognize that significant changes must be made to the HRM systems to enable departments and agencies to meet their obligations to the American taxpayers.

THE ACADEMY'S ROLE

Numerous Academy panel reports have recommended broadbanding as an approach to the federal classification system, beginning with *Modernizing Federal Classification: An Opportunity for Excellence* in 1991. An August 1995 report, *Modernizing Federal Classification: Operational Broad Banding Systems Alternatives*, emphasized the critical need for new HRM tools and systems given the mandates for managers to reinvent programs and streamline structures to achieve efficiency.

An Academy panel, in conjunction with the Chief Information Officers Council, in 2000 and 2001 studied the challenges that the federal government faces in hiring and retaining information technology professionals. The August 2001 report, *The Transforming Power of Information Technology: Making the Federal Government an Employer of Choice for IT Employees*, recommended that the federal government transition to a market-based HRM system for information technology professionals that would include the following:

- Establish a market-based pay-for-performance compensation system.
 - Have broad pay ranges.
 - Tie base pay to market rates.
 - Link increases in pay to competencies and results.
- Allow for flexibility in the treatment of individuals and occupations.
 - Pay for skills and competencies as well as contribution to the organization.
 - Provide flexible salary ranges for recruitment and retention purposes.
- Balance the three dimensions of equity (internal, external and contribution)

Based on this report, OPM modified some aspects of its classification and compensation policies that improved agency ability to attract and retain information technology professionals. However, it did not fully implement all of the report's recommendations.

As part of its 2003 workplan, the Academy's HRM Consortium asked the Academy to study broadbanding experience in the private and public sectors and to identify other current trends in compensation system design in the private sector. This report on public sector broadband pay experience is the second of three publications that the Academy's HRM Panel will issue on broadbanding. The first, issued in July 2003, focused on the private sector's experience with broadband pay and identified emerging trends in compensation policy and practices used by

private industry. The third publication will assess the effectiveness of these various approaches and recommend options for compensation systems that the federal government should consider to meet the mission needs of governing in the 21st Century.

This report, Report 2, Volume 1 of the series, focuses on the experiences of public sector agencies that have used a broadband pay approach. It outlines the experiences of five state governments and nine federal agencies. Telephone interviews were conducted with six states: Florida, Georgia, South Carolina, Virginia, Washington, and Wisconsin. Georgia has adopted many innovative approaches to human resource management through its decentralization and delegation of authorities to individual agencies, but broadbanding is not practiced across the state. Therefore, information on Georgia is not included in this report of broadbanding applications.

Federal broadbanding approaches were examined by phone or in person, at the Department of Commerce (DOC) and National Institute of Standards and Technology (NIST), Department of Defense Reinvention Science and Technology Laboratories (DOD S&T Labs), Department of Defense Acquisition Workforce (DOD Acquisition Workforce), IRS, FAA, National Imaging and Mapping Agency (NIMA), the U.S. Courts, the General Accounting Office (GAO), and the proposed DOD standardized approach to broadbanding in DOD S&T Labs, published for comment in the April 2, 2003 Federal Register.

In every case but one, the broadbanding applications were initiated by organizations that covered all or some segment of the workforce. The DOD acquisition workforce demonstration project is the only broadbanding approach applied to a function that crosses agencies. Since most of the organizations employing Defense acquisition personnel are not permitted to apply broadbanding to the rest of their workforces, relatively few organizations have implemented the acquisition workforce broadband system.

This report is structured around the topics discussed with the organizations featured and which are part of the public sector approach to implementing broadbanding. Areas of significant agreement and different approaches to the same issue are highlighted. A matrix of responses to the major topics is provided. Individual responses of the surveyed organizations are published in the companion Case Study. The organizations covered in this report reviewed and confirmed the information the panel is publishing about them. Readers interested in a specific issue can find summary information in this report on each organization's experience under the topic heading and in the matrix of responses to the major topics. Those who want to gain a detailed perspective on how individual organizations construct their broadbanding programs can find the individual descriptions quite helpful. The case study, Report 2, Volume I will not be printed but can be accessed electronically by Consortium members at www.napawash.org

PUBLIC SECTOR BROADBAND SYSTEM CHARACTERISTICS

Public sector broadband systems include a variety of linkages to the human resources management policies of the organizations that have implemented such systems. Because the position classification and pay systems of the General Schedule have been so integral to the other policies, implementation of new classification and pay systems frequently include changes to the related systems. The material that follows reflects the more holistic changes needed.

GENERAL FACTORS

Size. This study indicates that broadbanding is equally effective in relatively small organizations and large organizations. The organizations surveyed varied in size, from 3,000 covered employees at NIST to the State of Florida's 120,000. Six organizations had more than 55,000 employees and five had employee populations ranging from 30,000 to 40,000.

Mission. The department and agency missions included state governance, revenue collection, government oversight, aviation regulation, scientific research, judiciary support, procurement, enhancing economic opportunities, and imagery and mapping products. This diversity illustrates that broadbanding's success is not limited to scientific organizations where the original broadband systems were implemented.

Coverage. The State of Washington and the IRS have limited their broadbanding programs to managers and supervisors. The Air Force Research Laboratory, one of the DOD Reinvention S&T Laboratories, included only engineers and scientists in the broadbanding demonstration project. The GAO, FAA, and the State of Wisconsin started broadbanding coverage for part of their workforce and are extending coverage to additional segments.

Date Implemented. Of the organizations included in this survey, NIST started broadbanding in 1988. GAO followed in 1989. Among the states, Washington implemented broadbanding for its managers in 1993, while Florida began its program in 2002. All organizations studied had at least one year's experience with the system and most had several.

Factors leading to broadbanding implementation. The major reasons that organizations implemented broadbanding were to:

- Recruit and retain a quality workforce.
- Create a performance-focused organization where pay is based on performance, not longevity or entitlement.
- Give managers greater authority to manage their workforces (e.g. assigning, paying, assessing performance).
- Simplify an overly complex human resource system.
- Operate in a more business-like manner.
- Emulate the success of other broadband systems.
- Improve organizational effectiveness.

- Provide pay increases to deserving employees.
- Increase the value of management responsibilities.
- Design an HRM system for a new agency created by consolidating six organizations.

Seven of the 15 organizations cited the ability to recruit and retain a quality workforce as the leading factor. The desire to base pay on performance rather than longevity was a stated factor for the IRS, GAO, NIMA, the DOD S&T Labs, DOD Acquisition Workforce, and State of Florida.

How employees and managers were involved in the broadband system design. Including affected employees improves the system’s design and is critical to its acceptance. Every organization studied included managers and employees in the design process. Some used teams composed of employees and managers, many held focus group sessions to elicit ideas and reactions to design proposals, others consulted unions (where applicable) and several (including the U.S. Courts and GAO) had supervisors write the position and performance benchmarks.

OCCUPATIONAL GROUPS

Number of occupational groups. The number of occupational groups ranged from none at NIMA, which uses a “work role” structure for its employees, to twenty-two in Florida. Eight organizations had three to five occupational groups. The most typical groupings were Professional (Science and Engineering), Administrative Professional, Scientific and Technical Support, Administrative Support, and Student Co-op.

Logic used to group occupations under each band. The organization’s mission and nature of the workforce were the major determinants when grouping occupations. Similarity of work functions or characteristics was the most frequently cited reason. In organizations that covered only managerial positions, the level in the organization and amount of responsibility were the determining factors.

Evaluation/classification system used. Eight organizations reported that they used a traditional job evaluation system. The federal agencies typically used modifications of the General Schedule classification system. They often eliminated the step of assigning grades to positions.

FAA developed a job documentation process that is very different from the traditional evaluation process. Its Core Compensation Plan does not use position descriptions. Rather, the series definition, a generic level description for the applicable job category and career level, and performance standards constitute the position record. NIMA has developed a classification system in which each position is based on “workroles” and bands. Workroles are a basic definition of work in an assignment. NIMA subject matter experts helped develop the classification system and continue to review and refine it.

All but two organizations reported using generic position descriptions or benchmark positions for all or part of their workforces. In every organization, the classification process has been simplified; managers now consider it to be less burdensome.

Manager role in classifying positions. All states studied, except Washington, have classification performed in their human resources offices. In Washington, committees of managers do it. In most federal organizations, except the GAO, managers may classify positions, and many have access to automated classification systems. Automated systems provide for a more streamlined and less complex process, which is not the case when managers have to prepare position descriptions and submit them to human resources offices for classification.

