



National Security
Personnel System

*Manager
Supervisor*

*Managers' Interim
Guidance for*

*Establishing
Pay* *for Employees
in NSPS*

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General Information

The National Security Personnel System (NSPS) provides pay flexibilities that allow the Department to build and maintain a quality workforce. Proper pay management, an integral part of the Department's overarching human capital strategy, provides a powerful platform to attract, motivate, and retain the caliber of employees required to fulfill the Department's mission and strategic initiatives. The law requires NSPS to be "flexible" and "contemporary" — this includes the use of modern compensation practices and tools that are performance-based and market sensitive.

NSPS provides a new architecture of pay banding within which the compensation strategy of the Department will be applied for pay setting and movement of employees, whether for promotions, reassignments, or demotions.

NSPS pay bands cover wide salary ranges, with minimum and maximum rates set based on national labor market factors and conditions. These open pay ranges allow Components the flexibility to pay employees at the level necessary to be more competitive in the applicable (e.g., local, regional) marketplace.

For a given job, based on its occupation and location, the range of pay needed to be competitive in the applicable marketplace will typically be a subset of the full pay band. For example, in a pay band that ranges from a minimum of \$37,000 to a maximum of \$80,000, the market rate for a particular job in a particular location may range from \$40,000 to \$60,000. The pay for an incumbent of this particular job can normally be expected to fall within the range of \$40,000 to \$60,000, with progression being dependent on the difficulty of assignments and the incumbent's performance and contributions.

NSPS pay flexibilities allow the Department to build and maintain a quality workforce. Through proper pay management, we can attract the best candidates and retain the best employees — the right employee at the right time at the right costs. Base pay is but one tool available to attract and retain top talent. Other tools, such as recruitment and relocation incentives, student loan repayment, payment for travel to the first duty station, are always attractive tools to consider.

As NSPS provides more choices as well as greater discretion in setting pay, decisions may now be more complex and involve added responsibility. The results of those decisions will have a greater impact than ever before on employees and DoD organizations, requiring greater accountability for all involved in this process.

As the Department is working towards refining its approach to establishing and adjusting the salary range minimums and maximums based on national labor market factors and aligning these factors to the Department's compensation philosophy, the following "Pay Setting Guidelines" will be used in the interim for all Components and organizations implementing NSPS Spiral 1. This guide should be used in conjunction with SC1930, Compensation Architecture Pay Policy of the Civilian Personnel Manual.

Introduction

Objective, Business-Case Pay Decisions

NSPS is a flexible pay system based on principles that provide equal pay for work of equal value, with appropriate consideration of national, regional, and/or local rates paid by other organizations that the Department has determined are within its relevant labor market.

Your role as a manager is to establish appropriate rates of pay for your employees.

There is no single answer or formula that determines a precise pay amount that is “exactly right.”

While NSPS transitions the Department towards market-sensitive rates of pay, it is important to keep in mind that market-data is but one factor in the pay setting analysis. You will also need to understand and carefully consider the other pay setting factors such as internal equity considerations and potential use

of recruitment or relocation incentives in order to establish both competitive and appropriate levels of pay for all employment situations. This includes setting pay for new hires and for current employees being promoted, reassigned, or voluntarily reduced in band.

To assist you in making these decisions, “A ‘Checklist’ of Pay Setting Factors to Consider” is provided in Attachment 1. This “Checklist” is intended to provide a disciplined framework in setting appropriate and competitive rates of pay. Recognizing that NSPS provides pay setting flexibilities not previously available, the “Checklist” will help to ensure that pay setting decisions are objective (to the extent possible) and based on business-case need, rationale, and justification. We encourage you to reference the “Checklist” frequently as a guide and tool to help build your personal pay setting competency, comfort, and confidence.

Pay Setting Guidance

The Pay Setting Guidance is direct and straightforward to provide maximum flexibility to Components and managers with hiring and/or other pay setting requirements.

The chart below is a summary of the general guidelines for each pay setting action and is provided as a quick-reference guide. For complete details on the Pay Setting Guidance, you will need to refer to the following:

- Section 1:** Roles, Responsibilities and Authorities
- Section 2:** New Hires
- Section 3:** Promotions
- Section 4:** Reassignments/Reductions in Band

Quick Reference Guide	
Pay Setting Action	General Guidelines (See Applicable Sections 2 – 4 for Complete Details)
New Hires (Section 2)	Pay Band Minimum to GS-Grade + 30%
Promotions (Section 3)	6% - 20%
Reassignments/Reductions in Band (Section 4)	
• Voluntary Reassignment (or Voluntary Reduction in Band)	Increase Up to 5%
• Management Directed Reassignment	Increase Up to 5%
• Involuntary Reassignment (or Involuntary Reduction in Band)	Decrease Up to 10%
• Expiration/Termination of Temporary Reassignment	Re-Set to Previous Pay Level

Pay Setting Attachments

This “Managers’ Interim Guidance for Establishing Pay for Employees in NSPS” also includes several additional features, provided as Attachments to augment the NSPS Spiral 1 Pay Setting Guidelines.

The Attachments are intended to assist you as the Department transitions from the current pay setting limitations of the General Schedule (GS) and embarks on the path towards establishing market-sensitive rates of pay and its associated management responsibilities.

Attachment 1: A “Checklist” of Pay Setting Factors to Consider

- NSPS features broad “pay bands” that provide management with greater flexibility in determining pay rates. This “Checklist” is provided to assist in making appropriate pay decisions.

Attachment 2: NSPS Salary Determination Process – New Hires, Promotions, Reassignments

- Provides a standard format for documenting the decision process and the factors considered in setting pay.

Attachment 3: Pay Setting Scenarios and Examples

- Provides pragmatic examples and considerations of the various Pay Setting Factors provided in the “Checklist” that may be used as notional benchmarks in establishing the salary level.

Section 1 – Roles, Responsibilities, and Authorities

Generally

Pay setting authorities will be delegated to the appropriate organizational level based on organizational business processes and managerial approach, such that managers and/or supervisors will establish employee pay rates within the guidance provided in Sections 2, 3, and 4 of the Guide.

Specifically

— Component Management and Leadership

- Recognizing that there may be pay setting situations that occur outside of the following guidance, Components will have the ability to determine their internal review(s) and approval process(es) for additional guidance on how to administer the following NSPS pay flexibilities:
 - Section 2: New Hire Employees' Starting Pay
 - Section 3: Upon Promotion
- Components must follow the guidance for the following NSPS pay situations:
 - Section 4.a.: Upon Reassignment – Voluntary Reassignment
 - Section 4.b.: Upon Reassignment – Management Direction
 - Section 4.c: Upon Involuntary Reassignment/Adverse Action
 - Section 4.d.: Upon Expiration/Termination of Temporary Reassignment

— Managers and/or Supervisors

- Will, contingent on Component delegations, have the authority to establish employee pay rates within the guidance provided in Section 2, 3 and 4 and as noted above;
- Will consult with higher level(s) of management and their human resources advisors to understand the conditions and parameters in determining what an appropriate pay rate might be; and
- Will establish salary offers/rates that include any local applicable market supplement.

— Human Resources Professionals/Management

- Will continue to assist all levels of Component/agency management to ensure adherence to all applicable employment matters;
- Will facilitate the pay setting decision for managers by providing insight into the total compensation package available, such as the extensive array of employee benefits provided by the federal government, the consideration and appropriate use of other pay tools, i.e., incentives for recruitment, relocation, retention and the repayment of student loans, etc., to further incentivize prospective candidates by providing a broader employment perspective;
- Will provide internal organizational information/analyses regarding consistency and comparability with recent pay rates of local hires under the GS pay system as well as salary levels of current staff; and
- Will calculate and determine the appropriate Base Salary amount, taking into account the Adjusted Salary set by the manager, and the applicable local market supplement.

Section 2 – Setting a New Hire Employee’s Starting Pay

As the Department is working towards refining its approach to establishing and adjusting the rate range minimums and maximums based on national labor market factors, aligning these factors to the Department’s compensation philosophy, as well as the appropriate salary survey process and methodology, the following “Pay Setting Guidelines” will be used in the interim by all Components and organizations implementing NSPS Spiral 1.

Until a market-sensitive pay approach has been determined, components will need to consider or take into account the former GS-grade equivalents of NSPS pay bands.

Additionally, all such new hire salary offers will include any Local Market Supplement (LMS) that is applicable.

— Standard Pay Setting Guidance for New Hires

- **Minimum Rate** of Pay/Salary Offer:
 - The Minimum Rate of the Appropriate Pay Band
- **Maximum Rate** of Pay/Salary Offer
 - No higher than Step 1 of the former GS-grade equivalent plus an additional 30.0% (not to exceed the maximum rate of the pay band)

— Exceptions

- Components may establish internal review and approval processes for salary offers above this Guidance.

