



January 10, 2001

To: All Non-Bargaining Unit Employees Covered
by Core Compensation

From : Glenda Tate, Assistant Administrator for
Human Resource Management, AHR-1

Subject: **Changes to the Superior Contribution Increase (SCI)**

As a major component of the Core Compensation Plan, the Superior Contribution Increase (SCI) is a base pay increase available to employees covered by the Core Compensation Plan in recognition of their individual contributions. The agency recently conducted the SCI process in the Office of Research and Acquisitions (ARA) and the Office of Information Services (AIO). The key lessons learned were that some aspects of the process worked well, while others did not.

Accordingly, the Compensation Committee recommended changes to the SCI process and the Administrator has approved them. These changes not only provide an opportunity for more employees to be recognized and rewarded, they also ensure that the integrity of the performance-based aspect of the system is maintained. The SCI changes are:

- 65% of the eligible workforce will receive an SCI, and there will be two categories of SCI, instead of just one. We made this decision because we want more top-performing employees to be rewarded for their individual contributions -- 65 % versus the previously planned 20%. The new SCI performance categories are:
 - *SCI-1* which provides the Organizational Success Increase (OSI), plus an additional 1.8% base pay increase to about 20% of the core compensation employees, and
 - *SCI-2* which provides the OSI, plus an additional 0.6% base pay increase to about 45% of the core compensation employees.
- The SCI criteria are being developed now and will be widely communicated once they are finalized. Managers will make SCI decisions using these criteria, along with decision tools, peer managers' review, and/or second-level reviews.
- Managers will practice the SCI process in the May-June 2001 timeframe and make real SCI decisions in October or November 2001, with payouts occurring in December 2001 or January 2002. This allows managers to receive the necessary training, get familiar with the SCI tools and process, and provide more feedback on the process before their decisions affect employees' pay.
- More information, briefings, and training on the SCI process will be provided to affected managers and Core Plan employees over the coming months.

I think it is important to remind ourselves that as an agency we are learning from our experience with this pay-for-performance system. We developed it, we own it, and we can make adjustments to it -- as we have just demonstrated with these changes to the SCI.

More information about Core Compensation can be found on the Core Compensation website at www.FAA.gov/corecomp/.