BROADBANDS

Number of bands and number of pay levels in each band. A given occupational group typically has three to five bands. The number of bands ranged from one at NIMA to twenty-five in Florida. The proposed DOD S&T laboratory broadband system also has a supervisory architecture and pay table. NIMA's single structure for all employees has five bands.

All of the states reviewed have open ranges in their bands, as do most federal agencies. The U.S. Courts has 61 steps or pay levels in its bands, IRS has from 10 to 16 steps or pay levels of 4.8 percent increments, and DOC has five pay intervals in each band.

Band alignment with market pay levels and/or individual salaries. FAA is the only federal agency reviewed that uses market pay. It participates in surveys and uses the data to set pay ranges, but not specific salaries. Because FAA has departed from the government-wide pay system, it must negotiate pay with its unions.

NIMA provides market flexibility by matching its ranges to the General Schedule system and adding the salary equivalent of two steps to the top of each band. It periodically reviews the Wyatt Survey for market comparability, but follows the General Schedule system as do all the other federal agencies studied.

Meanwhile, the states conduct market surveys and provide data and job match information to their agencies. Payment of market rates depends on funding availability. All states but Wisconsin provide market pay increases only to selected individuals if sufficient money is in the system. Wisconsin pays market rates for all positions to the extent that funding is available.

Information related to salaries provided to managers. The federal agencies, except FAA, provide information about an employee's pay and place in the range. FAA only provides current salary information. The states provide managers with information about band ranges and results of market surveys.

Band overlap. All of the states studied have overlapping bands. As most federal broadbanding is based on the General Schedule system, bands overlap to the extent that the General Schedule overlaps. By expanding the salary range at the top of each band by the equivalent of two steps, NIMA has created even more salary overlap. It provides incentives to employees who have converted at the highest salary level related to each band. The salary overlap also places greater focus on salary progression within the band (performance pay), and less emphasis and fewer

“salary windfalls” with a promotion across the bands. GAO is modifying its bands to eliminate overlap.

Broadband levels related to career stages. Since Washington and the IRS only cover managers, this is not an issue in their systems. Florida and South Carolina reported that their systems are not related to career stages, while Virginia has a career stage relationship “to some extent.” The federal agencies stated that their broadband levels are related to employee career stages, typically trainee, journey worker, specialist and expert.

Range of the bands. There was great variation in the range of the bands. The smallest range was 30 percent where federal agencies included only one General Schedule level in a particular band. Some of the S&T laboratories had ranges up to 186 percent and the state of Florida had a 300 percent range for its manager positions. FAA, NIMA and the U.S. Courts had the most conservative ranges. The U.S. Courts’ range spread was 57 percent to 63 percent; FAA’s spread was from 35 percent to 55 percent; and NIMA had bands ranging from 30 percent to 61 percent. Both GAO and IRS had ranges from 30 percent to 92 percent.

SALARY MANAGEMENT

Across-the-board increases.

General Increase. The annual general increase is included in the performance pay pool at NIST, four DOD S&T laboratories, the proposed DOD consolidated S&T lab demonstration, and the DOD Acquisition Workforce demonstration. The other studied federal organizations pay the general increase to all employees. General pay raises are provided less frequently at the state level; but when an increase is granted, all employees receive it. GAO has submitted a legislative proposal that would permit it to place a portion of the general increase at risk in the performance pool.

Locality Pay. All federal agencies studied automatically provide locality pay to their employees. Although FAA uses market surveys to set pay, it only sets nationwide market-based pay ranges; it gives locality pay to all employees to reflect local labor market costs. South Carolina does not provide any locality pay. The other states have provisions for locality pay, but none applies it across the board. For example, Washington may grant locality pay to selected individuals in large cities; Wisconsin may do so to entice people to accept positions in remote locations. Florida provides it for certain locations; while Virginia makes it available for selected positions.

Payroll cost control. State and federal organizations have little flexibility in setting payroll budgets because they are dependent on legislatures and appropriations. Payroll budgets are based on historical salary expenditures, workload projections and reimbursable work. The organization’s total payroll budget is reallocated to business units that may not exceed their allocated budget in many organizations, such as IRS, GAO, NIST, DOC, NIMA, the DOD S&T laboratories, and the U.S. Courts. Florida, South Carolina and Washington are permitted to reallocate line item funds to the salary budget, which provides greater flexibility to the larger agencies. Small agencies barely have sufficient funds to cover their operating expenses. Wisconsin and the U.S. Courts reported conserving salary funds by delaying filling vacancies.

Costs associated with converting to a broadband system represent a continuing payroll cost. The first demonstration project, China Lake, gave its employees prorated within grade credit and an additional increase of less than 1 percent when they were converted to the broadband system. This cost became very controversial and often was cited as a reason that broadbanding was more expensive than the General Schedule system. Yet the cost differences were gone after 10 years. Since that time, almost all agencies converting from the General Schedule to broadbanding have given employees payment for their prorated time toward their next step increase. This has limited implementation costs to money that already has been spent. Conversion costs normally range between one and two percent. At IRS, employees were placed in the next higher step that most closely related to their prorated within grade step increase credit. IRS conversion costs were about three percent.

Cost neutrality. Cost neutrality is a frequently controversial aspect on conversion to broadbanding. Federal agencies generally interpreted cost neutrality as a comparison between experience with the General Schedule and the new broadband system at transition and thereafter. This frequently is a requirement to obtain authority to implement broadbanding. OPM's evaluations of the DOD S&T Laboratories identified six broadbanding cost factors:

- method of conversion to bands
- policy on starting salaries
- type of pay progression/performance management
- size of salary and bonus budgets
- choice of full-performance level band
- turnover

Grade level and workforce seniority are other factors that affect overall cost, although they are not a cost differentiator between the General Schedule and broadband systems. A workforce with most people at or near the top of the pay range will be expensive. OPM's evaluations have shown that the broadband systems have been cost neutral.

The states surveyed were not asked about their conversion costs.

Policy governing starting salaries within a band. All organizations reviewed reported that they provided managers with flexibility to set starting salaries. The amount of freedom varies among the organizations. NIST, DOC, DOD S&T Labs, DOD Acquisition Workforce, U.S. Courts, and the proposed DOD S&T Laboratories permit managers to set salaries anywhere in the range based on qualifications, labor market scarcity of the skill, urgency to fill the vacancy, and the candidates' education and experience. At FAA, managers may set the starting salary anywhere in the band, but must get higher level approval for salaries set above the first third of the band. GAO provides managers ranges within which they can set pay, while NIMA permits them to justify setting starting salaries up to the mid-point of the band.

The states provide somewhat less flexibility. Florida has not set limits, but most agencies hire close to the minimum rate of the range. South Carolina agencies must have an approved hire-above-the minimum agreement with the central personnel authority to pay up to the mid-point of

the range. Virginia permits agencies to hire an employee at a rate as much as 15 percent above the candidate's previous salary. Washington uses a point value evaluation system and managers have flexibility to set salaries based on points allocated to the position. Wisconsin allows agencies to hire up to the mid-point of the range, with the central personnel authority approving any proposals above the mid-point.

Pay policy on promotions. Most federal organizations have policies that provide at least 6 percent salary increases for promotions. Those moving to a higher band must receive at least the minimum level of the band, even if it exceeds a 6 percent increase in pay. The DOD Acquisition Workforce plan permits promotion increases up to 20 percent. FAA may pay from 0 percent to 15 percent to promoted employees. The proposed DOD S&T laboratories provides that when an employee moves to a position with a higher maximum rate of pay, the pay upon job change may include a pay increase, a pay decrease, or no change in pay.

Promotions, defined as moving from one grade to a higher one in traditional systems, play a much less important role in HRM programs under pay-for-performance systems, such as the one at NIMA. The premise is that progressing through the salary range and moving to a higher band are functions of performance, which is what employees and managers should deem most important. Under the proposed DOD National Security Personnel System, the term "promotion" will not be used. "Job change" will describe movements to different assignments, covering promotions, reassignments and downgrades.

Salary progression within a band. Organizations with strong performance management plans have pay progression policies related to employee performance ratings. In addition, many organizations consider place in the pay range. Employees with high ratings in the lower segment of the range may be granted larger pay increases than those with similarly high ratings above the mid-point of the range.

GAO, NIST, DOC, NIMA, DOD S&T laboratories and the DOD Acquisition Workforce plans consider both the performance rating and place in the range in their salary progression policies.