- *Note: for newly created positions, you should use comparable jobs for comparison purposes, or ask your human resources advisor for an estimate of the GS grade for the position*

See the Pay Setting Guidance example below. In addition see Attachment 1 for a “Checklist of Pay Setting Factors to Consider” that assists in making appropriate pay setting decisions.

• Example

Given: Washington, DC Location (includes 2006 Locality Pay of 17.50%)
 Standard Career Group, Professional/Analytical, Pay Band 1,
 HR Specialist Position
 Former GS-grade equivalent: GS-7

<p>Pay Band 1: GS 5/1 – 11/10 \$29,604 - \$70,558</p>
--

Hiring Range from Pay Band 1 Minimum of \$29,604

to

Maximum of GS-7/1 x 1.3 = \$36,671 x 1.3 or \$47,672

The following link leads to information on GS pay rates (locality and special rates):
<http://www.opm.gov/oca/06tables/index.asp>

Section 3 – Setting Pay Upon Promotion (Movement to a Higher Pay Band)

Promotions may be either temporary or permanent. Typically, promotion increases should be in the 6% to 12% range unless there are compelling reasons that support a greater increase. You should consider the following when determining what increase may be appropriate:

- The difficulty of assignments, the employee's past and anticipated performance, and the employee's contributions;
 - Labor market conditions, including rates paid for similar types of work being performed either by employees already in the band the employee is being promoted to or by employees performing work at that level in private industry; and
 - Long term costs of the promotion increase and the resulting multi-year budget implications.
- Upon promotion, an employee's base salary must be increased by a minimum of 6%, but may not be set lower than the minimum rate or higher than the maximum rate of the new band.
 - An authorized management official may approve an increase of up to 20%.
 - An increase greater than 20% may be approved by higher-level management. If this increase is needed to set the employee's pay at the minimum of the higher band, it does not require higher approval.
 - Exceptions
 - Components may establish internal review and approval processes for salary offers outside of this Guidance.

Section 4 – Setting Pay Upon Reassignment (Movement Within and Across Comparable Pay Bands) and Reduction in Band

Movement within a pay band occurs generally through the performance pay out process, but can also occur through reassignments within the band, the payment of additional increases to employees in developmental positions, or as a result of adverse action procedures (poor performance and/or misconduct). Reassignments also occur across comparable pay bands.

An employee may be reassigned voluntarily (employee initiated), through management direction, or involuntarily. Reassignments may be permanent or temporary. The method of reassignment determines how pay is set. Employees reassigned through reduction in force procedures may not have their pay decreased due to RIF action and are not eligible for an increase.

- Exceptions
 - None

Section 4.a. Voluntary Reassignment and Reduction in Band

When an employee is reassigned voluntarily or reduced in band, he or she may be eligible for an increase or a decrease to base salary, or base salary may remain unchanged. Upon voluntary reassignment or reduction in band, you may increase the employee's base salary by up to 5% (not to exceed the maximum rate of the assigned pay band). Depending on the circumstances, you may also decrease the employee's salary in any amount agreed to by the employee as long as his or her salary does not drop below the minimum of the assigned pay band.

You may only provide an employee up to a 5% cumulative increase to base salary as the result of a voluntary reassignment or reduction in band within a 12-month period, unless an exception is approved by an authorized management official, regardless of the number of times the employee is voluntarily reassigned.

Section 4.b. Management Direction

When an employee is reassigned through *management direction*, you may increase his or her base salary by up to 5% (not to exceed the maximum rate of the assigned pay band), or keep the base salary at the current level. An increase

associated with a management-directed reassignment does not count toward the 12-month limit associated with voluntary reassignment; there is no limit to the number of times in a 12-month period an employee can be reassigned by management direction. You may provide the employee with an increase of up to 5% each time he or she is reassigned in this manner.

Section 4.c. Involuntary Reassignment or Reduction in Band/Adverse Action Procedures

When an employee is *involuntarily reassigned or reduced in band through adverse action procedures*, his or her base salary may be reduced by up to 10% (unless a larger reduction is needed to place the employee at the maximum rate of the lower pay band), or base salary may remain unchanged. You may not reduce the employee's base salary below the minimum of the assigned pay band.

Section 4.d. Expiration or Termination of a Temporary Reassignment

Upon *expiration or termination of a temporary reassignment* that resulted in a pay increase, you must set the employee's pay at the same rate the employee received prior to the temporary reassignment, with appropriate adjust-

ments for pay increases (i.e., rate range increases, performance payouts, etc.) that occurred during the time the employee was temporarily reassigned.

Section 4.e. Accelerated Compensation for Developmental Positions (ACDP)

Employees in *developmental positions* (e.g., interns, traditional career ladder positions, etc.) may receive an increase to base salary through Accelerated Compensation for Developmental Positions (ACDP) provisions. Normally, additional compensation is based on demonstrated acquisition of established competencies as documented in the formal training plan. These employees may also receive compensation in the form of a bonus or a combination of a base salary increase and a bonus. Additional pay for developmental employees is designed to allow base salary increases generally equivalent to increases received by developmental employees covered by the General Schedule, consistent with the NSPS performance-based criteria. However, you should take into account the initial pay setting from when the employee was hired, which may have resulted in a higher initial salary than would have applied under the General Schedule. (See *Table SC 1930-2, Pay Bands for Employees on a Developmental Position, for applicable pay bands*).

Attachment 1 – A “Checklist” of Pay Setting Factors to Consider

As NSPS features broad “Pay Bands” that provide management with greater flexibility in determining pay rates, this “Checklist” is provided to help you make appropriate pay decisions.

NSPS is a flexible pay system based on principles that provide equal pay for work of equal value, with appropriate consideration of both national and local rates paid by other organizations that DoD has determined are within its relevant labor market. The challenge is to establish an appropriate pay rate. Although there is no one-answer or formula to set the “exact right pay,” you should consider the following items in order to establish both competitive and appropriate rates of pay in all situations. This is for new hires as well as for current employees being promoted, reassigned, or voluntarily reduced in band.

An important consideration as you conduct pay setting analyses is that market-data is only one factor. You should also consider other Pay Setting Factors in order to establish the appropriate pay. Each pay setting situation should be treated individually — the factors listed below will have greater or lesser significance, depending on the specific circumstances of each situation.

Factors to Consider in Establishing the Appropriate Pay

- | | |
|---|--|
| <ul style="list-style-type: none"> • Current Salary – Salary History • Experience – Number of Years, Breadth, Depth, and Scope of Duties, Responsibilities, and Complexity • Training – Licenses, Certifications, OJT • Education • Internal Equity Considerations (Pay Compression, Performance) • Market-Sensitive Data/Value | <ul style="list-style-type: none"> • Ability to Pay – Salary Budget • “Total Remuneration” Perspective • Long-Term Impact – Potential for Future Salary Growth • Hard-to-Fill Positions • Use of Recruitment, Relocation, or Retention Incentives (i.e. 3Rs) • Critical Agency Business Need |
|---|--|

Generally, an appropriate salary rate reflects the candidate’s entire work history, experience, and qualifications, i.e., a candidate that just meets the minimum requirements should start at or near the lowest possible salary rate. Any additional skills and/or experience may justify a higher salary, within the standards of the NSPS Pay Setting Guidelines (*Sections 2-4 of this Guide*). For those candidates with extensive related experience and/or education, you may extend an offer exceeding these Guidelines, subject to your Component/agency’s internal review(s) and approval process(es) on administering NSPS pay flexibilities.

Following are three items that you may use to help set appropriate levels of pay given the pay flexibilities of NSPS:

Brief descriptions of the related Pay Setting Factors and how these influence setting the appropriate pay amount;

Attachment 2: An “NSPS Salary Determination Process,” which is a practical guide that facilitates the pay setting analyses and decisions required to establish the appropriate NSPS salary; and

Attachment 3: Sample Pay Setting Scenarios and Examples that provide pragmatic examples and considerations of the various pay setting factors provided in the “Pay Setting Factors.” These examples may be used as notional benchmarks in establishing appropriate salary levels.

Attachment 1 *continued*

Current Salary: Means the candidate's present adjusted salary; this salary amount does not include shift differentials, benefits, overtime, incentive premiums, bonuses, commissions, or other similar non-adjusted salary compensation. You should also review the candidate's salary history as well, which may assist in understanding the candidate's desired new salary and/or better assess the candidate's relevant, qualitative work history and experience. This may also include determining when the candidate may expect a pay increase, i.e. next applicable GS Within-Grade Increase (WGI) or other form of merit/pay-for-performance increase.

