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# Understanding the Core Compensation Plan

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*October 1999*



U.S. Department  
of Transportation  
**Federal Aviation Administration**

To: All FAA Employees  
From: Administrator  
Subject: FAA's New Core Compensation Plan

As I announced in June, we are expanding the Core Compensation Plan throughout the agency. In April 2000, all non-bargaining unit employees will be covered by the plan, which to date has been piloted within our Research and Acquisitions (ARA) organization. The Core Compensation Plan will also serve as the basis for agency negotiations with unions representing FAA employees.

The Management Board and I are committed to successful implementation of the core plan. We recognize that the core plan presents many opportunities and challenges. However, we strongly believe the opportunities outweigh the challenges, and that is why we are moving forward.

The core compensation plan will allow us as an agency to recognize, reward, and encourage individual contributions and organizational success. I know many of you are concerned that it will be a challenge for managers, employees, and executives as the agency shifts from such a familiar compensation system to one whose elements seem so different. That is natural. Changing pay is a very sensitive issue.

However, I firmly believe we are up to the task. We are an extraordinary agency of competent, talented, dedicated people. It is up to us to continue as the global leader in aviation by maintaining our organizational success and recognizing our fellow FAA'ers for their contributions toward achieving that success.

I encourage you to review this brochure and to take advantage of other opportunities to learn more about the core plan: for example, attend briefings, visit the new web site (<http://www.faa.gov/corecomp/>), and talk with your managers and your organization's implementation team members.

Jane F. Garvey

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# What is the Core Compensation Plan?

- FAA's new Core Compensation Plan is a strategic management tool that links individual and organizational contributions to the achievement of organizational goals. It will be implemented widely throughout FAA in April 2000.
- The core plan is:
  - Results-oriented. All pay changes are linked to individual growth, performance, and organizational success.
  - Market-based. The core plan is linked to the external market to ensure a competitive, but appropriate and affordable salary structure.
  - Tool-focused. Tools will be used to help managers make compensation decisions to support their organizations' goals and values.
  - Business-focused. Each part of the plan is designed to support overall FAA and organizational goals.
- The new structural elements include job categories, career levels, and pay bands. These elements are described below in more detail.
- Specialized compensation plans, based on the core plan, may be developed to address unique business needs for individual segments of our work force. It is important to note that the specialized pay plans must share the same underlying framework of the new compensation system, and they must be reviewed by the Compensation Committee and approved by the Administrator.

***Question: What's wrong with the current compensation system?***

***Answer:***

*Unlike the existing Governmentwide compensation system, the Core Compensation Plan allows us the flexibility to address issues unique to FAA. For example, it will help make our employees' pay opportunities more competitive with other organizations, allow us to attract and retain people with critical skills, and ensure that our compensation decisions are based on FAA's needs and goals. More importantly, it will support our commitment to become a more results-oriented and customer-driven agency, and it will allow us to encourage and reward good performance at the organizational and individual levels.*

## **Each Job Series is Assigned to a Job Category**

Under the core compensation plan, job series are grouped together into job categories, based on the nature of the work and pay in the external marketplace. There are nine job categories:

Administrative Support	Paraprofessional	Student
Clerical Support	Professional	Technical
Engineering	Specialized	Technical Support

In most cases, the FAA will continue to use existing job series. A few series will be consolidated into other, broader series.

The Internet lists the changes to the job series and also identifies the job series

assigned to each job category at <http://www.faa.gov/corecomp/appendx3.htm>.

### **Each Job Category has a Standard Number of Levels**

Within each category, there are a standard number of career levels reflecting increasing degrees of responsibility and complexity. The number of levels in each category is shown below:

Category	Career Levels (non-managerial)
Student	3
Clerical Support	3
Admin. Support	3
Technical Support	3
Paraprofessional	3
Professional	5
Technical	5
Engineering	5
Specialized	Varies by Job Series

### **Each Career Level is Assigned to a Pay Band**

The current 15-grade pay schedule is being replaced with 12 broad pay bands. The bands have substantially wider ranges of pay opportunities, and the bands do not have steps. Each career level is assigned to a pay band. The job categories and career levels are assigned to pay bands as follows:

Pay Bands											
Category	B	C	D	E	F	G	H	I	J	K	L
Student	Lvl 1	Lvl 2	Lvl 3								
Clerical Support		Lvl 1	Lvl 2	Lvl 3	Mgr1	Mgr2					
Admin. Support			Lvl 1	Lvl 2	Lvl 3	Mgr1	Mgr2				
Technical Support				Lvl 1	Lvl 2	Lvl 3	Mgr1	Mgr2			
Paraprofessional					Lvl 1	Lvl 2	Lvl 3	Mgr1	Mgr2		
Professional					Lvl 1	Lvl 2	Lvl 3	Lvl 4	Lvl 5		
Technical						Lvl 1	Lvl 2	Lvl 3	Lvl 4	Lvl 5	
Engineering						Lvl 1	Lvl 2	Lvl 3	Lvl 4	Lvl 5	
Specialized	Varies by Job Series										

## **Each Pay Band has a Maximum and Minimum**

Pay band minimums and maximums will be reviewed and adjusted annually. The 1999 pay bands are:

Pay Band	Minimum	Maximum
A	\$14,300	\$20,800
B	\$16,400	\$23,800
C	\$18,500	\$27,800
D	\$21,300	\$32,000
E	\$24,500	\$36,800
F	\$28,100	\$42,200
G	\$32,500	\$50,400
H	\$39,400	\$61,100
I	\$47,600	\$73,700
J	\$57,600	\$89,300
K	\$69,700	\$108,000
L	\$83,600	\$129,600

Locality pay is not included in these pay bands. Locality pay continues to be provided in addition to base pay.

### ***Question: How are the pay bands set?***

#### ***Answer:***

*We analyze market data to determine the pay bands. The market data are obtained through market surveys, which involve comparing the nature of work and the pay levels for jobs within FAA to similar jobs within industries and organizations with which we compete for employees.*

*Each job series is compared to our primary labor market and potentially to a secondary labor market as well.*

*FAA's primary labor market is the aerospace and airline industries. These industries represent key clients/customers, and they employ skills similar to ours.*

*Secondary labor markets are used for most job series to incorporate data from a broader set of industries. Secondary labor markets include, but are not limited to, high technology, health care, biotechnical, other Federal agencies, and cross-industry (all public and private sector industries combined).*

*At FAA we have very high standards for determining what market surveys will be used. In addition, market surveys are administered by a "third party" -- a company that conducts surveys for a living.*

*We will continue to participate in and purchase only the highest quality and most relevant surveys available to us.*

# How Will My Pay Change in April 2000?

## Each Employee is Assigned to a Pay Band

The table below shows how current grade levels translate into career levels for the different job categories:

Grade-to-Level Assignments (non-managerial)					
Category	Level 1	Level 2	Level 3	Level 4	Level 5
Student	FG 1/2	FG 3/4	FG 5/7/9	--	--
Clerical Support	FG 1-4	FG 5/6	FG 7/8	--	--
Admin. Support	FG 3-6	FG 7/8	FG 9/10	--	--
Technical Support	FG 5/6	FG 7/8	FG 9/10/11	--	--
Paraprofessional	FG 7/8/9	FG 10/11	FG 12/13	--	--
Professional	FG 5/7/9	FG 11	FG 12	FG 13	FG 14/15
Technical	FG 5/7/9	FG 11/12	FG 13	FG 14	FG 15
Engineering	FG 5/7/9	FG 11/12	FG 13	FG 14	FG 15
Specialized	Varies by Job Series				

Job Documentation: New career level definitions have replaced position descriptions and classification guides. These identify the level and nature of work being performed for each level in each job category. The definitions also indicate the knowledge, skills, and other requirements necessary to perform the work at a given career level.

## A Within-Grade Buyout Is Added

Each employee moves into the new pay plan at their current pay rate, plus a Within-Grade Increase (WIG) buyout for employees below a step 10. Employees at step 10 do not receive a WIG buyout, because they are not eligible for a future WIG increase under the current pay system.

The WIG buyout is a pro-rated amount of pay that recognizes time served toward an employee's next expected within-grade increase. The WIG buyout is added to an employee's current pay rate, and it becomes part of the employee's new base pay. The formula to calculate the WIG buyout is:

$$\begin{array}{c}
 \text{Percent of WIG Earned} \\
 \frac{\text{Days Since Last WIG}}{\text{Days Between Scheduled WIG's}}
 \end{array}
 \times
 \begin{array}{c}
 \text{Normal WIG Amount} \\
 \text{WIG Increase Dollar Amount} \\
 \text{(Excluding Locality Pay)}
 \end{array}
 =
 \begin{array}{c}
 \text{WIG Buyout} \\
 \text{Pro-Rated WIG} \\
 \text{Increase}
 \end{array}$$

## **Adjustments will be Made to Base Pay if Outside Pay Band**

Less than the minimum. If an employee's base pay after the WIG buyout is less than the pay band minimum, his/her base pay *will be increased* to the pay band minimum.