FAA has organizational contribution awards and individual contribution awards. The organizational contribution award is set by the Administrator based on the agency's overall performance. This award is granted to all FAA employees in a specified organization covered by broadband systems. The individual contribution award is based on individual performance. FAA also permits pay increases outside a performance cycle to account for person-on-the-job circumstances and to attract individuals to less desirable reassignments.

All organizations but IRS annually consider pay adjustments for their workforce. Budget restrictions may keep the adjustment at zero. IRS makes its performance-based pay progression decisions biennially, based on two years of performance ratings.

The U.S. Courts divided its pay ranges into a Developmental range and a Full Performance range. Employees in the former (steps 1 through 24) have their progress evaluated every thirteenth pay period. Employees who display normal progress usually receive a one to 6-step increase; exceptional performers may receive up to an 18-step increase. Progression through the

latter range (steps 25 to 61) is based on an acceptable level of performance and the passage of 52 weeks.

Florida, South Carolina and Virginia have similar pay progression policies. Florida does not specify pay increase limits, South Carolina and Virginia permit increases up to 15 percent. All follow similar criteria: performance, acquisition of additional job related skills or education, additional responsibilities, reassignments or transfer to another state agency, countering a bona fide job offer or correcting inequities.

Washington considers a job's point value, whether responsibilities have increased, completion of a developmental program and an individual's value to the organization.

In Wisconsin, all broadband employees receive a general wage adjustment determined by the state compensation plan or collective bargaining agreement. Additional pay through a discretionary compensation adjustment, not to exceed 12 percent of the minimum rate of the band, may be given to an employee at any time. Individuals may receive only one discretionary compensation adjustment each fiscal year.

Making the pay decision. State governments generally have a system in which the immediate supervisor recommends, the next level managers review and recommend, and the agency head approves. In Virginia and Washington, approval is at the manager, not agency head, level. Wisconsin delegates authority to individual agencies. Some rely on committees while others grant managers the authority to make pay decisions.

Federal agencies have variations in their approval processes:

- FAA: The administrator decides the organization contribution increase based on a committee recommendation. Individual managers make the decision for individual pay increases.
- IRS: Performance review boards oversee the performance ratings. Since the system is designed with formula-driven payouts based on performance ratings, the immediate supervisor and the next level managers make the pay decision based on an individual's performance ratings for the last two years.
- GAO: An employee's designated performance manager assigns the rating. A panel of senior managers reviews the results of the performance appraisals and contributions and makes pay progression decisions. GAO has modified its system to make payouts transparent based on performance ratings.
- NIST: Individual managers use a schematic to assist them in determining an employee's rank based on his/her rating score and place in the pay band.
- DOC: Individual managers recommend and pay pool managers decide.
- NIMA: Panels make the final decisions.

- DOD S&T Labs: The process varies among the laboratories. If an individual makes the decision, they are two levels above the recommending supervisor. Some laboratories use pay pool management committees to make the decision.
- DOD Acquisition Workforce: Individual managers recommend and the pay pool committee makes the final pay decision.
- U.S. Courts: Pay decisions are made locally. The process is not mandated.
- Proposed System for S&T Labs: Individual managers assess performance and recommend percentage payouts. Each rater also must prepare an order of merit listing, which includes all employees supervised by the rater, their corresponding scores, and recommended shares. This list will be ordered from highest to lowest scores to facilitate the review process. If employees have identical scores, the rater will differentiate and prioritize among them in the appropriate order. The ratings and order of merit listings are given to the performance review boards that make the final determinations.

Assurance of equity across the organization. Several organizations, including IRS, GAO, the proposed system for S&T laboratories, the U.S. Courts and Florida, depend on the structure of their broadband and performance system structures to assure internal equity due to their specificity and transparency. The other states rely on their payroll budgets, training and guidance for managers, and oversight. FAA and NIST primarily are concerned with equity within a business unit and depend on their managers to assure that it occurs. For DOC, NIMA and the DOD acquisition workforce, responsibility for equity is assigned to pay pool managers or panels. OPM's evaluation of broadbanding in the DOD S&T laboratories did not indicate that broadbanding affected perceptions of internal or external pay equity.

PERFORMANCE MANAGEMENT SYSTEM

The performance management system. Most of the federal organizations have tied their broadband systems very closely to their performance management systems to stress the critical relationship between pay and performance. Some organizations such as FAA, the Air Force Research Laboratory and the Naval Research Laboratory also focus on contributions to mission accomplishment.

The direction of performance management systems is toward universal performance factors and, in many cases, providing detailed descriptions of the types of actions that constitute the level of performance expected at the "meets" and "excels" levels. The following organizations have implemented, or are proposing to implement, this type of system:

- IRS: The IRS performance management system has three components: Core Management responsibilities (how we lead, values and behaviors, and competencies required for managers) Individual Performance Commitments (what we promise to achieve, the principal commitment is the program plan, personal commitments for additional accomplishments), and the Retention Standard for all IRS employees (fair and equitable treatment of all taxpayers). Ratings are given every year. Performance compensation

decisions are made biennially based on two performance ratings. Employees are eligible for performance bonuses every year, based on their rating.

- GAO: The following design elements were incorporated into the GAO performance management system:
 - ✓ Using the system to cascade the organization's core values and strategic objectives throughout the organization
 - ✓ Using a competency-based approach to provide an organization-wide architecture for performance management and to assure integration with other human capital practices
 - ✓ Providing employees with the opportunity to assess their own performance

The GAO analyst performance system is built around 12 competencies identified for each band. The performance expected of individuals is explicitly described for the "meets" and "role model" levels. Individuals complete an assessment of their performance and address their contributions to agency results, improvements in their own skills, and their teamwork contributions. Supervisors do the same for each subordinate. A designated performance manager completes and submits the rating, which a panel reviews and makes payout distributions.

- DOD Acquisition Workforce and proposed S&T lab demonstration project: Performance objectives are set based on aspects of an individual's position responsibilities that contribute to accomplishing an organization's mission and goals. DOD-wide performance factors, used to evaluate the accomplishment of performance objectives, are Technical Competence/Problem Solving; Cooperation/Teamwork; Communication; Customer Care; Resource Management; Leadership/Supervision; and Contribution to Mission Accomplishment. Benchmark performance standards describe each pay band and level in terms of "discriminators." The standards are used to measure, evaluate and score each performance factor. Factors may be weighted to show importance to mission. The employee completes a self-assessment and the rater assigns an adjectival rating to each factor. The ratings then are converted to numerical scores by the pay pool panel, which calculates the overall score or "contribution score." This score is plotted against the "normal salary range" graph and a decision is made as to whether the employee is appropriately, under or over compensated. Payouts are made accordingly.

NIST, DOC, and NIMA require that performance plans and performance ratings be established as determinants of pay increases.

FAA, the U.S. Courts and Washington and Wisconsin do not use formal performance management systems to determine salary increases. In the U.S. Courts, an employee's performance must be acceptable to receive an annual step increase. FAA and Washington have performance systems, but they are used for developmental purposes, not pay decisions. States consider performance in setting pay levels, but performance ratings are not stressed in determining place-in-range.

Number of performance rating levels. Most organizations with performance management systems had from two to five rating levels. One DOD Laboratory reported 42 levels. Under the proposed system for the DOD S&T laboratories, performance scores can range from zero to 100. NIMA has five overall levels with total rating scores ranging from 100 to 500. The NIST and DOC systems first make an acceptable/unacceptable judgment and then assign numerical scores.

Number of employees receiving the top performance rating. Several organizations with performance management systems reported “unknown” to this question. Those that did report had very conservative percentages in the top category, as shown below:

- IRS: 17 percent
- GAO: 11.9 percent
- NIST: 10 percent
- NIMA: 12 percent
- DOD Acquisition Workforce: 5.5 percent
- Virginia: 8.8 percent

OPM’s evaluation of the DOD S&T reinvention laboratories compared the rating distributions of broadband laboratories with those under the General Schedule system. The broadband organizations had fewer employees rated in the top levels.

Control of the distribution of performance ratings. Organizations did not explicitly report controlling rating distributions, but most did in some way. IRS and NIST established point system controls. NIMA controls through paypool budgets, and managers must be able to “afford” their rating distribution. At GAO, the comptroller general sets expectations for performance rating distributions. Organizations with mandatory performance factors and explicit descriptors to achieve a “meets” or “outstanding” rating tend to have few employees at the highest rating, simply because the standards are so demanding.