Work Experience and Education: Means the candidate's relevant employment history and academic qualifications. Work experience is the employment history of an individual, and typically includes the titles of jobs held and a corresponding description of the duties, responsibilities, and tasks performed. Education is academic credentials obtained and is usually listed as high school diploma, associate degree, bachelor's degree, or specific advanced degree. You should ensure that the candidate has at least the minimum levels of required experience and/or formal education. Work experience and formal education levels that are directly applicable to the job being filled, and which exceed the minimum position levels, often mean that the candidate is more competitive and will likely bring greater value to the organization in terms of performance and contributions — this may justify higher salary offers.

Training, Certification, and License: Means the candidate's job requirements or employee qualifications that are relevant or highly desirable for a particular job. Training refers to a specialized course of instruction outside the realm of recognized academic degree programs,

e.g., in-service training for computer proficiency. Certification refers to a specialized course of study resulting in a certificate upon successful completion. A license is a credential that is usually required by law to practice one's occupation, i.e., registered nurse, physician, attorney, etc. As with Work Experience and Education above, you should ensure that the candidate has at least the minimum training, certification, and/or licenses required; levels that exceed the minimum may be used to justify higher salary offers.

Knowledge, Skills, Abilities, Competencies: Means the candidate's elements commonly listed for job requirements, hiring qualifications, or employee credentials. Competencies refer to the measurable or observable knowledge, skills, abilities, behaviors, and other characteristics that correlate with successful job performance. You should ensure that the candidates have the required minimum levels for the position.

Duties and Responsibilities: Means the candidate's primary and essential work functions performed by an employee or group of employees. Variation in these duties and responsibilities helps distinguish one employee from another for comparison purposes. You should review and assess the breadth, depth, complexity, and scope of the candidate's previous position(s) and take into account the candidate's entire work history; experience that indicates the candidate has performed in positions of greater scope and/or complexity translates into greater performance expectations, and may be used to justify higher salary offers.

Internal Equity Considerations (Pay Compression): Means salaries for current employees should be considered in setting a new employee's salary. To the extent practical and in the lack of other mitigating pay-factors as described herein,

internal pay equity should be maintained, so the offer rate should be similar to salaries for current employees with similar skills, experience, and qualifications when they are in the same position. At times, it may be necessary to look at all similar positions in your unit to consider implications for equity if necessary. See your servicing Human Resources Office for assistance as required for this data/information. Although internal equity is an important consideration, this does not mean that all new salaries under NSPS must be equal to, below, and/or "lock-step in-line" with current staff, as NSPS is purposely designed to provide greater pay flexibility to be used as a management tool.

Market-Sensitive Data/Values: Means the relative availability of suitable, qualified employees in the general labor market, which is subject to the effects of supply and demand. Consideration should be given to the agency's tolerance for variation in the applicant pool and its past history of attracting and retaining quality candidates. The relative success of previous salary offers and the organization's history of retaining/losing employees are key indicators of market competitiveness. Until such time as the Department finalizes its approach to setting market-based pay, you should follow the "Pay Setting Guidelines" as outlined in Sections 2, 3, and 4.

Salary Budget: Means the short and long term financial consequences of pay decisions and how salary costs and dollars are managed by your Component or agency.

Total Remuneration or Total Compensation (Total R): Means all forms of cash compensation (e.g., base pay, shift differentials, overtime, on-call pay, bonuses, commissions, etc.) and the dollar value of the employer-sponsored benefits package, i.e., health insurance

Attachment 1 *continued*

(the federal government pays approximately 72% of the health insurance premiums), life insurance, long and short term disability, paid annual and sick leave, matching contributions for Thrift Savings Plan (TSP), contributions to other retirement programs, etc.

The employee's salary costs are known as the direct-cash value while the agency-provided benefits are known as the indirect-cash; together, the direct-cash and indirect-cash represents the total cost-of-employment of an individual to the agency.

The indirect-cash value is approximately 30% of an employee's annual salary, thus representing a true "hidden cost" or value to the employee. When determining appropriate compensation levels, it is important to understand the indirect-cash (benefits) that the federal government provides — and to better use these items as a competitive recruitment tool, i.e., the extensive array of available health insurance options of the Federal Employees' Health Benefits Plan (FEHBP), including the advantageous ability to take/ use FEHB into retirement and the federal government's annual leave program which is more generous than most programs.

Long-Term Impact – Potential for Future Salary Growth: Means the candidate's strategic and financial effect of anticipated future salary costs, staffing changes, salary alignment among employees, career growth, market-sensitive data changes. Although it may be necessary to provide an employee with a starting salary at or near the pay band maximum rate, you should be aware of these long-term implications.

Hard-to-Fill Positions/Use of "3 Rs":

Similar to the "Total R" perspective, managers should also be aware of the current pay tools and flexibilities that will continue to be available under NSPS. The "3 Rs" refer to the following incentives: Recruitment, Relocation, and Retention. These may take various forms (e.g., lump-sum payments, bi-weekly payments, etc.) and usually also have a corresponding, written employment agreement that stipulates the length of commitment and repayment of any pro-rated incentive money if the timeframe is not fully completed. You should discuss this with your servicing Human Resources Office for more information and details.

Critical Agency Business Need:

There may be instances when a candidate's work history, experience, and qualifications align ideally with specific Component/agency activities and organizational, financial, and human capital requirements that are directly derived from the agency's mission and/or strategic initiative(s). If the position is of critical importance to the agency business needs, you may want to provide higher salary rates to attract more and better-quality/ qualified candidates; also, you should consider the use of the "3 Rs" either in conjunction, with or in lieu of, a higher salary offer.

Attachment 2 - NSPS Salary Determination Process – New Hires, Promotions, Reassignments

Candidate Information	NSPS Job Information (to be filled)
Name:	Location: NSPS Position Title:
Current Job Title:	NSPS Pay Schedule/Occupation Code/Pay Band: Former GS-Grade & Series or Equivalent:
Current NSPS Pay Schedule & Pay Band or GS-Series-Grade (if applicable):	NSPS Salary Range:

Nature of Action (Check One)

Pay Setting Guidance (See Sections 2 – 4 for Specific Guidance)

- New Hire** **New Hire pay may be set no higher than Step 1 of the former GS-Grade Equivalent plus 30.0% (up to the pay band maximum rate of pay) GS-Grade Equivalent (enter step 1 amount):**

- Promotion** **Between 6.0% and 20.0%, Not to Exceed the NSPS Pay Band Maximum**

- Reassignment**
 - Voluntary **Either 1) Any Decrease Amount but No Less Than the NSPS Pay Band Minimum OR 2) Any Increase Between 0% and 5.0% but Not to Exceed the NSPS Pay Band Maximum**
 - Management Directed **Between 0% and 5.0% for Each Action, Not to Exceed the NSPS Pay Band Maximum**
 - Involuntary **Decrease Between -10.0% and 0%, Not Less Than the NSPS Pay Band Minimum**

SALARY INFORMATION: Candidate's Current Salary, Internal Salary Analyses, Proposed Salary

Use the Pay Setting Guidance above (See Sections 2-4 for more detailed information). Complete the entire Worksheet before determining the appropriate "Proposed Salary" to ensure a thorough comparison with all relevant Pay Setting Factors.

Candidate's Current Salary	Internal Salary Data of Incumbent(s) in Same or Similar Position(s) ⁽¹⁾	PROPOSED SALARY (including Local Market Supplement)
Total Annual Salary: (Includes Base Salary + Locality/Geographic Pay; Exclude Bonuses, Awards, Lump-Sums Amounts) Years of Relevant Experience:	Average Salary: Number of Incumbents: Highest Salary: Lowest Salary: Average Years in Position:	New NSPS Salary: % Difference: (from Current Salary) Is Salary Offer Within: - Unit/Org/Dept Salary Budget? Y / N - Pay Setting Guideline? Y / N ⁽²⁾
For External, Non-Federal, New Hire Candidates Only Prior to Committing to a Proposed Salary, Factor in the "Total Remuneration (R) Perspective" and/or the use of any Recruitment Incentive or Relocation Incentive.		Was the "Total R Perspective" Considered and Emphasized, Especially the Value of FEHB, Leave Programs, etc? Y / N If This Salary Offer Includes any Recruitment or Relocation Incentive, Indicate the Amount(s): Recruitment \$: Relocation \$: Total \$:

¹ Unit or Department Job Code Average Salary — Obtain from your HRO/HR Specialist, if needed.

² If the "Proposed Salary" is not within the Pay Setting Guidelines, complete the "Pay Factors Justification" section on next page.

