



**DEPARTMENT OF DEFENSE
EDUCATION ACTIVITY
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March 26, 2008

MEMORANDUM FOR HQ DODEA
DIRECTOR, DODDS EUROPE
DIRECTOR, DDESS AND DODDS CUBA
DIRECTOR, DODDS PACIFIC AND DDESS GUAM

SUBJECT: Department of Defense Education Activity (DoDEA) National Security
Personnel System (NSPS) Pay and Compensation Guidance

I have approved the release of this guidance for implementing the Pay and Compensation components of NSPS within DoDEA. This document provides DoDEA with supplemental guidance to the DoD implementing issuance, "DoD Civilian Personnel Manual, 1400.25-M" and the DoD Fourth Estate NSPS implementing issuances, dated October 3, 2006.

This guidance applies to all non-bargaining unit employees in DoDEA organizations that converted to NSPS under Spiral 2.2b. Spiral 2.2b includes non-bargaining unit employees in DoDEA Headquarters, DoDDS-Europe, DoDDS-Pacific, and Cuba. This guidance does not apply to employees in DDESS (except DoDDS-Cuba).

This DoDEA guidance for Pay and Compensation (attached) is effective immediately. This policy is subject to change. Any revisions will be dated and adherence will be given to the most current guidance.

If there are any questions, please contact the DoDEA NSPS Program Manger, Ms. Rita Terhaar, at 703-588-3993 or e-mail: rita.terhaar@hq.dodea.edu.

A handwritten signature in cursive script, reading "Shirley A. Miles".

Dr. Shirley A. Miles
Principal Deputy Director, DoDEA

Attachments:
As stated

SUBJECT: Department of Defense Education Activity (DoDEA) National Security Personnel System Pay and Compensation Guidance

- References:
- (a) DoD 1400.25-M, “DoD Civilian Personnel Management System” Subchapter 1930, “Compensation Architecture Pay Policy”
 - (b) Fourth Estate Interim Guidance, “The National Security Personnel System, Compensation Architecture,” dated October 1, 2006
 - (c) Section 9902 of title 5, United States Code
 - (d) Title 5, Code of Federal Regulations, Part 9901, “Department of Defense Human Resources Management and Labor Relations System,” current edition
 - (e) Section 104 of title 3, United States Code
 - (f) Title 5, Code of Federal Regulations, Part 213, “Excepted Service,” Current Edition

1. PURPOSE. This guidance is to establish the DoDEA pay and compensation policy under the National Security Personnel System (NSPS).

2. APPLICABILITY. This guidance applies to all non bargaining unit employees in the Office of the Director, Department of Defense Education Activity; the Director, Domestic Dependent Elementary and Secondary Schools, and Department of Defense Dependents Schools, Cuba (DDESS/DoDDS-Cuba); the Director, Department of Defense Schools, Europe (DoDDS-E); the Director, Department of Defense Dependents Schools, Pacific, and Domestic Dependent Elementary and Secondary Schools, Guam (DoDDS-P/DDESS-Guam); and all DoDEA District Superintendents, School Principals, and Support Staff who converted to NSPS under Spiral 2.2b. Spiral 2.2b includes non bargaining unit employees in DoDEA Headquarters, DoDDS-Europe, DoDDS-Pacific, and Cuba. This policy does not apply to employees in DDESS (except Cuba).

3. DEFINITIONS:

a. Accelerated Compensation for Developmental Positions (ACDP). ACDP is an increase in base salary, bonus or a combination of these that may be provided to employees participating in recognized training programs or other developmental capacities. ACDP only applies to employees classified in Pay Band 1, Entry/Developmental Work.

b. Base Rate of Pay. The base rate of pay is used for pay setting purposes. To determine pay entitlements, the adjusted salary (basic pay + LMS) will be used. The adjusted salary does not include the use of differentials for the purpose of setting pay.

c. Compensation Philosophy. The guiding factors for administration of a compensation program. The philosophy should ensure that the compensation program aligns with the organization’s mission, strategic initiatives and objectives, and desired employee behaviors and/or organizational culture.