Performance bonuses or awards and percent of employees receiving them last year. All organizations reported that they gave performance bonuses. The percentage of employees receiving them ranged from a low of 1 percent in Washington to a high of 98.8 percent in Virginia. Federal agencies reported bonus ranges from 30 percent at the U.S. Courts to 92 percent in the DOD Acquisition Workforce.

Performance as a factor in movement through the pay bands. At IRS, GAO, NIST, DOC, NIMA, the DOD Labs, the proposed demonstration system for DOD S&T laboratories, the DOD Acquisition workforce, and U.S. Courts, performance ratings determine movement through the pay bands. FAA uses individual contribution and Washington considers contributions and development.

The relationship of broadbanding and performance management to strategic and/or human capital management plans. More and more broadband systems take a holistic approach and relate all aspects of their human resource programs to supporting an organization’s strategic plan and mission accomplishment. At the beginning of broadbanding, systems focused on

specific factors that led them to adopt broadbanding in the first place, such as the ability to recruit and retain a workforce.

The states did not have human capital plans. Few federal agencies related individual performance to the human capital plan. However, having a performance management system and broadbanding are elements of human capital plans at GAO, IRS, FAA, and DOC.

In FAA, IRS, GAO, NIMA, the DOD laboratories, DOD Acquisition workforce, and the proposed demonstration system for DOD laboratories, performance objectives are directly related to the strategic plan. In all other organizations, they may relate to items in the strategic plan.

KEY ASPECTS OF PUBLIC SECTOR EVALUATION AND LESSONS LEARNED

Broadbanding effectiveness. All organizations reviewed reported positive results which varied according to the goals set for each system. The following assessments were provided:

- FAA: There is more employee focus on broad agency-wide goals with reduction in the narrow focus on the segment of the organization in which the individual works.
- IRS: It is achieving the design objective to build a performance culture among IRS managers.
- GAO: The organization is meeting the goals set in its strategic plan, managers like the flexibility to reward performance, and employees report satisfaction with the system.
- NIST: It has improved top staff hiring and retention.
- DOC: It has been effective. The department is seeking an extension for another five years.
- NIMA: It has been effective in attracting, retaining and rewarding employees and fostering assignment flexibility. The correlation between performance ratings and salary levels with the bands is positive and has strengthened over four iterations.
- DOD S&T Labs: OPM measured the laboratories against the design objectives. In almost all areas, it said the project was successful. Laboratory effectiveness is affected by much more than changes to the human resources system, but the demonstration contribution was positive. (See the DOD S&T Lab description in the Case Study companion for more information on OPM's evaluation.)
- U.S. Courts: The courts are living within their budgets and carefully consider human resource issues in the context of their workload and funding.
- Florida: It is highly successful.

- South Carolina: Anecdotal information contains no examples of problems.
- Virginia: Anecdotal reactions are favorable.
- Washington: It has determined effectiveness through surveys. Eighty-three percent support the system.
- Wisconsin: The system is working smoothly.
- Proposed demonstration system for DOD S&T laboratories: DOD proposes to continue to evaluate the broadband system to assess the following six issues:
 - ✓ The degree to which the program’s purpose and goals are met
 - ✓ Cost
 - ✓ Project implementation and operation
 - ✓ Impact on veterans, minorities, and women
 - ✓ Impact on merit system principles and prohibited personnel practices
 - ✓ Degree of potential applicability of the program to other groups within DOD

Views of employees covered. Seven organizations reported that they have surveyed their employees and received favorable feedback. OPM’s summative evaluation of the DOD S&T laboratories identified ten predictors of demonstration project support from the results of its surveys of managers and employees:

- Advancement satisfaction
- Procedural justice
- Performance appraisal satisfaction
- Pay satisfaction
- Pay-performance link
- Satisfaction with rewards and recognition
- Performance communication
- General communication
- Labor management relations
- Classification satisfaction

Evaluation and findings by an outside organization. Five organizations reported that their broadbanding programs have been evaluated by an outside organization:

- FAA: The Academy, Deloitte & Touche, HumRRO, and GAO have evaluated FAA. They found the design to be sound and consistent with private sector practices. Concerns were expressed about the impact of union negotiations and the agency’s ability to “stay the course.” Employee and manager surveys show general acceptance of the broadband concept, although there are divergent opinions about the process and individual pay decisions. GAO found there were not sufficient metrics to assess the program’s effectiveness.

- IRS: The Hay Group evaluated IRS' senior manager pay band for the March 2001-2002 period. It concluded that the design goals were being met, though it was too soon to determine whether that base pay increases and performance bonuses were linked to organizational performance.
- DOC: Booz Allen & Hamilton reviewed DOC's system. The results are available on the DOC web page: http://ohrm.doc.gov/employees/demonstration_project.
- DOD S&T Labs: OPM has done thorough evaluations. It reviewed the broadbanding program in 2000, 2001 and 2002 and found that the goals were being met and that employees and managers generally were satisfied with the programs. OPM determined that organizations that implemented for the longest periods of time had the most favorable manager and employee reactions. OPM stated that seven years was required before an intervention of this type fully matured.
- NIMA: Although NIMA has not had an official external review, Federal Management Partners, a private sector contractor, has worked with numerous pay systems, including NIMA. It has praised the effectiveness of NIMA's single pay band structure, especially when compared to more complex systems.
- NIST: There have been no external evaluations since 1996 when the system was converted from a demonstration to permanent.

Modifications to the plan and what prompted them. Most organizations reviewed have made some modifications to their broadband systems following implementation:

- IRS, NIST and the U.S. Courts did not report any modifications.
- The states indicated only minor modifications, such as updating data, changing the parameters of the salary ranges, eliminating reporting requirements, and adjusting procedures.
- FAA made several modifications based on feedback, evaluations and negotiations with its unions.
- GAO has changed the performance management system for its analysts. It is working to eliminate overlap among bands.
- DOC is providing additional reduction in force credit to outstanding performers based on employee feedback.
- NIMA transitioned to work roles to bring greater assignment flexibility. It makes promotion decisions in conjunction with the pay decision process so employees focus more on performance, not on promotion. It also dropped the "contribution factor" from its system after two pay cycles. It added "occupational advancement" as a limited career

ladder process to advance employees outside the performance pay process as they develop their skills and proficiencies. NIMA modified the bonus program so it is geared toward the highest performers; NIMA now gives fewer, but higher, bonuses.

- The Office of the Secretary of Defense chartered a group to identify best practices at each DOD S&T lab demonstration project. The best practices are incorporated in the Federal Register Notice that proposes to place all DOD S&T laboratories under a single broadband methodology.

EFFECTIVE, TRAINED MANAGERS – A MUST

The most significant lesson learned by organizations using broadband systems is that success is highly dependent on having effective managers who are trained in the system; able to set clear goals and make decisions about performance and pay; and who can coach employees and communicate effectively. Since managers are key to the success of broadbanding, organizations must pay greater attention to the selection, development and training of their supervisory and managerial workforce.

UNION REPRESENTATION

Inclusion of unionized employees. IRS and Washington only cover managers. Two organizations, GAO and the U.S. Courts, do not have unions. Although NIMA is exempt from bargaining due to national security concerns, it conducted a year's bargaining and implemented a single system for its employees. FAA, NIST, DOC, the DOD S&T Labs, DOD Acquisition Workforce and Wisconsin consulted and negotiated with unions as broadbanding was implemented. Florida, South Carolina and Virginia did not have to negotiate with their unions.

Dealing with union representatives in implementing and managing broadbanding. The following organizations reported on their experience of negotiating with their represented employees:

- FAA, which has 50 bargaining units, negotiated a separate broadband system with air traffic controllers. Its core compensation system covering 12,000 employees is being negotiated for agency-wide application. The unions' concern is not pay banding, but pay setting. Since FAA uses a market-based pay system, it is necessary to negotiate pay. Federal agencies that chose to base their broadband plans on the General Schedule do not have to negotiate pay since unions are prohibited from bargaining on a government-wide pay system.
- NIST reported no impact since it has so few represented employees.
- NIMA initially negotiated broadbanding with its unions. This took about one year. Since then, NIMA has been exempted from bargaining obligations.
- DOD S&T laboratories consulted labor unions in every organization with represented employees. Some union locals have been very involved in demonstration planning,

while others have opposed the new systems and decided not to participate. The OPM summative evaluation details the experience that various laboratories have dealing with their unions.

- Florida made its broadbanding plan public at an early date, and collective bargaining units were notified and asked to comment. Comments received from unions have been positive.
- Wisconsin covered its non-represented employees first and is adding represented employees in groups. The unions are supportive, but wary. It took three years to negotiate with the first group before coverage was applied. Wisconsin bargains pay.