Attachment 2 *continued*

ASSESS THE CANDIDATE'S JOB-RELATED EXPERIENCE, TRAINING, AND SKILL/COMPETENCY

Indicate the Candidate's:

Education Level and/or Degree(s): _____ Years of Relevant Experience: _____

List Relevant Training (Licenses, Certifications, etc): _____

Place an "X" in the Appropriate Level of Job-Related Experience, Education, Training, and Skill Levels/Competencies of the Candidate. Consider the full range of the Candidate's breadth, depth, and scope of relevant job duties, responsibilities, and complexity.

<i>Candidate's Employment History Indicates</i>	<i>Education</i>	<i>Training</i>	<i>Competencies (Knowledge, Skills, Abilities)</i>	<i>Breadth, Depth, and Scope of Relevant Job Experience</i>
Minimum Position Levels				
Exceeds Minimum Position Levels				
Prior Direct Experience, Can "Hit the ground running"				
Possesses Unique Skills Critical to Unit/Agency/ Department (Identify)				

IF PROPOSED SALARY IS NOT WITHIN GUIDELINES

Check only those pay factors that were considered in reaching this pay decision and provide appropriate justification.

<i>Pay Factors</i>	<i>Notation on Salary Determination</i>
Critical Agency Business Need	
Current Salary/Salary History	
Relevant Work Experience	
Education Levels	
Training	
Competencies	
Use of Any/All of the "3 Rs"	
Other (Describe)	

Attachment 3 - New Hire Pay Setting Scenarios and Examples

On the following pages are some sample pay setting scenarios and examples.

These examples should only be used as notional guidance; it is your responsibility to use your best judgment in establishing appropriate pay levels, supported by objective, business need(s) and rationale.

To simplify and equalize all the pay setting scenarios, the duty station location is in Washington, DC. As such, all NSPS salary range minimums, maximums, and/or General Schedule (GS) salary rates (if used) reflect the 2006 GS rates in the Washington, DC area. For a copy of the 2006 GS salary rates in Washington, DC, use this link:

<http://www.opm.gov/oca/06tables/pdf/DCB.pdf>

For each of the pay setting examples that follow, please refer to the “Component/Agency Background Information” section that precedes each of the scenarios and examples.

The “Background” provides the hiring agency’s salient organizational and employee information to compare with the candidate’s relevant information as provided on the “Salary Determination Worksheet.” The candidate’s information is taken from his/her resume and other application data. Together, the organizational background and the candidate information provide the context and foundation for making sound, informed, and objective business-case pay determinations.

Scenario 1 – Standard Career Group, Pay Band 1 Positions

- Component/Agency Background Information
 - Position to be filled is a Human Resources Specialist, Occupation Code 201
 - NSPS Standard Career Group, Pay Schedule YA, Pay Band 1
 - Former GS-Equivalent Position: GS-201-7
 - Currently have 3 staff on-board in the same position, with:
 - an average salary of \$40,290
 - an average time-in-position of 2.4 years
 - **Standard Pay Setting Guidance for New Hires**
 - **Minimum Rate of Pay/Salary Offer:**
 - The Minimum Rate of the Appropriate Pay Band
 - **Maximum Rate of Pay/Salary Offer**
 - No higher than Step 1 of the former GS-grade equivalent plus an additional 30.0%.

See the following “Example NSPS Salary Determination Process” for:

Example 1A: Salary Offer for a Candidate that is a Recent College Graduate with directly related experience

Example 1B: Salary Offer for a Candidate who is a college graduate but with some related experience

Example 1C: Salary Offer for a Candidate with Prior Federal Government Experience

Note: Data/Information in blue italics on the NSPS Salary Determination Process examples that follow are the relevant information used to highlight these examples.

Scenario 1, Example 1A

NSPS Salary Determination Process

Candidate Information	NSPS Job Information (to be filled)
Name: T. Taylor	Location: Washington, D.C. NSPS Position Title: HR Specialist
Current Job Title: HR Intern	NSPS Pay Schedule/Occupation Code/Pay Band: YA-0201-1 Former GS-Grade & Series or Equivalent: GS-0201-7
Current NSPS Pay Schedule & Pay Band or GS-Series-Grade (if applicable): N/A	NSPS Salary Range: \$29,604 - \$70,558

Nature of Action (Check One)

Pay Setting Guidance (See Sections 2 – 4 for Specific Guidance)

<input checked="" type="checkbox"/> New Hire	New Hire pay may be set no higher than Step 1 of the former GS-Grade Equivalent plus 30.0% (up to the pay band maximum rate of pay) GS-Grade Equivalent (enter step 1 amount): GS 7/1 + 30.0% = (\$36,671 x 1.3) = \$47,672
<input type="checkbox"/> Promotion	Between 6.0% and 20.0%, Not to Exceed the NSPS Pay Band Maximum
<input type="checkbox"/> Reassignment - Voluntary - Management Directed - Involuntary	Either 1) Any Increase Between 0% and 6.0%, Not Less than the NSPS Pay Band Minimum OR 2) Any Increase Between 0% and 6.0%, Not Less than the NSPS Pay Band Minimum Decrease Between 10.0% and 0%, Not Less than the NSPS Pay Band Minimum

Note: the Hiring Range is from the PB 1 Minimum of \$29,604 up to \$47,672 per the Pay Setting Guidelines

SALARY INFORMATION: Candidate's Current Salary, Internal Salary Analyses, Proposed Salary

Use the Pay Setting Guidance above (See Sections 2-4 for more detailed information). Complete the entire Worksheet before determining the appropriate "Proposed Salary" to ensure a thorough comparison with all relevant Pay Setting Factors.

Candidate's Current Salary	Internal Salary Data of Incumbent(s) in Same or Similar Position(s) ⁽¹⁾	PROPOSED SALARY (including Local Market Supplement)
Total Annual Salary: Unpaid HR Internship (Includes Base Salary + Locality/Geographic Pay; Exclude Bonuses, Awards, Lump-Sums Amounts) Mgr's Note: Candidate has a confirmed offer at another Fed. Agency (non-DoD) at GS-7/1 (\$36,671) Years of Relevant Experience: 3.0	Average Salary: \$40,290 Number of Incumbents: 3 Highest Salary: \$43,020 Lowest Salary: \$37,933 Average Years in Position: 2.4	New NSPS Salary: \$38,500 % Difference: N/A (from Current Salary) Is Salary Offer Within: - Unit/Org/Dept Salary Budget? <input checked="" type="radio"/> / N - Pay Setting Guideline? <input checked="" type="radio"/> / N ⁽²⁾
For External, Non-Federal, New Hire Candidates Only Prior to Committing to a Proposed Salary, Factor in the "Total Remuneration (R) Perspective" and/or the use of any Recruitment Incentive or Relocation Incentive. Yes, the candidate is a recent college graduate who has no benefits coverage at this time and needs to be covered as she can no longer be on her parents' benefits plan.		Was the "Total R Perspective" Considered and Emphasized, Especially the Value of FEHB, Leave Programs, etc? <input checked="" type="radio"/> / N If This Salary Offer Includes any Recruitment or Relocation Incentive, Indicate the Amount(s): None Recruitment \$:

The proposed salary of \$38,500 is a solid offer given:

- The candidate's 3.0 years experience as an unpaid HR intern
- Is consistent with an analysis of internal equity
- Showcases the flexibility of NSPS to extend the "right pay at the right time" as the manager was able to "credit" this candidate's prior, unpaid but highly-valuable and relevant employment history AND to compete against a non-DoD (still Title 5) agency's offer of a starting salary at GS-7/1 (\$36,671)

¹ Unit or Department Job Code Average Salary -
² If the "Proposed Salary" is not within the Pay Setting Guidelines

Scenario 1, Example 1A

NSPS Salary Determination Process

ASSESS THE CANDIDATE'S JOB-RELATED EXPERIENCE, TRAINING, AND SKILL/COMPETENCY

Indicate the Candidate's:

Education Level and/or Degree(s): BA English Years of Relevant Experience: 3.0 – HR Intern

List Relevant Training (Licenses, Certifications, etc): _____

Place an "X" in the Appropriate Level of Job-Related Experience, Education, Training, and Skill Levels/Competencies of the Candidate. Consider the full range of the Candidate's breadth, depth, and scope of relevant job duties, responsibilities, and complexity.

<i>Candidate's Employment History Indicates</i>	<i>Education</i>	<i>Training</i>	<i>Competencies (Knowledge, Skills, Abilities)</i>	<i>Breadth, Depth, and Scope of Relevant Job Experience</i>
Minimum Position Levels	X			
Exceeds Minimum Position Levels				X
Prior Direct Experience, Can "Hit the ground running"		X	X	
Possesses Unique Skills Critical to Unit/Agency/ Department (Identify)				

IF PROPOSED SALARY IS NOT WITHIN GUIDELINES

Check only those pay factors that were considered in reaching this pay decision and provide appropriate justification.