d. Control Point. A tool to manage compensation and salary progression. Control Points must be applied consistently to similar positions in the same career group and pay band within a pay pool and should address deliberate compensation management decisions. When an employee's salary reaches a certain control point, management makes a determination whether the employee's salary should move beyond the control point. The decision to advance an employee's salary beyond a control point is a deliberate one and is based on the duties, responsibilities and performance of the individual under review. If a decision is made not to advance the salary, a bonus may be given in lieu of the increase to base pay. Control points may also be used as flags or to provide metrics to management. There should be no expectation of entitlement to exceed control points.

e. External Equity. The measure of an organization's pay rates compared to the rate of other similar organizations.

f. Internal Equity. The condition in which similarly situated employees are treated in a similar manner; perceived fairness of pay structure that directs an employee to set salaries that correspond to each job's relative value to the organization.

g. Total Remuneration. Total remuneration or total compensation includes all forms of cash (e.g. salary, bonuses, incentives, etc.) and the dollar value associated with benefits (health and life insurance, paid annual and sick leave, Thrift Savings Plan, etc.) The NSPS compensation program affords managers flexibility in setting pay. In addition to discussing direct salary with applicants, it is also important to explain indirect salary (benefits) that the federal government provides. The total remuneration package should be used as a competitive recruitment tool.

h. Within-Grade Steps. The step increases inherent in the General Schedule system are discontinued under NSPS. Advancing an employee's salary through the band will occur through the pay for performance system described in reference (a) and (b). A prorated Within Grade Increase may be calculated under provisions of reassignment pay for GS employees entering NSPS.

4. POLICY. The NSPS pay for performance personnel system consists of broad pay bands established for different career groups. Each pay band represents a wide salary range and employee salaries are set within the minimum and maximum pay rates of the applicable pay band. The increased pay flexibilities offered by NSPS bring greater complexity, responsibility and accountability by management for pay setting decisions. This instruction presents guidance to be used in conjunction with references (a) through (f) to ensure decisions are consistent, business based and documented with appropriate justification.

a. Under NSPS, salaries are set at the appropriate salary range defined as a subset of the full pay band. Progression through the pay band is dependent upon the difficulty of assignments and the incumbent's performance and contribution to mission. NSPS compensation philosophy is moving toward a fully market-based pay system. Until the market-based pay function is fully established by the Department of Defense (DoD), salary determinations will be made using the former General Schedule (GS) equivalent as the primary starting point for determining the appropriate salary range of a position under NSPS.

b. In addition to determining a salary range, managers must consider internal organizational pay equity in making salary recommendations and decision. Salaries of current employees performing comparable work should be referenced when making a salary determination. Other components to consider when setting salary include but are not limited to work experience and education; training; specialized knowledge, skills and abilities; and relevant market data.

5. RESPONSIBILITIES. NSPS compensation is dependent upon strategic partnerships with business and financial management, human resources, legal, and EEO who provide support to the decision makers in developing recruitment strategies and managing external and internal equity issues.

a. The Associate Director for Education and Principal Deputy Director, DoDEA and the Associate Director for Financial and Business Operations, DoDEA will:

(1) Analyze the impact pay setting policy and guidance decisions will have on civilian compensation in the current year and more importantly in future years' budgets.

(2) Establish a DoDEA Compensation Board to monitor overall practices for effectiveness, fairness and affordability of NSPS across DoDEA.

b. The Director of Human Resources Regional Service Center (HRRSC), Department of Defense Education Activity will:

(1) Ensure that the compensation guidance provided here-in is kept current.

(2) Ensure that the guidance in pay administration matters are in compliance with this instruction.

c. The DoDEA HRRSC and Area HR Offices will:

(1) Support and advise managers on pay setting questions and documents.

(2) Assist the manager to determine the appropriate salary range for a particular position, including appropriate GS equivalent salary.

(3) Extend official job offers for all salary rates. No tentative offer or commitment to a specific pay rate may be made by the HRSC until thoroughly reviewed and approved by the activity head or designee.

(4) Keep records of all pay setting decisions using Enclosure 1 and retain a copy at the activity of all pay setting decisions provided to the HQ HRRSC from the field activities. Field and Area HR offices are responsible for providing the HQ HRRSC with documentation on pay setting decisions for each employee.