STAFF RESOURCE EXPENSES

Reduction of the number of human resources supporting position classification and compensation as a result of broadbanding. DOC and NIMA have reduced their classification staffs as a result of broadbanding. Indeed all organizations reported that their staff area concentrations have changed since new systems were implemented. Less time is spent on classification issues and more on compensation and performance management. Many of the organizations have reduced their human resources staffs due to budget and efficiency cuts not related to broadbanding.

Time spent by managers and/or employees on salary action requests under broadbanding. OPM surveys of managers and employees at DOD S&T laboratories and at DOC documented timesavings in the classification of positions. Anecdotal feedback provided by all other organizations indicated position classification is faster and less onerous.

HUMAN RESOURCES INFORMATION SYSTEMS (HRIS) IMPACT

Modifications to HRIS system required to accommodate broadbanding. All organizations reported that they had to change their HRIS systems to support broadbanding, even those with very old legacy systems. DOD reported difficulty handling various broadbanding applications used by individual laboratories in the department-wide data system. DOC developed a web-based automated classification system and a pay-for-performance system that facilitate the pay-for-performance end-of-year cycle. Many organizations have developed stand-alone databases to aggregate and analyze the performance and pay actions under broadbanding.

STRATEGIC LINKS

Linkage of broadbanding with strategic and human capital plans. The more comprehensive systems, such as those at IRS, GAO, NIMA, the DOD acquisition workforce and proposed DOD S&T lab system, explicitly relate broadbanding and pay-for-performance to their strategic and human capital plans. The other systems usually can tie their performance management systems to the plans, but they were not necessarily designed with that function in mind.

Part of NIMA's human capital vision is to empower and motivate its workforce by providing a structure that enhances professionalism, growth, leadership and accountability. Rather than manage employees simply to meet short term requirements, NIMA focuses on developing and rewarding employees for professional growth, in line with the agency's strategic direction.

"Human capital plans" was not a familiar term for the states surveyed.

COMMUNICATION

Implementation of a communication strategy. All organizations reviewed emphasized the importance of fostering communication with employees and managers using different available media forms. They all wished they had done more, even though they thought they had saturated their audiences with information. In its summative report on demonstration project implementation at the DOD S&T laboratories, OPM identified communication as a "high impact" managerial competency that affects employee satisfaction with pay-for-performance, trust and demonstration project support. The following list shows the communication strategies that by the organizations employ:

- FAA: mass e-mails, monthly newsletters, briefings, mandatory training, brochures, website and follow-up training. FAA established a communications group with a broad representation of agency managers and employee representatives to consider a corporate approach to communications on all subjects.
- IRS: focus groups, briefings, satellite broadcasts, web-based calculator and executive communications packages.
- GAO: constant communication and collaboration with employees at all affected levels, hard copy material distributed and placed on the GAO intranet, solicitation of employee views and suggestions, listening sessions and teleconferences, and manager-conducted training when the system was implemented.
- NIST: "all-hands" meetings, focus groups, managerial training and periodic manager/employee updates.
- DOC: public hearings, employee briefings, managerial training and website.
- NIMA: closed circuit TV, weekly human resources updates, mass e-mailing and managers communicating the message.
- DOD S&T Labs: training was key to communications and implementation; many laboratories had managers conduct the briefings and training. Various media were used to convey information to the workforce.
- U.S. Courts: extensive consultation with a wide variety of court unit managers and staff during the design process, implementation training videos, booklets, presentations, separate materials targeted to employees and judges, and court manager involvement

with training. A human resources manual provides information on all aspects of the court's personnel system.

- Florida: statewide campaign introducing the plan followed by briefings, videos, open meetings, interactive website and in-depth training.
- South Carolina: brochures, press releases, articles in newsletters and briefings.
- Virginia: introductory campaign with human resources and managers, including letters, resource materials, videos, meetings, website, teleconferencing and satellite broadcasts.
- Washington: flyers, briefings and training. System was mandatory, not optional.
- Wisconsin: letters and brochures to each employee and manager-conducted training. Central personnel authority conducted four hour training sessions over a two month period to implement the system.

Many organizations commented on the difficulty of keeping new employees and managers informed as they come into an established system. They said they probably did not provide as much follow-on training and information as they would like. Information often is included in training courses and on an organization's intranet. The states all have very informative, easy-to-use websites that describe their broadband systems.

ORGANIZATIONAL CULTURE

Organizational culture: significance and modification. Changing the culture from entitlement based on longevity to performance was the goal for many organizations. FAA, IRS, GAO and Washington set "creating a performance culture" as a goal, and indicated that it had been achieved. IRS reported more quality people who were attracted to managerial positions.

NIMA implemented a totally new human resources system (which included broadbanding and performance management) when it was created through merging six different organizations, each of which had its own human resources system and culture. NIMA set becoming unified into one organization as the goal. It credited the new human resources system with helping to achieve the goal. Employees recognize that they are rewarded for taking on and accomplishing challenging and important tasks, and that pay increases and bonuses are not entitlements.

The U.S. Courts wanted to transition from its centralized human resources program to a decentralized one in which individual courts managed their salary budgets and took responsibility for human resources. They are very satisfied that the new system is working and producing a culture change.

NIST employees enjoy the scientific community culture and the broadband system. Meanwhile, OPM's review of the DOD S&T laboratories showed that employees at broadbanding organizations work harder and have increased motivation and commitment. Further, both GAO and IRS are working on the cultural concept that "meets" is a good rating.

Florida and South Carolina reported that their employees have a better understanding of how pay is determined. Wisconsin stated that employees simply see broadbanding as a different approach to compensation. The basic values and cultures of the agencies were not altered.

EXTENDING BROADBANDING AUTHORITY

If broadbanding were authorized across the federal government, are there segments of the workforce or occupations that you would exclude? The federal respondents felt that each organization should determine coverage, but almost all did not think wage grade employees should be included in broadbanding because their pay is set based on local market rates. Several organizations recommended that executive level positions be excluded. The states were not asked to respond to this question.

Parameters and agency flexibility should be included in any government-wide legislative proposals. DOD and IRS said government-wide parameters should be set where appropriate; beyond that, agencies should have flexibility to build programs that meet their missions and cultures. DOD also believed that OPM should not be part of the process of approving plans; it should evaluate a program's success and compliance with government-wide guidelines after the program has been implemented. The other organizations responded that agencies need the flexibility to design their programs to meet their needs. DOC recommended that cost controls be established and monitored, and that there be continuing evaluation of pay-for-performance systems. There was much greater focus on meeting individual agency needs than identifying commonalities in all systems across the government.

ISSUES TO CONSIDER WHEN DESIGNING A BROADBAND SYSTEM

This survey highlighted several that must be considered when deciding whether or how to implement a broadbanding program:

1. Have clear goals that you want to achieve and design a plan that suits your organization's mission and culture. Identify linkages to the strategic plan. Design the program to meet the goals, evaluate it regularly and make needed changes.
2. Determine your workforce coverage.
3. Share the broadbanding program and involve affected employees and managers from the beginning. Determine the strategy for covering/not covering unionized employees and working with unions.
4. Refer to the Compensation System Framework Diagram (Appendix B) and address all the elements included in it. Add additional factors if your broadbanding plan relates to more than position classification, compensation and performance management.
5. Decide what your compensation system will be based on: market pay or the General Schedule? Identify occupational groups, bands and ranges that will best meet your

organization's needs. Develop a salary management plan, budget and policies related to setting salaries, providing promotions and moving through the bands.

6. Determine the performance pay pool's make-up. How much salary is at risk?
7. Design the performance management plan, describe the rating and decision-making process and identify how performance ratings relate to progression through the pay bands.
8. Prepare a communication plan that uses a variety of media that constantly send messages about the broadband system.
9. Ensure that your supervisors and managers understand and are prepared to support the system.