<i>Pay Factors</i>	<i>Notation on Salary Determination</i>
Critical Agency Business Need	<div style="border: 1px solid black; background-color: #e0e0e0; padding: 5px;"> <p>The proposed salary of \$38,500 is in line with an analysis of internal equity:</p> <ul style="list-style-type: none"> The candidate possesses competencies and skills that will allow the candidate to "hit the ground running," which essentially means this candidate will fit right into the current staff While the salary offer is close to the current average, it is justified given the candidate's employment history, higher education level, and to compete against another federal job offer of \$36,671 (GS 7/1) As this salary offer is within the Pay Setting Guidelines, there is no need for the manager to either write a justification or seek approval from management officials </div>
Current Salary/Salary History	
Relevant Work Experience	
Education Levels	
Training	
Competencies	
Use of Any/All of the "3 Rs"	
Other (Describe)	

The proposed salary of \$38,500 is in line with an analysis of internal equity:

- The candidate possesses competencies and skills that will allow the candidate to "hit the ground running," which essentially means this candidate will fit right into the current staff
- While the salary offer is close to the current average, it is justified given the candidate's employment history, higher education level, and to compete against another federal job offer of \$36,671 (GS 7/1)
- As this salary offer is within the Pay Setting Guidelines, there is no need for the manager to either write a justification or seek approval from management officials

Scenario 1, Example 1B

NSPS Salary Determination Process

Candidate Information	NSPS Job Information (to be filled)
Name: J. Jones	Location: Washington, D.C. NSPS Position Title: HR Specialist
Current Job Title: Office Manager (small dental office)	NSPS Pay Schedule/Occupation Code/Pay Band: YA-0201-1 Former GS-Grade & Series or Equivalent: GS-0201-7
Current NSPS Pay Schedule & Pay Band or GS-Series-Grade (if applicable): N/A	NSPS Salary Range: \$29,604 - \$70,558

Nature of Action (Check One)	Pay Setting Guidance (See Sections 2 – 4 for Specific Guidance)
<input checked="" type="checkbox"/> New Hire	New Hire pay may be set no higher than Step 1 of the former GS-Grade Equivalent plus 30.0% (up to the pay band maximum rate of pay) GS-Grade Equivalent (enter step 1 amount): GS 7/1 + 30.0% = (\$36,671 x 1.3) = \$47,672
<input type="checkbox"/> Promotion	Between 6.0% and 20.0%, Not to Exceed the NSPS Pay Band Maximum
<input type="checkbox"/> Reassignment - Voluntary - Management Directed - Involuntary	Either 1) Any Increase Between 0% and 6.0%, Not Less than the NSPS Pay Band Minimum OR 2) Any Increase Between 6.0% and 20.0%, Not to Exceed the NSPS Pay Band Maximum Decrease Between 10.0% and 0%, Not Less than the NSPS Pay Band Minimum

Note: the Hiring Range is from the PB 1 Minimum of \$29,604 up to \$47,672 per the Pay Setting Guidelines

SALARY INFORMATION: Candidate's Current Salary, Internal Salary Analyses, Proposed Salary

Use the Pay Setting Guidance above (See Sections 2-4 for more detailed information). Complete the entire Worksheet before determining the appropriate "Proposed Salary" to ensure a thorough comparison with all relevant Pay Setting Factors.

Candidate's Current Salary	Internal Salary Data of Incumbent(s) in Same or Similar Position(s) ⁽¹⁾	PROPOSED SALARY (including Local Market Supplement)
Total Annual Salary: \$31,000 (Includes Base Salary + Locality/Geographic Pay; Exclude Bonuses, Awards, Lump-Sums Amounts) Years of Relevant Experience: 3.0	Average Salary: \$40,290 Number of Incumbents: 3 Highest Salary: \$43,020 Lowest Salary: \$37,933 Average Years in Position: 2.4	New NSPS Salary: \$34,100 % Difference: 10.0% (from Current Salary) Is Salary Offer Within: - Unit/Org/Dept Salary Budget? <input checked="" type="checkbox"/> / N - Pay Setting Guideline? <input checked="" type="checkbox"/> / N ⁽²⁾
For External, Non-Federal, New Hire Candidates Only Prior to Committing to a Proposed Salary, Factor in the "Total Remuneration (R) Perspective" and/or the use of any Recruitment Incentive or Relocation Incentive. Yes, the candidate's current company's benefits package is not as competitive – was able to influence the candidate by mentioning FEHBP, 13 days of annual leave to start (only getting 10 now at current company), and up to 5% TSP match (current company only provides up to 3%)		Was the "Total R Perspective" Considered and Emphasized, Especially the Value of FEHB, Leave Programs, etc? <input checked="" type="checkbox"/> / N If This Salary Offer Includes any Recruitment or Relocation Incentive, Indicate the Amount(s): None Recruitment \$:

While the proposed salary is less than the GS-7, Step 1 (\$36,671), it is a solid offer given:

- Represents a 10.0% salary increase
- The manager incorporated the Total R perspective in this instance, salary was not the only or the driving factor in the candidate's situation
- Is consistent with an analysis of internal equity
- Showcases the flexibility of NSPS to extend the "right pay at the right time" by not "overpaying" for this candidate

¹ Unit or Department Job Code Average Salary –
² If the "Proposed Salary" is not within the Pay S

Scenario 1, Example 1B

NSPS Salary Determination Process

ASSESS THE CANDIDATE'S JOB-RELATED EXPERIENCE, TRAINING, AND SKILL/COMPETENCY

Indicate the Candidate's:

Education Level and/or Degree(s): BA Psych Years of Relevant Experience: 1.1 yrs-Office Mgr

List Relevant Training (Licenses, Certifications, etc): _____

Place an "X" in the Appropriate Level of Job-Related Experience, Education, Training, and Skill Levels/Competencies of the Candidate. Consider the full range of the Candidate's breadth, depth, and scope of relevant job duties, responsibilities, and complexity.

<i>Candidate's Employment History Indicates</i>	<i>Education</i>	<i>Training</i>	<i>Competencies (Knowledge, Skills, Abilities)</i>	<i>Breadth, Depth, and Scope of Relevant Job Experience</i>
Minimum Position Levels	X	X	X	X
Exceeds Minimum Position Levels				
Prior Direct Experience, Can "Hit the ground running"				
Possesses Unique Skills Critical to Unit/Agency/ Department (Identify)				

IF PROPOSED SALARY IS NOT WITHIN GUIDELINES

Check only those pay factors that were considered in reaching this pay decision and provide appropriate justification.

<i>Pay Factors</i>	<i>Notation on Salary Determination</i>
Critical Agency Business Need	<div style="border: 1px solid black; padding: 5px;"> <p>The proposed salary of \$34,100 not only provides the candidate 1) a 10% salary increase and 2) better benefits coverage (Total R) but it is also in line with an analysis of internal equity:</p> <ul style="list-style-type: none"> • That the candidate possesses and "brings to the table" minimum experience, training, and qualifications in comparison to on-board staff in the same job • This particular salary offer makes sense given the candidate's relative experience compared to the current staff </div>
Current Salary/Salary History	
Relevant Work Experience	
Education Levels	
Training	
Competencies	
Use of Any/All of the "3 Rs"	
Other (Describe)	

Scenario 1, Example 1C

NSPS Salary Determination Process

Candidate Information	NSPS Job Information (to be filled)
Name: B. Banks	Location: Washington, D.C. NSPS Position Title: HR Specialist
Current Job Title: N/A (left fed, non-DoD job 3 yrs ago)	NSPS Pay Schedule/Occupation Code/Pay Band: YA-0201-1 Former GS-Grade & Series or Equivalent: GS-0201-7
Current NSPS Pay Schedule & Pay Band or GS-Series-Grade (if applicable): N/A - previously GS-203-7	NSPS Salary Range: \$29,604 - \$70,558

Nature of Action (Check One)

Pay Setting Guidance (See Sections 2 – 4 for Specific Guidance)

- New Hire**
New Hire pay may be set no higher than Step 1 of the former GS-Grade Equivalent plus 30.0% (up to the pay band maximum rate of pay)
GS-Grade Equivalent (enter step 1 amount):
GS 7/1 + 30.0% = (\$36,671 x 1.3) = \$47,672
- Promotion**
Between 6.0% and 20.0%, Not to Exceed the NSPS Pay Band Maximum
- Reassignment**
 - Voluntary
Either 1) Any Increase Between 6.0% and 20.0%, Not to Exceed the NSPS Pay Band Maximum
OR 2) Any Increase Between 0% and 6.0%, Not to Exceed the NSPS Pay Band Maximum
 - Management Directed
Between 0% and 6.0%, Not to Exceed the NSPS Pay Band Maximum
 - Involuntary
Decrease Between 10.0% and 0%, Not Less than the NSPS Pay Band Minimum

Note: the Hiring Range is from the PB 1 Minimum of \$29,604 up to \$47,672 per the Pay Setting Guidelines

SALARY INFORMATION: Candidate's Current Salary, Internal Salary Analyses, Proposed Salary

Use the Pay Setting Guidance above (See Sections 2-4 for more detailed information). Complete the entire Worksheet before determining the appropriate "Proposed Salary" to ensure a thorough comparison with all relevant Pay Setting Factors.