6. PROCEDURES:

a. DoDEA NSPS Compensation Philosophy. The DoDEA NSPS compensation philosophy is governed by the following principles:

- (1) Manage compensation fairly and equitably.
- (2) Ensure all compensation decisions are supported by sound business reasons.
- (3) Ensure all decisions include appropriate consideration of internal pay equity.
- (4) Pay competitively while being mindful of resource management responsibilities.
- (5) Minimize the use of pay increases as a means to compete among the agency's own talent.

b. The General Schedule. The General Schedule (GS) is a primary component of the current market strategy development and will be used to establish "market pay norms" in areas where the Federal workforce is the primary competitor for employment talent. New positions under NSPS will be established (classified) within the appropriate pay schedule and band. Salary parameters within the pay band will be prescribed for new positions using the General Schedule and the appropriate compensation models prescribed by DoDEA as the primary framework as well as other applicable considerations. Other factors to be considered in establishing market pay norms are available market data, compensation trends/practices in other local federal agencies, and flexibilities necessary to hire and retain superior talent and capabilities for specifically designated occupations deemed critical in meeting the DoDEA mission.

c. Market Demands. The DoDEA compensation philosophy will normally be one of "meeting the market" vice leading or lagging the market. For some occupations and/or geographical locations, meeting the market may not be sufficient in order to obtain and retain talent; thus, "leading the market" may be necessary. Conversely, there will be situations where availability of talent is plentiful; therefore, "lagging the market" may be appropriate.

d. Pay Setting Action and Delegation of Authority. Authority to set pay is delegated for new hire salary, reassignment pay increase and decrease and promotion increase. Salary determinations will be documented using E 1. Positions classified in the 1101, 1102, 1005 & 1106 Procurement/Contracting series assigned to Schools, DSO or Area Offices in DoDDS Europe and Pacific will by exception follow the Pay Setting Delegation of Authority identified for DoDEA Headquarters as outlined below.

(1) New Hire Salary. Setting pay for a first time Federal employee or reinstatement eligible (former employee with a break in service) allows the manager the greatest flexibility. The minimum that may be offered is the starting pay for the assigned pay band. Managers should complete the "DoDEA Salary Determination Worksheet" form E1, which addresses the specific job requirements and the candidate's qualifications. Compare the requested salary against current employees with similar occupational codes by providing an average salary for the current employees doing comparable work on page one of E1. Submit a Salary Justification addressing

the benefit to DoDEA and relevance of qualifications to pay setting on page two of E1. Optional additional supporting information may include an official pay stub and/or leave and earning statement. Salary set at the minimum of the former General Schedule (GS) grade requires no justification and may be approved by the Selecting/Recommending Official. Other New Hire salary setting authorities require justification to include information regarding the candidate's relevant experience, training and education (if applicable) and the business need, hard to fill recruitment efforts, and specialized skills of the candidate and are delegated as follows:

New Hire Pay Setting Delegation of Authority

DSO/SCHOOL LEVEL	
Up to 6% above equivalent of former GS Grade	Superintendent
Up to 6% above candidate's current salary	Superintendent
Above 6% of either equivalent former GS Grade or candidate's current salary	Area Director
AREA OFFICE	
Up to 6% above equivalent of former GS Grade	Division Chief
Up to 6% above candidate's current salary	Division Chief
Above 6% of either equivalent former GS Grade or candidate's current salary	Area Director
HEADQUARTERS	
Up to 6% above equivalent of former GS Grade	Division Chief
Up to 6% above candidate's current salary	Division Chief
Above 6% of either equivalent former GS Grade or candidate's current salary	Associate Director for Education and Principal Deputy Director, DoDEA or Associate Director for Finance and Business Operations

(2) Reassignment Pay. Reassignments are movements within a pay band or movement across comparable bands to a new position or a new set of duties. Managers may authorize salary increases or decreases with reassignments. There are limits to the amount of total pay increases an employee may receive depending on whether the movement is employee initiated or management directed. Note: NSPS employees receiving an increase in base salary upon temporary reassignment must receive advance written notice of the conditions of the time-limited reassignment, including the time limit of the reassignment; the reason for a time limit; and that the employee may be returned at any time to the position from which temporarily reassigned. Reassignment pay increases must be justified by documenting the critical need and hard to fill recruitment efforts, the employee's specialized skills and/or any evident and observable increase in the level of the work proposed by the reassignment. Current Federal employees from the GS moving laterally into NSPS will normally reassign without any increase in salary. The applicant's proposed salary should be within the range of DoDEA employees with similar education and employment histories.