More than the maximum. If an employee's base pay after WIG buyout is higher than the pay band maximum, he/she will *retain that salary* (pay retention), regardless of the pay band maximum. These employees will receive future pay increases in lump sum payments, as long as the pay band maximum continues to be less than their retained pay amount.

Base pay will not be reduced. Converting to the core plan will not cause any employee's base pay to be reduced.

## **Locality Pay will be Added Where Applicable**

Locality pay will continue to be added to employees' pay, at Governmentwide rates.

***Question: How can I be sure what will happen to my pay at conversion?***

***Answer:***

*Before you are converted to the core plan, you will receive a conversion sheet through your manager.*

*Your conversion sheet will identify your job category, pay band, within-grade buyout amount, any appropriate locality pay, and the total new salary. These factors are based on your grade, series, step, and geographic location at the time of conversion.*

# How Will My Pay Change in the Future?

## Annual Pay Changes

Upon implementing the core plan, current annual pay changes (annual General Increases, Within Grade Increases, and Quality Step Increases) will be eliminated.

The funds normally used to give employees the annual General Increase, Within-Grade Increases, and Quality Step increases will be reallocated to two new types of annual performance-based pay increases: Organizational Success Increases and Superior Contribution Increases.

- **Organizational Success Increase (OSI)**

The OSI is an annual increase to base pay given to employees, provided the FAA meets its performance goals.

Eligibility. Eligibility for the OSI requires an acceptable performance level, acceptable conduct, and 3 months service.

Amount of Increase. All employees who receive the OSI will get the same percentage increase to their base salary. The percent increase will vary from year to year. Assuming FAA meets its performance goals, the OSI will be **significantly higher** than the General Increase other Federal employees receive, because the OSI will include most of the funds previously spent on WIG's.

- **Superior Contribution Increase (SCI)**

The SCI is an additional increase available to employees who provide superior contributions to the organization. It is similar in concept to the Quality Step Increases available under the current pay system.

Eligibility. Individual organizations (lines of business or staff offices) will have SCI criteria in place, along with a structured process to identify the superior contributors. Managers will work in teams to apply the criteria/process and to determine the SCI recipients.

Amount of Increase. Employees who receive the SCI will get a base pay increase **in addition to** the OSI.

## Other Pay Changes

Additional new pay-setting policies are being established under the new core plan, and some pay-setting policies are being retained from the current system.

- **Promotions**

A promotion is a change to a higher pay band that results from a change in job series, job responsibilities, or employee competencies, skills, or abilities.

- **Reassignments**

A reassignment is a move from one job to another or from one organization to another, without a change in pay band.

- ***Demotions***

A demotion is a change to a lower pay band. At the time of a demotion, pay determinations may vary based on the circumstances.

- ***Competition***

*Formal* competition to fill new jobs is required when considering employees from a job category with lower level pay potential to one with higher pay potential or when considering employees with no supervisory experience for a supervisory position.

Employee movement to a new position in the same job category or to a job category with the same pay potential does not have to be competed formally.

Managers may elect to use competitive processes to fill any position. However, whether or not competition is used, selecting officials must justify that their selections are based on merit principles.

- ***New Employees***

Base salaries for newly hired employees may be set anywhere within the assigned pay band.

A base salary that is in the upper two-thirds of the pay range requires additional levels of approval.

## **Awards**

Cash awards and non-monetary awards will continue to be available to recognize individual contributions and accomplishments.

# How Can I Learn More ?

## **Discuss the Core Plan within your Organization**

Employees can talk with their organization's representative on the Corporate Core Compensation Implementation Team (CCCIT) and with their managers about the new core plan.

## **Attend Briefings**

Briefings on the core plan are being offered throughout the FAA.

## **Attend Training**

All managers and supervisors will be scheduled for training on the core plan beginning in the fall of 1999. Employees who will be covered by the core plan will be scheduled for training beginning this winter.

## **Ask Questions and Provide Feedback**

Employees can direct their questions and feedback through e-mail:

cc:Mail:	<a href="mailto:9-AWA-Compensation">9-AWA-Compensation</a>
Internet e-mail:	<a href="mailto:9-AWA-Compensation@faa.gov">9-AWA-Compensation@faa.gov</a>

## **Check the Web Sites**

Detailed information is now accessible on the Internet:

Internet web site:	<a href="http://www.faa.gov/corecomp/">http://www.faa.gov/corecomp/</a>
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