APPENDIX A
SUMMARY
BROADBANDING STUDY DATA

FEDERAL GOVERNMENT ORGANIZATIONS
(Chart 1)

	DOC	DOD Labs	DOD Acq Demo	FAA	GAO
CHARACTERISTICS					
Size	38,000	39,000	95,000	48,000	3,300
Coverage	2,600	25,000	5,568	36,000	2,545
Date Implemented	1998	1997-2002	1999	1998	1989
Factors leading to broadbanding	Observing NIST's success in pay for performance	Improve lab effectiveness, more flexible and responsive human resources system, manager authority, recruit/retain quality workforce	To increase quality of acquisition workforce, to expand employee opportunities through more responsive and effective human resources system	To attract and retain quality employees, provide pay flexibility, and operate like a business	To increase assignment flexibilities for management and staff and to base pay on performance and contribution rather than longevity
Manager and employee involvement	Design based on NIST	Affected managers and employees were involved in design and implementation	Employees participated through Process Action Teams	Design group included managers and union representatives	Managers and employees were involved in design process and developed performance standards
OCCUPATIONAL GROUPS					
# of Groups	4	3 – 5	3	9 in core system	2; 3 more in 2004
Group Logic	Broad characteristics of work	Nature of work and contribution to mission	Professional, technical, and clerical and administrative	Similarity of work and external market value	Commonality of job responsibilities
Type of job evaluation	Simplified automated classification system	Traditional with generic and benchmark descriptions	Non-traditional with automated simplified descriptions	Non-traditional with generic descriptions	Traditional with benchmark descriptions
Manager's role in classification	Managers use an automated system	Some laboratories permit managers to classify positions	Yes, they develop the position requirements document	Yes, they determine job category and pay band	Managers request; human resources classifies
BROADBANDS					
# of Bands and levels	5 bands 5 intervals	3 to 5 most have open	7 – open range	13 – open range	2; 3 coming with from 2 to 4

	DOC	DOD Labs	DOD Acq Demo	FAA	GAO
		ranges			levels
Are bands aligned with market data?	No	No	No	Yes	No
Information Provided to Managers	Not specified	Current pay	Pay and bonus pool amounts	Pay rates of employees	Not specified
Do bands Overlap?	Yes	Yes	Yes	Yes	Yes, but overlap will be eliminated
Do bands relate to career stages?	Yes	Yes	Yes	Yes	Yes
Range of the bands	30% to 123%	30% to 186%	53% to 138%	35% to 55%	30% to 92%
SALARY MANAGEMENT					
Do employees receive general pay increases?	Yes	4 laboratories – No Others - Yes	No	Yes	Yes (Comptroller General proposes to put a portion of general increase at risk)
Locality pay?	Yes	Yes	Yes	Yes	Yes
How are costs controlled?	Must remain within approved budget	By restricting progression in the upper range and through salary budgets	Pay pool accounts are established	Using FY-2000 as a baseline, calculate what pay increases would have been without broadbanding	Salary budget set according to annual workforce and workload forecast
Starting Salary Policy	Anywhere within the band	Anywhere within the range	Anywhere within the range, based upon needed skills, urgency to fill, and education and experience of candidates	Anywhere within the band, but if above first third must obtain higher level approval	Managers have authority to adjust salaries of selectees based upon experience, education, or needed skills
Promotion Pay Policy	At least 6%	6%	At least 6% but no more than 20%	0% to 20%	6%
Basis for Salary Progression within a Band	Performance and place in range	Performance, pool funding, place in range policies	Performance rating based upon contribution and place in range	Organizational and individual contribution, job impact, reassignments	Performance rating and place in range
Who makes pay decisions?	Individual managers recommend and pay pool manager decides	Some use pay pool committees, with others it is the third level supervisor	Individual managers recommend and pay pool committee decides	Administrator sets organization contribution rate and individual managers set pay increases	Designated performance manager with review by panel of senior managers

	DOC	DOD Labs	DOD Acq Demo	FAA	GAO
How is equity assured?	Pay pool managers monitor and oversight provided by department level board	Committees and the design of the system, OPM found no equity problems	Through pay pool review process	Managers discuss increases within a line of business; statistical anomalies referred to compensation oversight committee	Performance standards against which everyone is assessed with senior manager panel oversight
Performance Management					
Description	Individual performance objectives, weighted scoring, scores of 40 to 100 eligible for pay increase	Varies, 2 laboratories rate contribution and individual performance; others rate individual performance	Performance and contribution to organization, 6 factors mandated, self assessment adjective rating, converted to contribution score	Continual process focusing on communication, coaching and feedback; not linked to pay	12 competencies with expected performance described for “meets” and “role model,” self assessment. Designated Performance. Manager assigns rating
# of Rating Levels	2	2 to 42	3	Not applicable	4
% Rated at Top	Not available yet	No information	5.5%	Not applicable	11.9%
Distribution Controls	No	No	No	Not applicable	The Comptroller General sets expectations
Are bonuses or awards provided?	Yes	Yes	Yes	Yes	Yes
What percentage received awards last year?	Not available yet	No information	92%	41%	60%
How does performance factor into pay increases?	Performance scores are the criteria for pay increases	Pay increases are based upon an individual’s performance rating and place in range.	Performance and contribution to organization and determination if adequately, over, or under compensated	It is one point to consider in eligibility for promotion or pay increases	There is a direct conversion from the performance rating score to the pay decision
How do performance management and broadbanding relate to the organization’s strategic goals and to the human capital plan?	Individual performance objectives may relate to the strategic plan; pay for performance is an initiative under the human capital plan	Two laboratories measure contribution to strategic goals, others may have objectives related to organization goals	The six mandated performance factors relate to the organization’s strategic goals and expectations of all employees	Organizational goals are tied directly to the strategic plan. Accomplishment of these goals is the basis for organization performance increase. Individual performance plans are linked to key organization goals	Performance standards reflect expectations in support of strategic plan. Human capital is one part of the strategic plan

	DOC	DOD Labs	DOD Acq Demo	FAA	GAO
PROGRAM EVALUATION					
How would you assess broadbanding's effectiveness?	Believe it is effective	Flexible human resources system contributed to the effectiveness of the Labs	No response	Employee focus is now on agency goals	The organization is meeting its goals
Employee survey	Yes	Yes	No response	Yes	Yes
Outside reviews	Yes	Yes	No response	Yes	No
Have you modified your plan? Why?	Yes, based upon feedback-extra RIF credit	DOD expanding best practices to all laboratories	No response	Yes, minor modifications based upon feedback	Yes, analyst performance system changed from 5 to 4 levels
UNION REPRESENTATION					
Are represented employees covered?	Yes, but very few represented employees	Yes	Yes	Yes	No unions
How did you deal with the unions?	No response	Unions consulted before implementation; some actively support, others oppose the system	No response	Some negotiations in process; unions not opposed to banding but object to pay setting	N/A
CULTURE					
Was culture change one of the goals in moving to broadbanding?	Yes	Yes	Yes	Yes	Yes
What culture change occurred?	The linkage of performance to pay is now understood as important	Employees work harder with increased motivation and commitment to organization	No response	Moved from entitlement mentality and autonomous units into a unified organization with common goals	There is organization-wide commitment to pay for performance

BROADBANDING STUDY DATA

FEDERAL GOVERNMENT ORGANIZATIONS (Chart 2)

	IRS	NIMA	NIST	US Courts	S&T Lab Proposal
CHARACTERISTICS					
Size	100,000	Classified	3,000	31,000	39,000
# Covered	2010	Classified	Almost All	20,900	proposed
Date Implemented	2000 & 2001	1999	1988	1996	proposed
Factors leading to broadbanding	Pay-for-performance, reflects “flattened” organizational; structure, value management responsibilities, align expectations, performance, and compensation	A single human resource system needed to support a new organization created by merging 6 personnel systems	Recruit & retain quality staff; strengthen manager’s role; efficiency of human resources system; provide a model for reform	Former human resources system not meeting needs of courts	Best practices review of all S&T Lab programs led to the recommendations for DOD-wide S&T broadbanding
Manager & employee involvement	Performance Management Executive Council, human resources policy council and focus groups of managers	Managers and employees on design and implementation teams and in-process reviews	Provided feedback on the basic design	Managers and employees involved in design from the start; Supervisors wrote benchmarks	Managers from various organizations on the best practices team
OCCUPATIONAL GROUPS					
# of Groups	1	25 broad occupations with work roles	4	5	5
Group Logic	Level of management	Nature of work	Nature of work	Nature of work	Similar Work
Type of Job Evaluation	Modified traditional evaluation	Developed a classification system based on work roles and bands	Use an automated classification system	Use benchmark positions	Traditional; may use automation, generic or benchmark position descriptions
Manager’s role in classification	Managers write position description; human resources classifies	Managers classify	Managers classify	Managers classify if court has requested delegation	Managers may classify
BROADBANDS					
# of Bands and Levels	2 Senior manager 10 steps; Department manager 16 steps	2 5 band levels with open ranges	5 3 intervals plus 2 supervisory	12 61 steps in band	5 3 or 4 levels, plus supervisory pay table