(a) Employee initiated: Employee action resulted in the move. This includes applying for competitive vacancies as well as requests to be reassigned. This type of reassignment may be accompanied by an increase to base salary of up to 5%. While multiple employee initiated reassignments may occur in a 12-month period, the aggregate increase may not exceed 5% of the

employee's base salary within the previous 12-month period, unless an exception to the 12-month limitation has been approved. Management may also decrease an employee's salary in any amount agreed to by the employee, as appropriate.

(b) Management directed (Voluntary): When an employee is reassigned as a result of a management decision within their current pay band or a comparable pay band, the authorized management official may approve an increase to the employee's base pay of up to 5%. The increase is discretionary and there is no limit to the number of reassignments or the cumulative amount that may be received for this type of action. At a minimum, the approval level may be no lower than one level above the authorized management official who approved the reassignment.

(c) Management directed (Involuntary): When adverse action procedures (as a result of poor performance and/or misconduct) result in an employee being involuntarily reassigned to a comparable pay band, the employee's base salary may be reduced by up to ten percent. An employee's base salary may only be reduced once in a 12-month period due to unacceptable performance, conduct, or both.

(d) Upon Termination of Temporary Reassignment: Pay is set at the same rate the employee would have received prior to the temporary reassignment, with appropriate pay increases that occurred during the period of the temporary reassignment.

(3) Reduction in Pay Band.

(a) Voluntary. Management may decrease or increase an employee's salary, but must set the employee's salary within the assigned pay band. Management may increase the employee's salary by up to 5%. Any pay increase received is subject to the restrictions on the cumulative 5% increase in a 12 month period.

(b) Involuntary. When adverse action procedures (as a result of poor performance and/or misconduct) result in an employee's involuntary reduction in band, the employee's base salary may be reduced by up to ten percent, while remaining within the limits of the assigned band. An employee's pay may only be reduced once in a 12 month period under these conditions and may not be increased. Employees whose salaries are reduced under these circumstances are ineligible for pay retention. Reassignment salary setting authorities require justification and are delegated as follows:

Reassignment/Reduction in Band Pay Setting Delegation of Authority

DSO/SCHOOL LEVEL	
Up to 5% above current base salary	Superintendent
Any decrease in base pay	Superintendent
AREA OFFICE	
Up to 5% above current base salary	Division Chief
Any decrease in base pay	Division Chief
HEADQUARTERS	
Up to 5% above current base salary	Division Chief
Any decrease in base pay	Division Chief

(4) Promotion. A promotion under NSPS is movement to a higher pay band or to higher level of work. For example, movement from a Technician/Support band to a Professional/Analytical band is considered movement to a higher level of work. The pay setting guidance on promotions in this section also applies to temporary promotions. Note: NSPS employees who are temporarily promoted must receive advance written notice of the conditions of the time-limited promotion, including the time limit of the promotion; the reason for a time limit; the requirement for competition for promotion beyond 180 days, where applicable; and that the employee may be returned at any time to the position from which temporarily promoted. Salary increases for promotions will generally range from 6% to 20%. At a minimum, the salary must reach the bottom of the pay band and may not exceed the top of the pay band. In extenuating circumstances, approval may be sought from higher level management for increases above 20%. Promotion salary setting authorities require justification and are delegated as follows:

Promotion Pay Setting Delegation of Authority

DSO/SCHOOL LEVEL	
Minimum promotion salary – bottom of pay band	Selecting/ Recommending Official
Minimum 6% above current base pay	Selecting/ Recommending Official
Any promotion increase above 6% of current base salary	Area Director
AREA OFFICE	
Minimum promotion salary – bottom of pay band	Selecting/ Recommending Official
Minimum 6% above current base pay	Selecting/ Recommending Official
Any promotion increase above 6% of current base salary	Area Director
HEADQUARTERS	
Minimum promotion salary – bottom of pay band	Selecting/ Recommending Official
Minimum 6% above current base pay	Selecting/ Recommending Official
Any promotion increase above 6% of current base salary	Associate Director for Education and Principal Deputy Director, DoDEA or Associate Director for Finance and Business Operations

e. Salary Control Point Matrix. The DoDEA compensation control point matrixes below outline salary ranges within a pay schedule and pay band and are designed using the General Schedule as the primary market factor. DoDEA activities will use these matrixes as a basic operating framework for setting pay and subsequent salary progression for employees in these occupations.

2008 SALARY CONTROL POINT MATRIX

Pay Schedule	Minimum	Maximum	1st Control Point	2nd Control Point
YA1	\$26,008	\$62,593	\$42,290	\$51,738
YA2	\$39,407	\$89,217	\$62,593	\$75,025
YA3	\$77,018	\$130,211	\$105,420	\$124,010
Pay Schedule	Minimum	Maximum	1st Control Point	2nd Control Point
YB1	\$16,880	\$38,060	\$27,184	\$34,139
YB2	\$32,217	\$56,973	\$42,290	\$51,738
YB3	\$47,679	\$75,025	\$51,738	\$62,593
Pay Schedule	Minimum	Maximum	1st Control Point	2nd Control Point
YC1	\$32,217	\$62,593	\$42,290	\$51,738
YC2	\$57,146	\$110,691	\$77,777	\$91,905
YC3	\$80,302	\$130,211	\$105,420	\$124,010
Pay Schedule	Minimum	Maximum	1st Control Point	2nd Control Point
YP1	\$16,880	\$62,593	\$42,290	\$51,738
Pay Schedule	Minimum	Maximum	1st Control Point	2nd Control Point
YD1	\$26,008	\$62,593	\$42,290	\$51,738
YD2	\$39,407	\$89,217	\$62,593	\$75,025
YD3	\$77,018	\$130,211	\$105,420	\$124,010
Pay Schedule	Minimum	Maximum	1st Control Point	2nd Control Point
YE1	\$16,880	\$38,060	\$27,184	\$34,139
YE2	\$32,217	\$56,973	\$42,290	\$51,738
YE3	\$47,679	\$75,025	\$51,738	\$62,593
Pay Schedule	Minimum	Maximum	1st Control Point	2nd Control Point
YF1	\$32,217	\$62,593	\$42,290	\$51,738
YF2	\$57,146	\$110,691	\$77,777	\$91,905
YF3	\$77,018	\$130,211	\$105,420	\$124,010

(5) Pay Setting for Accelerated Compensation for Developmental Positions. ACPD is an increase to employee base salary, bonus or a combination of these that may be provided to employees in formal training programs in both central and locally funded developmental programs.

(a) ACPD only applies to employees classified in Pay Band 1, in the following Career Groups:

1. YA: Standard Career Group – Professional/Analytic Pay Schedule
2. YD: Scientific and Engineering Career Group – Professional Pay Schedule
3. YH: Medical Career Group – Professional Pay Schedule
4. YK: Investigative & Protective Services – Investigative Pay Schedule

(b) ACDP is awarded to recognize growth, development, and demonstration of job-related competencies and proficiencies, combined with successful performance of job objectives. DoDEA ACDP covered positions will be identified/classified by the authorized classification official. Covered employees are assigned to work that is designed to provide competencies, skills and experience that will prepare them to perform work in Pay Band 2. Covered employees will be reviewed annually for ACDP increases. The ACDP salary increase will be set equivalent to the former General Schedule (GS) grade pay setting guidance for promotion. Covered employees who have acquired the competencies and experience required to perform at the journeyman level will be promoted and assigned to positions in Pay Band 2. DoDEA employees eligible for ACDP in-band increases will receive 100% of their pay pool award as a bonus.

7. EFFECTIVE DATE. This guidance is effective on the date of issuance.

Enclosure 1:

E1. Pay Setting Worksheet

DoDEA NSPS SALARY DETERMINATION WORKSHEET

Base Salary is used in ALL calculations.