Candidate's Current Salary	Internal Salary Data of Incumbent(s) in Same or Similar Position(s) ⁽¹⁾	PROPOSED SALARY (including Local Market Supplement)
Total Annual Salary: N/A, last salary \$37,893 (Includes Base Salary + Locality/Geographic Pay; Exclude Bonuses, Awards, Lump-Sums Amounts) Mgr's Note: Candidate previously was a GS-203-7 but has been out of workforce for the last 3 yrs; overall, has 9+ years of direct federal personnel assistance experience Years of Relevant Experience: 9.0+	Average Salary: \$40,290 Number of Incumbents: 3 Highest Salary: \$43,020 Lowest Salary: \$37,933 Average Years in Position: 2.4	New NSPS Salary: \$42,500 % Difference: 12.2% (from Current Salary) Is Salary Offer Within: - Unit/Org/Dept Salary Budget? <input checked="" type="radio"/> Y / N - Pay Setting Guideline? <input checked="" type="radio"/> Y / N ⁽²⁾
For External, Non-Federal, New Hire Candidates Only Prior to Committing to a Proposed Salary, Factor in the "Total Remuneration (R) Perspective" and/or the use of any Recruitment Incentive or Relocation Incentive. Yes, has been considered. Candidate is a former federal, non-DoD employee returning to the workforce and will resume federal benefits		Was the "Total R Perspective" Considered and Emphasized, Especially the Value of FEHB, Leave Programs, etc? <input checked="" type="radio"/> Y / N If This Salary Offer Includes any Recruitment or Relocation Incentive, Indicate the Amount(s): None

The proposed salary of \$42,500 is a reasonable offer given:

- The salary is approximately 12.2% higher than the candidate's last annual salary
- The candidate's 9.0+ years experience as a former Personnel Assistant in the federal government is still relevant and directly applicable to this position
- The manager incorporated the Total R perspective but it was not factored into the salary offer as the employee will resume federal benefits
- Is consistent with an analysis of internal equity
- Showcases the flexibility of NSPS to extend the "right pay at the right time" as the manager was able to "credit" this candidate's prior federal experience and offer a commensurate salary amount higher than the salary levels of current staff who individually have less experience

¹ Unit or Department Job Code Average
² If the "Proposed Salary" is not within

Scenario 1, Example 1C

NSPS Salary Determination Process

ASSESS THE CANDIDATE'S JOB-RELATED EXPERIENCE, TRAINING, AND SKILL/COMPETENCY

Indicate the Candidate's:

Education Level and/or Degree(s): HS Diploma Years of Relevant Experience: 9.0

List Relevant Training (Licenses, Certifications, etc): _____

Place an "X" in the Appropriate Level of Job-Related Experience, Education, Training, and Skill Levels/Competencies of the Candidate. Consider the full range of the Candidate's breadth, depth, and scope of relevant job duties, responsibilities, and complexity.

<i>Candidate's Employment History Indicates</i>	<i>Education</i>	<i>Training</i>	<i>Competencies (Knowledge, Skills, Abilities)</i>	<i>Breadth, Depth, and Scope of Relevant Job Experience</i>
Minimum Position Levels				
Exceeds Minimum Position Levels				
Prior Direct Experience, Can "Hit the ground running"	X			
Possesses Unique Skills Critical to Unit/Agency/ Department (Identify)		X	X	X

IF PROPOSED SALARY IS NOT WITHIN GUIDELINES

Check only those pay factors that were considered in reaching this pay decision and provide appropriate justification.

<i>Pay Factors</i>	<i>Notation on Salary Determination</i>
Critical Agency Business Need	<div style="border: 1px solid black; padding: 10px;"> <p>The proposed salary of \$42,500 is in line with an analysis of internal equity:</p> <ul style="list-style-type: none"> • The candidate possesses competencies and skills that will allow the candidate to more than "hit the ground running," as the candidate's previous federal experience doesn't require any additional training and also provides the candidate with in-depth knowledge of federal personnel policies, processes, and requirements • While the salary offer is higher than the average salary of the current staff members, it is justified given the candidate's employment history that includes more years of applicable work experience and a previous annual salary of \$37,893 • As this salary offer is within the Pay Setting Guidelines, even though it is higher than all current salary amounts, there is no need for the manager to either write a justification or seek approval from management officials </div>
Current Salary/Salary History	
Relevant Work Experience	
Education Levels	
Training	
Competencies	
Use of Any/All of the "3 Rs"	
Other (Describe)	

The proposed salary of \$42,500 is in line with an analysis of internal equity:

- The candidate possesses competencies and skills that will allow the candidate to more than "hit the ground running," as the candidate's previous federal experience doesn't require any additional training and also provides the candidate with in-depth knowledge of federal personnel policies, processes, and requirements
- While the salary offer is higher than the average salary of the current staff members, it is justified given the candidate's employment history that includes more years of applicable work experience and a previous annual salary of \$37,893
- As this salary offer is within the Pay Setting Guidelines, even though it is higher than all current salary amounts, there is no need for the manager to either write a justification or seek approval from management officials

Attachment 3 *continued*

On the following pages are some sample pay setting scenarios and examples.

These examples should only be used as notional guidance; it is your responsibility to use your best judgment in establishing appropriate pay levels, supported by objective, business need(s) and rationale.

To simplify and equalize all the pay setting scenarios, the duty station location is in Washington, DC. As such, all NSPS salary range minimums, maximums, and/or General Schedule (GS) salary rates (if used) reflect the 2006 GS rates in the Washington, DC area. For a copy of the 2006 GS salary rates in Washington, DC, use this link:

http://www.opm.gov/oca/06tables/pdf/DC_B.pdf

Scenario 2 – Scientific & Engineering Career Group, Pay Band 2 Positions

- Component/Agency Background Information
 - Position to be filled is a Mechanical Engineer, Occupation Code 830
 - NSPS Scientific & Engineering Career Group, Pay Schedule YD, Pay Band 2
 - Former GS-Equivalent Position: GS-830-12
 - Currently have 4 staff on-board in the same position, with:
 - an average salary of \$76,598
 - an average time-in-position of 3.3 years
 - **Standard Pay Setting Guidance for New Hires**
 - **Minimum Rate of Pay/Salary Offer:**
 - The Minimum Rate of the Appropriate Pay Band
 - **Maximum Rate of Pay/Salary Offer**
 - No higher than Step 1 of the former GS-grade equivalent plus an additional 30.0%.

See the following “Example NSPS Salary Determination Process” for:

Example 2A: Salary Offer for a Candidate with a BS Degree (M.E.), an MBA, and a Student Loan to Repay

Example 2B: Salary Offer for a Candidate with Prior Federal Government Experience

Example 2C: Salary Offer for a Candidate with Prior Private-Sector Experience and a Proposed Salary Amount that Requires Additional Justification Review and Approval(s)

Note: Data/Information in blue italics on the NSPS Salary Determination Process examples that follow are the relevant information used to highlight these examples.

Scenario 2, Example 2A

NSPS Salary Determination Process

Candidate Information	NSPS Job Information (to be filled)
Name: A. Anderson	Location: Washington, D.C. NSPS Position Title: Mechanical Engineer
Current Job Title: Mechanical Engineer	NSPS Pay Schedule/Occupation Code/Pay Band: YD-0830-2 Former GS-Grade & Series or Equivalent: GS-0830-12
Current NSPS Pay Schedule & Pay Band or GS-Series-Grade (if applicable): N/A	NSPS Salary Range: \$44,856 - \$100,554

Nature of Action (Check One)

Pay Setting Guidance (See Sections 2 – 4 for Specific Guidance)

- New Hire
New Hire pay may be set no higher than Step 1 of the former GS-Grade Equivalent plus 30.0% (up to the pay band maximum rate of pay)
GS-Grade Equivalent (enter step 1 amount):
GS 11/1 + 30.0% = (\$65,048 x 1.3) = \$84,562
- Promotion
Between 6.0% and 20.0%, Not to Exceed the NSPS Pay Band Maximum
- Reassignment
 - Voluntary
Either 1) Any Increase Between 6.0% and 20.0%, Not to Exceed the NSPS Pay Band Maximum OR 2) Any Increase Between 0% and 20.0%, Not to Exceed the NSPS Pay Band Maximum
 - Management Directed
Between 0% and 20.0%, Not to Exceed the NSPS Pay Band Maximum
 - Involuntary
Decrease Between 10.0% and 0%, Not Less than the NSPS Pay Band Minimum

Note: the Hiring Range is from the PB 2 Minimum of \$44,856 up to \$84,562 per the Pay Setting Guidelines

SALARY INFORMATION: Candidate's Current Salary, Internal Salary Analyses, Proposed Salary

Use the Pay Setting Guidance above (See Sections 2-4 for more detailed information). Complete the entire Worksheet before determining the appropriate "Proposed Salary" to ensure a thorough comparison with all relevant Pay Setting Factors.

