

# AFGE News for DoD Employees

## The NSPS Harmful Flaws You Should Know About

### 10 Reasons NSPS is Bad for You

1. The pay distribution process is not transparent.
2. You are rated by managers who don't work with you.
3. Your payout is not based on your real performance as ratings are forced into a bell curve.
4. Your share of money is given to somebody else because NSPS is budget neutral.
5. The amount of money put into different pay pools is decided arbitrarily. Even if you are a top performer, you might get less money simply because your pay pool has less money than others.
6. Two employees with identical ratings may not get the same raise and bonus.
7. The secret rating process takes time and you end up with less time to improve your performance for next year's payout.
8. Managers can promote whomever they want to higher level duties and authorize a pay raise of up to 5 % without competition. You might not even know there's a new position, let alone compete for it.
9. Because of pay caps, you are not reaching the top of your pay band, so the extra pay potential is just an illusion.
10. Your retirement benefits will be smaller because part of your payout each year may be a bonus instead of a raise. Bonuses are not counted toward retirement.



Although AFGE was able to convince Congress to make some changes for the better – such as guaranteeing each person 100% of the GS locality raise and 60% of the annual nationwide GS (COLA) raise (DoD insisted that the other 40% goes to the pay pool process.) – Congress could not overcome a veto threat by President Bush to end NSPS altogether. We must ask DoD employees to get involved to help end NSPS or make it a good and fair pay system for all employees.

All of the employees represented by AFGE are not yet under the NSPS pay system. Recently some employee groups already under NSPS have elected to be represented by AFGE.

**A New GAO report finds declining support among NSPS employees. Quoting a DoD's May 2007 survey of NSPS employees, the GAO said the percentage of NSPS employees who believe the system will have a positive effect on DoD's personnel practices declined from 40% in 2006 to 23% in 2007. The percentage of employees who agreed that their performance appraisal was a fair reflection of their performance declined from 67% in 2006 to 52% in 2007.**

“NSPS guidance may discourage rating officials from making meaningful distinctions in employee ratings because it indicated that the majority of employees should be rated at the “3” level on a scale of 1 to 5, resulting in a hesitancy to award ratings in other categories.”

– GAO report, *Human Capital: DoD needs to improve implementation of and address employee concerns about its National Security Personnel System* (September 2008)

## 1. NSPS is not transparent

The GS system is simple and transparent. In contrast, NSPS is very complicated with most key decisions made in the dark and kept secret. For example, how much money other pay pools receive, how much you receive in salary versus cash bonus, how much money a new job assignment might be worth, how large a raise your co-workers receive, who gets considered or selected for new jobs, the decision on your rating -- are all decisions that will be made behind closed doors under NSPS.

## 2. Who is rating your performance?

Not your supervisor. At the end of the rating year, your supervisor will meet with you to discuss your performance in general. Even though the supervisor has prepared your performance rating, the supervisor is not allowed to reveal it to you ever. Not then – not later. Instead, the recommendation goes to a group of pay pool managers who don't work with you and don't know your performance but can change your rating for their own reasons, including if there are too many high ratings. The “performance rating” that that group of managers gives you is the one that decides your rating, the number of shares, and the payout you get. In fact, your supervisor must rewrite a new justification for your new pay pool determined rating level before getting it to you.

## 3. Bell curve vs. performance

We would like to think that our performance rating would be based on our performance, but NSPS guidance indicates that the majority of employees should be rated at the 3 level on a scale of 1 to 5. Does that sound like pay for performance to you? It doesn't matter that the real ratings for the employees in your pay pool should be all 4s and 5s based on their real performance. The ratings created by the pay pool will look like a bell curve instead of your real performance. The pay pool payouts under NSPS in January 2008 looked a lot like a bell curve. This is just another example of how your “reward” is not based on your real performance.

## 4. Moving money from you to somebody else!

DoD has stated that NSPS is “budget neutral.” This means that DoD has to take salary dollars away from many employees in order to give it to others. Which end will you be on? Considering the fact that your payout does not necessarily reflect your performance, there is no reason to believe you will receive the fair share of money you deserve.

## 5. Moving your fair share of pay pool dollars to another pay pool!

Behind closed doors, somebody will decide which pay pools will get less money from the big pie so other favored pay pools will get more. We are concerned that those pay pools at command headquarters and the Pentagon where higher level managers reside will get some of your fair share of the money. So even if you are a top performer, you might get less money simply because your pay pool has less money.

## 6. Are all pay pool shares the same?

DoD would say yes. Each share gets a fixed value of the pay pool you are in, but at each rating level, you can receive a higher or lower number of shares. For example, Level 3 employees get either one or two shares. It's up to the pay pool managers to decide.

Plus, the shares can be any mix of a salary raise or a cash bonus. So two different employees rated Level 3 can get a different number of shares and their shares can have very different values because the raise they receive will remain in their paychecks forever while a cash bonus is a one time payment.

## 8. The end of merit system promotions

With postings, applications, rating panels and selection procedures, what we know as the merit promotion process for non-supervisory positions no longer exists. Instead, under NSPS, a supervisor can reassign an employee to higher level duties within a pay band and authorize a salary increase of up to 5 % without competition. Other employees may not even realize there's a new position, let alone compete for it. This becomes an open door to favoritism, discrimination, and political influence.

## 10. Smaller retirement benefits

Since part of your payout each year may be a bonus instead of a pay raise, your high-3 average salary may be lower and your retirement payments will be lower.

**ACT  
NOW!**

## 7. Performance cycle may hurt you

Your annual work plan is supposed to be 12 months. Then you meet with your supervisor on October 1. Your supervisor tells you that you are doing great, but he or she can't give you the performance rating. Based on this conversation, you believe you will be a top performer, a Level 5. You will receive your performance rating about three months later with the final payout decisions of the pay pool. But instead the pay pool determined you were a Level 3. Now your supervisor must figure out a new work plan for you to improve to get a Level 5 next year. Instead of having the full 12 months to meet the standards, you now have only nine months. Is that fair? Is it fair your supervisor may not know what it will take for you to be a Level 5?

## 9. What is a control point?

Many people believe that being in a pay band will be good because the top salary is higher than their old grade. This is a big selling point made by DoD. But what DoD has not talked about much are "control points." Control points are like salary caps within the band for various positions. Control points are meant to prevent you from reaching the top of the band if your position has a lower value. In fact, they could be placed anywhere in the band capping your top salary at less than the top of your old grade step 10. The extra pay potential may all be an illusion.

## Solution

NSPS is very complicated, very secret, and potentially harmful to your future income. The system has other flaws we have not even discussed here. We need all DoD employees to join AFGE's effort to fix all the problems in NSPS or end it altogether.

**Join with your co-workers. Contact your senator and representative and ask them to block NSPS now!**

**If you are not an AFGE member, join now and join our campaign to stop this harmful system.**