1. CANDIDATE INFORMATION		2. NSPS JOB INFORMATION (Position to be Filled)	
Name:		Organization and Location:	
Current Job Title:		NSPS Position Title:	
Current NSPS Pay Schedule & Pay Band OR GS-Series-Grade (as applicable):		Former GS-Grade & Series or Equivalent:	
		NSPS Pay Schedule/Occupation Code/Pay Band:	
		Advertised NSPS Salary Range:	to

3. PROPOSED PERSONNEL ACTION			
a. Conversion	Conversion of temporary employee to another appointment. Selecting/Recommending Official signature required for minimum salary in band. Other salary requests follow authority for New Hires.		
b. New Hire (minimum) (Not current federal employee)	New Hire Salary set at the minimum of the NSPS pay band or at the Step 1 of the former General Schedule (GS) grade. No justification required. Selecting or Recommending Official signature is required.		
	Minimum NSPS Pay Band (i.e. YA2): OR Equivalent GS Grade/step 1(i.e. GS5):		
c. New Hire (Up to 6%) (Not current federal employee)	New Hire Salary may be set no higher than Step 1 of the former GS-grade equivalent plus 6% (entry level) OR no higher than the employee's current salary plus 6% (mid-career). Justification is necessary to document salary determination. Appropriate Superintendent or Division Chief signature is required.		
d. New Hire (Above 6%) (Not current federal employee)	New Hire Salary that exceeds 6% of Step 1 of the former GS-grade equivalent or the employee's current salary requires higher-level approval. Justification is necessary to document salary determination. Appropriate Area Director, Principal Deputy Director, DoDEA or Associate Director for Financial and Business Operations signature is required.		
e. Pay Adjustment	Pay Adjustment in accordance with SC1911.4.8. Authorized during the first 12-months of NSPS. Selecting/Recommending Official signature is required.		
f. Promotion	Promotion Salary set at the minimum of the NSPS pay band or a minimum 6% pay increase. No justification required. Recommending/Selecting Official signature is required.		
g. Promotion	Promotion Salary that exceeds 6% pay increase requires higher-level approval. Justification is necessary to document salary determination. Appropriate Area Director, Principal Deputy Director, DoDEA or Associate Director for Financial and Business Operations (HQ) signature is required.		
h. Reassignment (no increase or reduction)	Reassignment action with no change in salary. No justification required. Selecting/Recommending Official signature is required.		
i. Reassignment (Increase or reduction in band)	Justification is required to document critical business need, hard to fill recruitment, specialized skills or evident & observable increases in level of work. Appropriate Superintendent or Division Chief signature required.		
Employee-Initiated Reassignment	Salary increases up to 5% of base pay or any decrease in base pay.		
	Percent Increase:	%	Percent Decrease:
Management Directed Reassignment	Salary increases up to 5% of base pay or any decrease in base pay.		
	Percent Increase:	%	Percent Decrease:
Involuntary Reassignment	Decrease up to 10%, but not less than the NSPS Pay Band minimum. Employee cannot receive more than a 10% reduction in pay in a 12-month period.		
	Percent Decrease:	%	
Record of Reassignment Pay <i>(If applicable)</i>	Date of last reassignment pay increase:		
	Percent of Increase/Decrease:		%
j. Other (Issue):	Identify issue such as Voluntary Change to Lower Pay Band; Recruitment, Relocation, and Retention Incentives; Pay Retention and describe reason in salary justification. Appropriate Area Director, Principal Deputy Director, DoDEA or Associate Director for Financial and Business Operations signature is required.		

4. SALARY INFORMATION					
a. Current Salary		b. Internal Data for Same or Similar Occupational Codes		c. Proposed NSPS Salary	
Federal Employee		Occupational Code:		Proposed Salary:	
Current Base Salary:		Number of Incumbents:		Base Salary:	
Locality <i>(if applicable)</i> :		Average Salary:		LMS <i>(if applicable)</i> :	
Current Total Salary:		Lowest Salary:		Total Salary:	
Non-Federal Employee		Highest Salary:		Percent Increase: %	
Current Salary:		(Obtain information from Class & Comp Advisor)			