Candidate's Current Salary	Internal Salary Data of Incumbent(s) in Same or Similar Position(s) ⁽¹⁾	PROPOSED SALARY (including Local Market Supplement)
Total Annual Salary: \$66,300 (Includes Base Salary + Locality/Geographic Pay; Exclude Bonuses, Awards, Lump-Sums Amounts) Years of Relevant Experience: 1.5	Average Salary: \$76,598 Number of Incumbents: 4 Highest Salary: \$84,410 Lowest Salary: \$67,479 Average Years in Position: 3.3	New NSPS Salary: \$74,000 % Difference: 11.6% (from Current Salary) Is Salary Offer Within: - Unit/Org/Dept Salary Budget? <input checked="" type="radio"/> Y / N - Pay Setting Guideline? <input checked="" type="radio"/> Y / N ⁽²⁾
For External, Non-Federal, New Hire Candidates Only Prior to Committing to a Proposed Salary, Factor in the "Total Remuneration (R) Perspective" and/or the use of any Recruitment Incentive or Relocation Incentive. Yes - offer included Student Loan Repayment, which also entails an "Employment Agreement" meaning that the candidate will be "locked-into" the federal government for the initial 3 years; was able to provide a slightly lower annual salary amount due to this.		Was the "Total R Perspective" Considered and Emphasized, Especially the Value of FEHB, Leave Programs, etc? <input checked="" type="radio"/> Y / N If This Salary Offer Includes any Recruitment or Relocation Incentive, Indicate the Amount(s): Recruitment \$: Relocation \$: Total \$: \$30,000 (Student Loan Repayment)

The proposed salary of \$74,000 is a reasonable, competitive offer given:

- Although the candidate was considering higher starting salary offers, since the manager incorporated the Total R perspective and provided the \$30,000 Student Loan Repayment "bonus," this swayed the candidate to join DoD
- Is consistent with an analysis of internal equity (see the next page)
- Showcases the flexibility of NSPS to extend the "right pay at the right time" as the manager provided a starting salary within the Spiral 1 Pay Setting Guidelines, which was more competitive than the traditional GS-12/1 (\$65,048) salary amount

on next page.

Scenario 2, Example 2A

NSPS Salary Determination Process

ASSESS THE CANDIDATE'S JOB-RELATED EXPERIENCE, TRAINING, AND SKILL/COMPETENCY

Indicate the Candidate's:

Education Level and/or Degree(s): BS, MBA Years of Relevant Experience: 1.5

List Relevant Training (Licenses, Certifications, etc): 4.0 GPA, Honors Program, Tier 1 ("top notch") Engineering School

Place an "X" in the Appropriate Level of Job-Related Experience, Education, Training and Skill Levels/Competencies of the Candidate. Consider the full range of the Candidate's breadth, depth, and scope of relevant job duties, responsibilities, and complexity.

Candidate's Employment History Indicates	Education	Training	Competencies (Knowledge, Skills, Abilities)	Breadth, Depth, and Scope of Relevant Job Experience
Minimum Position Levels		X		X
Exceeds Minimum Position Levels	X			
Prior Direct Experience, Can "Hit the ground running"				
Possesses Unique Skills Critical to Unit/Agency/ Department (Identify)			X - MBA	

IF PROPOSED SALARY IS NOT WITHIN GUIDELINES

Check only those pay factors that were considered in reaching this pay decision and provide appropriate justification.

Pay Factors	Notation on Salary Determination
<input type="checkbox"/> Critical Agency Business Need	<p>Offer includes a \$30,000 Student Loan Repayment provision, which also requires the candidate to sign a 3-year employment agreement, and is the "deal-maker" for the candidate to join DoD</p>
<input type="checkbox"/> Current Salary/Salary History	
<input type="checkbox"/> Relevant Work Experience	
<input type="checkbox"/> Education Levels	
<input type="checkbox"/> Training	
<input type="checkbox"/> Competencies	
<input type="checkbox"/> Use of Any/All of the "3 Rs"	
<input checked="" type="checkbox"/> Other (Describe)	<p>The proposed salary of \$74,000 is a reasonable, competitive offer given:</p> <ul style="list-style-type: none"> • The candidate's unique educational background features a top-GPA from a Tier 1 school and an MBA <ul style="list-style-type: none"> - The MBA, in addition to the candidate's technical M.E. knowledge, is consistent with the Department's human capital strategy of hiring/developing a workforce that is more agile and flexible with a deeper, cross-functional business perspective - Note: determination of a "top-notch" school may vary depending on the field of study and/or degree • Although the starting salary offer nearly equals the current staff average salary, it is justified since the candidate already possesses an MBA that enriches and broadens the candidate's competencies and is relevant to the manufacturing processing responsibility of the position • Note: the "Notation" section was completed for further review/approvals(s)

Scenario 2, Example 2B

NSPS Salary Determination Process

Candidate Information	NSPS Job Information (to be filled)
Name: M. Mavis	Location: Washington, D.C. NSPS Position Title: Mechanical Engineer
Current Job Title: Mechanical Engineer	NSPS Pay Schedule/Occupation Code/Pay Band: YD-0830-2 Former GS-Grade & Series or Equivalent: GS-0830-12
Current NSPS Pay Schedule & Pay Band or GS-Series-Grade (if applicable): GS-0830-11/6	NSPS Salary Range: \$44,856 - \$100,554

Nature of Action (Check One)

Pay Setting Guidance (See Sections 2 – 4 for Specific Guidance)

- New Hire**
New Hire pay may be set no higher than Step 1 of the former GS-Grade Equivalent plus 30.0% (up to the pay band maximum rate of pay)
GS-Grade Equivalent (enter step 1 amount):
GS 11/1 + 30.0% = (\$65,048 x 1.3) = \$84,562
- Promotion**
Between 6.0% and 20.0%, Not to Exceed the NSPS Pay Band Maximum
- Reassignment**
 - Voluntary
Either 1) Any Increase Between 6.0% and 20.0%, Not to Exceed the NSPS Pay Band Maximum
OR 2) Any Increase Between 0% and 6.0%, Not to Exceed the NSPS Pay Band Maximum
 - Management Directed
Between 0% and 6.0%, Not to Exceed the NSPS Pay Band Maximum
 - Involuntary
Decrease Between 10.0% and 0%, Not Less than the NSPS Pay Band Minimum

Note: the Hiring Range is from the PB 2 Minimum of \$44,856 up to \$84,562 per the Pay Setting Guidelines

SALARY INFORMATION: Candidate's Current Salary, Internal Salary Analyses, Proposed Salary

Use the Pay Setting Guidance above (See Sections 2-4 for more detailed information). Complete the entire Worksheet before determining the appropriate "Proposed Salary" to ensure a thorough comparison with all relevant Pay Setting Factors.