	IRS	NIMA	NIST	US Courts	S&T Lab Proposal
Are bands aligned with market data?	No	2 steps are added to the top of each band	No	No	No
Information Provided to Managers	Paybands are published	Worksheets with employee band and salary data	Salary range data	Employee salary information	Salary range data
Do bands overlap?	No	Yes	Yes	Yes	Yes
Do bands relate to career stages?	No, only managers covered	Yes	Yes	Developmental and full performance	Yes
Range of the bands	30% to 92%	30% to 61%	38% to 169%	57% to 63%	53% to 63%
SALARY MANAGEMENT					
Do employees receive general pay increases?	Yes	Yes	Yes	Yes	No. Ranges will change; increase is part of pool
Locality pay?	Yes	Yes	Yes	Yes	Yes
How are costs controlled?	Cost neutral system; point allocation system for rating levels controls affordability; rating formula and place in range limit progress thru the range	Pools are allocated budgets that may not be exceeded	Each unit receives a budget that they may not exceed	Each court receives a salary budget based on workload and staff change projections	Pay pool is the general increase, quality step increases, within grade increases, and promotions; the amount will be a % of base pay salaries in pool
Starting Salary Policy	2% to 6% increase over current salary	Anywhere up to the mid point	Anywhere within band	Anywhere within band	Anywhere within band
Promotion Pay Policy	2% to 6%	Bottom salary level of new band	6%	6%	Pay increase, decrease, or 0\$
Basis for Salary Progression within a Band	Formula set using two years of performance ratings and step in Band	Performance ratings and place in range	Performance and place in range	Developmental (up to step 25) based on learning; full Performance every year with acceptable performance	Performance, people at top of range do not get an increase

	IRS	NIMA	NIST	US Courts	S&T Lab Proposal
Who makes pay decisions?	Pay decisions are automatic, based on the criteria immediately above	Committees make the decisions with line manager input	Individual Managers	Individual Managers	Performance review boards rank all in priority order
How is equity assured?	Performance review board review and simple transparency	Through the committee review process	Directors responsible for equity in their orgs	System designed to provide internal equity	Explicit standards and review boards
PERFORMANCE MANAGEMENT					
Description	3 components: responsibilities, commitments to organizational success, and a retention standard; employees rated every year.	Individual performance and consideration of the level of work accomplished	Performance plans and critical elements; ratings eligible/ineligible; weighted conversion of elements up to 100; pool ranks by rating	There is no mandatory performance management system; acceptable performance determinations are made annually	Objectives related to goals and assessed on 7 factors with benchmark performance standards. Scores from 0 to 100 may be earned
# of Rating Levels	5	5 with associated total weighted ratings scores that range from 100-500	2 and element weighting up to 100	2	0 to 100
% Rated at Top	17 % & 18%	12%	10%	Not applicable	Proposed system
Distribution Controls	Point allocation system controls	Some organizations establish expected average rating targets	Only top 10% receive 10 yrs RIF credit	No	Performance factors and standards set high criteria.
Are bonuses or awards provided?	Yes	Yes	Yes	Yes	Yes
What percentage received awards last year?	Senior managers 82%	46%	75%	30%	Proposed system
How does performance factor into pay increases?	Performance pay is paid biennially; two years of performance ratings determine whether and how an individual progresses	Pay increases are based on performance, salary level, and available funding	Pay increases based on rating ranking among employees and place in range	Acceptable performance is required for an annual step increase	Performance. Scores, place in score range and payout shares specified for each range; must have 50 points for a pay increase
How do performance management and broadbanding relate to the organization's strategic goals and to the human capital plan?	Individual performance objectives are linked to the strategic and human capital plans where appropriate	The system is designed to reward performance and work accomplishments to meet strategic goals; pool	Plans not yet finalized, but performance objectives are linked to organization goals	The Judiciary Committee meets semi-annually to consider human capital issues and changes to the Court	Objectives must be linked to mission accomplishment and the strategic plan

	IRS	NIMA	NIST	US Courts	S&T Lab Proposal
		funding can be adjusted based on strategic requirements		personnel system, if needed	
How would you assess broadbanding's effectiveness?	Positively. IRS monitors the relationship among organizational performance results, management performance index results, and individual performance ratings	Single band structure avoids confusion and bureaucracy of multiple band systems. Allows more flexibility in assigning work and rewarding employees	Very effective in hiring and retaining quality staff	Courts live within budget and carefully consider human resources issues in the context of their workload and funding	System effectiveness will be evaluated on six issues
Employee Survey	Late 2003	Yes	Not since demonstration	Yes	NA
Outside Reviews	Yes	Yes	Yes, during demonstration	No	NA
Have you modified your plan? Why?	Performance bonus system modified: optional performance bonuses for exceeded and met ratings and mandatory minimum award for "O's"	Eliminated contribution factor; added occupational advancement for employees developing skills; now focusing bonuses on high performers	No	No	NA
Union Representation					
Are represented employees covered?	Only managers in broadbanding	Until Feb. 2003	Yes, but there are very few	No unions	Yes
How did you deal with the unions?	NA	Negotiated system	Kept them informed	NA	Consultation and negotiation required
Culture					
Was culture change one of the goals in moving to broadbanding?	Yes	Yes	No	Yes	Yes, organizational effectiveness and more flexible human resources policies
What culture change occurred?	Performance key to increased pay; increased performance for individuals and organization	Rewards for challenging work, no entitlements, less grade distinction	Better recruitment and retention. Employees like working at NIST	Courts live within their resources; employees and managers understand system	Not yet implemented

**SUMMARY
BROADBANDING STUDY DATA**

**STATE GOVERNMENT ORGANIZATIONS
(Chart 3)**

	Florida	So. Carolina	Virginia	Washington	Wisconsin
CHARACTERISTICS					
Size	120,000	60,000	69,000	55,000	40,000
# covered	120,000	60,000	69,000	7,790	10,313
Date Implemented	2002	1996	2000	1993	1997
Factors leading to broadbanding	Transition to flatter organization; simplify classification and pay; better use of talent	Climate of change; reforms mandated; desire for simplified human resources system	Need to pay new hires and seasoned employees more; simplify the human resources system	Improve recruitment, retention, and development of managers; simplify system	Improve recruitment and retention; agencies wanted pay flexibility
Manager and employee involvement	Oversight by managers, governor's staff, and legislative staff; human resources, subject experts	Detailed discussions with agency representatives	Focus groups during the design phase	Focus groups of managers and human resources from various agencies	Discussions with covered employees and managers as well as with human resources, budget, unions and the legislature
OCCUPATIONAL GROUPS					
# of groups	38	9	7	1	12, union and non union
Grouping logic	Nature of work	Nature of work	Nature of work	Managers only	Similar occupations
Type of job evaluation	Traditional / occupational profiles	Whole job evaluation	Traditional job evaluation	Modified point factor system	Classification and labor market
Do managers classify positions?	Managers prepare; human resources classifies	Managers request; human resources classifies	Managers request; human resources classifies	A manager committee classifies	Managers request; human resources classifies
Broadbands					
# of bands and # of levels	25 open ranges	10 open ranges	8 open ranges	5 open ranges	15 open ranges

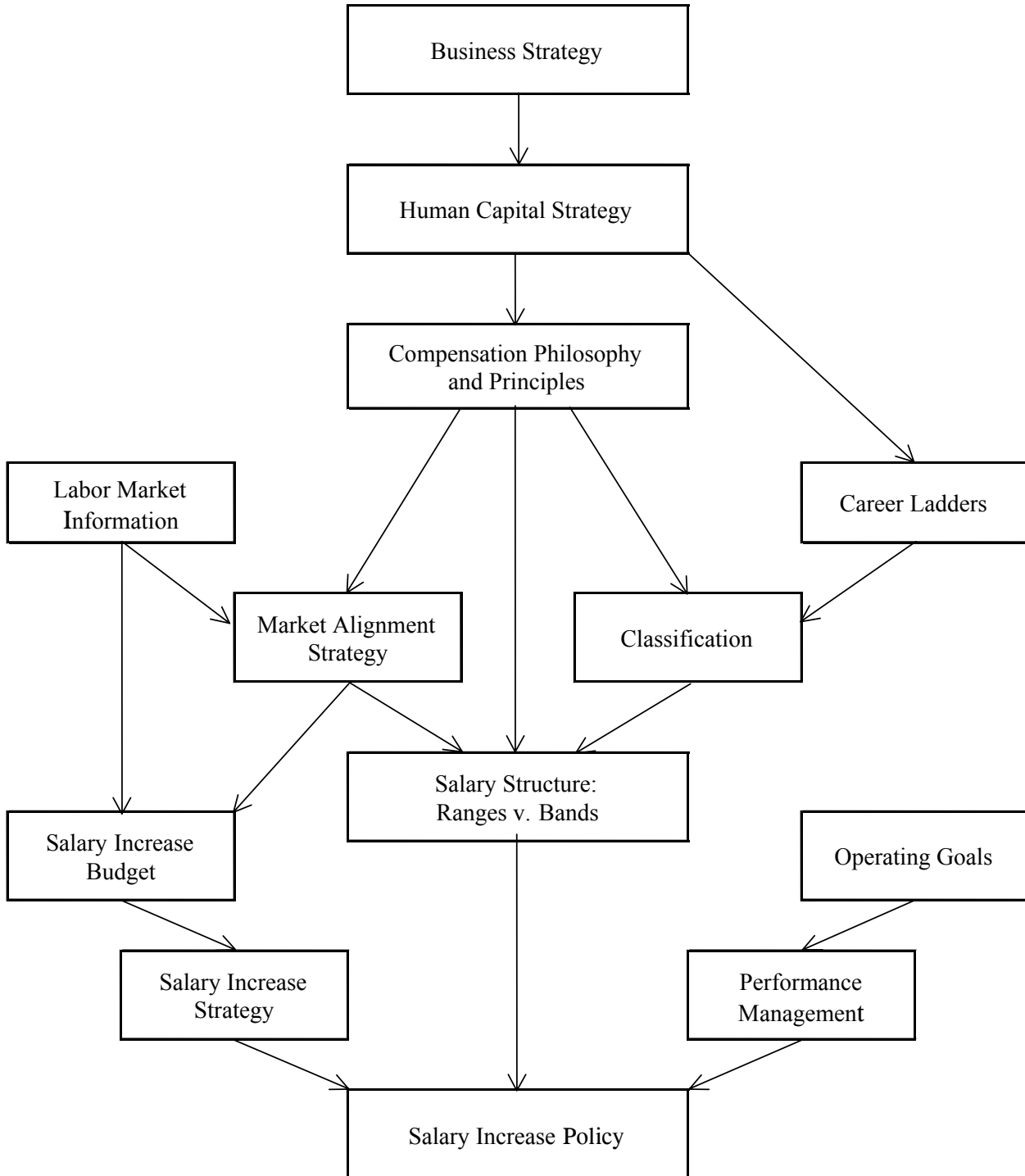
	Florida	So. Carolina	Virginia	Washington	Wisconsin
Are bands aligned with market data?	Not directly; human resources provides market data for occupations	Yes, where affordable and not at mid point	Not directly; human resources does matching, but only selected individuals get pay changes	Some occupations such as auditors are in a market rate band, but the state cannot afford to pay the rates	Yes
Do bands overlap?	Yes	Yes	Yes	Yes	Yes
Do bands relate to career stages?	No	Not directly	To some degree	No, only managers	Yes
Range of the bands	75% to 125% Managers up to 300%	Up to 85%	105%	57% to 100%	100% to 150%
SALARY MANAGEMENT					
Do employees receive general pay increases?	Yes, but they are not regularly granted	Yes, whenever they are granted	Yes, whenever they are granted	Yes, whenever they are granted	Yes, whenever they are granted
Locality pay?	Only in some areas	Locality pay not used	Locality pay only for certain individuals	Locality pay only in large cities; not granted to everyone	Locality pay only in remote locations; not granted to all
How are costs controlled?	Legislature sets budget; agencies may reallocate salary funds from line programs	Budget set by legislature; agencies can reallocate salary funds from line items	Payroll set by legislature, based on comparison of total compensation with market	Payroll set by legislature; agencies may reallocate salary funds from line items	Payroll set by legislature. Agencies can hold positions vacant to provide discretionary pay
Starting salary policy	Flexibility, but usually minimum of range	Can hire up to mid point if authorized	Normally 15% over current pay	Anywhere in band	Up to mid point; above needs approval
Promotion pay amount	No specific amounts	Minimum of band or 15%	Up to 15%	From zero to a higher place in range	12% of minimum rate
Basis for salary progression within a band	Proficiency, added duties, job related education, reassignment, transfer, to counter a bona fide offer; to correct pay inequities	Can increase pay up to 15% based on performance, additional skills, more duties, transfer to another agency, to counter a bona fide job offer	Pay may be increased up to 15% based upon proficiency, added responsibilities, job related skills or educational attainment, to meet recruitment demands	Point value of job, additional responsibilities, additional skills, individual negotiation based on value to organization.	Discretionary compensation adjustments permitted for individual employees not to exceed 12% of current pay

	Florida	So. Carolina	Virginia	Washington	Wisconsin
Who makes pay decisions?	Supervisor requests, manager reviews, agency head approves	Supervisor requests, manager reviews, agency head approves	Managers	Supervisor recommends and manager approves	Normally supervisor recommends and manager approves. Some agencies use committees
How is equity assured?	Structure of the system	Office of human resources oversight and payroll budget	Payroll budget with training and guidance	Equity not a concern; budget limits spending	Payroll budget and restriction on reallocation of funds
PERFORMANCE MANAGEMENT					
Description	Position requirements given to employees, 360 review, self-assessment, supervisor recommends, higher level approves	Agencies design own systems; appraisals in writing by supervisor with higher review. Appraisals become part of employee's record	Objectives set; employee self assesses, supervisor rates, manager approves. Considering adding 360 degree appraisals	Performance assessment tools are used for different purposes; summary ratings not given; 360 and balanced scorecards used; individual self-assessment	System design delegated to agencies. Appraisals in writing, supervisor recommends and manager approves. Not used to determine compensation
# of rating levels	5	4	3	None	3 to 5
% rated at top	Unknown	Unknown	8.8%	NA	Unknown
Distribution Controls	No	No	No	NA	No
Are bonuses or awards provided?	Yes	Yes	Yes	Yes	Yes
% receiving awards last year	Unknown	Unknown	98.8%	Less than 1%	Unknown
How does performance factor into pay increases?	It does not	Supervisors consider performance in making pay decisions	Minimum gets 2.5%; contributors get 80% of Commonwealth average. extraordinary contributors get up to 250% of average	It is not, in itself, a factor. Supervisors consider contributions, growth and development in making pay changes	Performance ratings are not considered, but performance is considered in the approval of discretionary compensation adjustments

	Florida	So. Carolina	Virginia	Washington	Wisconsin
How do performance management and broadbanding relate to the strategic goals?	Performance plans may include objectives related to organizational goals	Individual performance plans may include mission statement with reference to organizational goals	Performance plans may include objectives related to agency goals	Objectives set linked to agency goals	Performance is not tied to strategic goals. By recruiting and retaining staff, broadbanding helps meet strategic goals
Program Evaluation					
How would you assess broadbanding's effectiveness?	Highly successful; no complaints, human resources staff support it	Anecdotal feedback is positive	Anecdotal responses are favorable	Positively: 83% of covered workforce support broadbanding	System is working smoothly
Employee surveys	No	No	No	Yes, annually	Yes, every three years
Have you modified your plan? Why?	Minor adjustments	Changed promotion policy to permit pay up to mid-point	No	Changed some point factors and minimums and maximums of ranges	Yes, eliminated some reporting requirements
UNION REPRESENTATION					
Are represented employees covered?	Yes	Yes, but not through negotiation	Yes, but not through negotiation	Managers only	Yes, through negotiated agreements
How did you deal with the unions	Notified early and invited to comment; positive reactions	NA	NA	NA	Negotiated system and bargain pay
CULTURE					
Was culture change one of the goals in moving to broadbanding?	Yes	Yes	Yes	Yes	No
What culture change occurred?	Understand that flexibility is desirable; employees know they can talk to managers about salary	More certainty about how salaries are determined	Varies across agencies	Changed from an entitlement orientation to one where flexibility is desired	No. Broadbanding is seen simply as a different form of a compensation system; basic values of agencies have

	Florida	So. Carolina	Virginia	Washington	Wisconsin
	and that there are no pay guarantees				not been altered

APPENDIX B
SALARY PROGRAM COMPONENTS



APPENDIX C
RESEARCH REFERENCES

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