Candidate's Current Salary	Internal Salary Data of Incumbent(s) in Same or Similar Position(s) ⁽¹⁾	PROPOSED SALARY (including Local Market Supplement)
Total Annual Salary: \$63,320 (Includes Base Salary + Locality/Geographic Pay; Exclude Bonuses, Awards, Lump-Sums Amounts) Years of Relevant Experience: 2.9	Average Salary: \$76,598 Number of Incumbents: 4 Highest Salary: \$84,410 Lowest Salary: \$67,479 Average Years in Position: 3.3	New NSPS Salary: \$72,000 % Difference: 14.8% (from Current Salary) Is Salary Offer Within: - Unit/Org/Dept Salary Budget? <input checked="" type="radio"/> Y / N - Pay Setting Guideline? <input checked="" type="radio"/> Y / N ⁽²⁾
For External, Non-Federal, New Hire Candidates Only N/A Prior to Committing to a Proposed Salary, Factor in the "Total Remuneration (R) Perspective" and/or the use of any Recruitment Incentive or Relocation Incentive.		Was the "Total R Perspective" Considered and Emphasized, Especially the Value of FEHB, Leave Programs, etc? <input checked="" type="radio"/> Y / N If This Salary Offer Includes any Recruitment or Relocation Incentive, Indicate the Amount(s): _____ _____ _____

The proposed salary of \$72,000 is a reasonable, competitive offer within the Pay Setting Guidelines given:

- Recognizes and credits the candidate's 2.9 years of directly related and applicable experience
- Is consistent with an analysis of internal equity
- Showcases the flexibility of NSPS to extend the "right pay at the right time" as the manager provided a starting salary within the Spiral 1 Pay Setting Guidelines without further review/approval of the salary offer

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Scenario 2, Example 2B

NSPS Salary Determination Process

ASSESS THE CANDIDATE'S JOB-RELATED EXPERIENCE, TRAINING, AND SKILL/COMPETENCY

Indicate the Candidate's:

Education Level and/or Degree(s): BS, MS Years of Relevant Experience: 2.9

List Relevant Training (Licenses, Certifications, etc): _____

Place an "X" in the Appropriate Level of Job-Related Experience, Education, Training, and Skill Levels/Competencies of the Candidate. Consider the full range of the Candidate's breadth, depth, and scope of relevant job duties, responsibilities, and complexity.

<i>Candidate's Employment History Indicates</i>	<i>Education</i>	<i>Training</i>	<i>Competencies (Knowledge, Skills, Abilities)</i>	<i>Breadth, Depth, and Scope of Relevant Job Experience</i>
Minimum Position Levels				
Exceeds Minimum Position Levels	X	X		
Prior Direct Experience, Can "Hit the ground running"			X	X
Possesses Unique Skills Critical to Unit/Agency/ Department (Identify)				

IF PROPOSED SALARY IS NOT WITHIN GUIDELINES

Check only those pay factors that were considered in reaching this pay decision and provide appropriate justification.

<i>Pay Factors</i>	<i>Notation on Salary Determination</i>
Critical Agency Business Need	<div style="border: 1px solid black; padding: 5px;"> <p>The proposed salary of \$72,000 is a reasonable, competitive offer given:</p> <ul style="list-style-type: none"> • The candidate's has already obtained an MS degree, which in general makes the candidate a more-rounded, capable performer • Since the candidate has prior experience, he/she will be able to step right into the position </div>
Current Salary/Salary History	
Relevant Work Experience	
Education Levels	
Training	
Competencies	
Use of Any/All of the "3 Rs"	
Other (Describe)	

Scenario 2, Example 2C

NSPS Salary Determination Process

Candidate Information	NSPS Job Information (to be filled)
Name: S. Smith	Location: Washington, D.C. NSPS Position Title: Mechanical Engineer
Current Job Title: Mechanical Engineer II	NSPS Pay Schedule/Occupation Code/Pay Band: YD-0830-2 Former GS-Grade & Series or Equivalent: GS-0830-12
Current NSPS Pay Schedule & Pay Band or GS-Series-Grade (if applicable): N/A	NSPS Salary Range: \$44,856 - \$100,554

Nature of Action (Check One)

Pay Setting Guidance (See Sections 2 – 4 for Specific Guidance)

- New Hire**
New Hire pay may be set no higher than Step 1 of the former GS-Grade Equivalent plus 30.0% (up to the pay band maximum rate of pay)
GS-Grade Equivalent (enter step 1 amount):
GS 11/1 + 30.0% = (\$65,048 x 1.3) = \$84,562
- Promotion**
Between 6.0% and 20.0%, Not to Exceed the NSPS Pay Band Maximum
- Reassignment**
 - Voluntary
Either 1) Any Increase Between 6.0% and 20.0%, Not to Exceed the NSPS Pay Band Maximum OR 2) Any Increase Between 0% and 5%, Not to Exceed the NSPS Pay Band Maximum
 - Management Directed
Between 0% and 5%, Not to Exceed the NSPS Pay Band Maximum
 - Involuntary
Decrease Between 10.0% and 0%, Not Less than the NSPS Pay Band Minimum

Note: the Hiring Range is from the PB 2 Minimum of \$44,856 up to \$84,562 per the Pay Setting Guidelines

SALARY INFORMATION: Candidate's Current Salary, Internal Salary Analyses, Proposed Salary

Use the Pay Setting Guidance above (See Sections 2-4 for more detailed information). Complete the entire Worksheet before determining the appropriate "Proposed Salary" to ensure a thorough comparison with all relevant Pay Setting Factors.

Candidate's Current Salary	Internal Salary Data of Incumbent(s) in Same or Similar Position(s) ⁽¹⁾	PROPOSED SALARY (including Local Market Supplement)
Total Annual Salary: \$81,500 (Includes Base Salary + Locality/Geographic Pay; Exclude Bonuses, Awards, Lump-Sums Amounts) Years of Relevant Experience: 5.8	Average Salary: \$76,598 Number of Incumbents: 4 Highest Salary: \$84,410 Lowest Salary: \$67,479 Average Years in Position: 3.3	New NSPS Salary: \$86,500 % Difference: 6.1% (from Current Salary) Is Salary Offer Within: - Unit/Org/Dept Salary Budget? <input checked="" type="radio"/> Y / <input type="radio"/> N - Pay Setting Guideline? <input type="radio"/> Y / <input checked="" type="radio"/> N ⁽²⁾
For External, Non-Federal, New Hire Candidates Only N/A Prior to Committing to a Proposed Salary, Factor in the "Total Remuneration (R) Perspective" and/or the use of any Recruitment Incentive or Relocation Incentive.		Was the "Total R Perspective" Considered and Emphasized, Especially the Value of FEHB, Leave Programs, etc? <input checked="" type="radio"/> Y / <input type="radio"/> N If This Salary Offer Includes any Recruitment or Relocation Incentive, Indicate the Amount(s):

The proposed salary of \$86,500 is NOT within the Spiral 1 Pay Setting Guidance BUT is a reasonable, competitive offer given it:

- Recognizes and credits the candidate's 5.8 years of directly related and applicable experience
- Is consistent with an analysis of internal equity
- Showcases the flexibility of NSPS to extend the "right pay at the right time" as the manager was able to provide a more competitive starting salary that was still within the YD, PB 2 salary range maximum but provides room for future salary growth.
- The position has been vacant for 8 months and 4 candidates with wind-tunnel experience have previously rejected the job based on salary levels that were too low (highest previous offer was \$84,562-the maximum within the Guidelines)

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Scenario 2, Example 2C

NSPS Salary Determination Process

ASSESS THE CANDIDATE'S JOB-RELATED EXPERIENCE, TRAINING, AND SKILL/COMPETENCY

Indicate the Candidate's:

Education Level and/or Degree(s): BS Years of Relevant Experience: 5.8

List Relevant Training (Licenses, Certifications, etc): Responsible for all aspects of Wind-Tunnel performance

Place an "X" in the Appropriate Level of Job-Related Experience, Education, Training, and Skill Levels/Competencies of the Candidate. Consider the full range of the Candidate's breadth, depth, and scope of relevant job duties, responsibilities, and complexity.

Candidate's Employment History Indicates	Education	Training	Competencies (Knowledge, Skills, Abilities)	Breadth, Depth, and Scope of Relevant Job Experience
Minimum Position Levels	X			
Exceeds Minimum Position Levels				
Prior Direct Experience, Can "Hit the ground running"				
Possesses Unique Skills Critical to Unit/Agency/ Department (Identify)		X	X	X

IF PROPOSED SALARY IS NOT WITHIN GUIDELINES

Check only those pay factors that were considered in reaching this pay decision and provide appropriate justification.

Pay Factors	Notation on Salary Determination
<input checked="" type="checkbox"/> Critical Agency Business Need	<p>Due to the candidate's current salary level and salary history and combined with the candidate's unique skill which is a critical shortage in DoD, it is recommended that a starting salary of \$86,500 be approved. This represents a salary increase of about 6.1% but is still within the Pay band 2 salary range maximum. In addition, the position has been vacant for 8 months and 4 other candidates previously rejected the position due to salary levels that were deemed too low.</p>
<input checked="" type="checkbox"/> Current Salary/Salary History	
<input checked="" type="checkbox"/> Relevant Work Experience	
Education Levels	
Training	
Competencies	
Use of Any/All of the "3 Rs"	
Other (Describe)	<p>The proposed salary of \$86,500 is a reasonable, competitive offer given:</p> <ul style="list-style-type: none"> • The candidate is uniquely qualified given his/her full knowledge and range of responsibility for the entire wind-tunnel operation that is directly related to the position • Although the starting salary offer is higher than all current staff members, the salary level recognizes the importance of the candidate's ability to fully operate and be responsible for wind-tunnel operations, which none of the current staff members are able to do



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