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Pay for Performance Position Paper from Federally Employed Women

Overall Position:

By virtually a two-to-one ratio, the members of Federally Employed Women (FEW), in a recent survey, overwhelmingly expressed their discontent with current pay-for-performance personnel systems. While they concurred that there were some beneficial reasons, in theory, to support these types of systems, current attempts in the federal government to implement them have been woefully inadequate according to the survey results.

Survey responses and feedback tended to fall under several categories outlined below. These responses, issues and suggestions were all submitted by FEW members. While not every single response was included, all which were deemed possible and cited by several respondents are included in this paper.

Most importantly, FEW asks that any system include the spirit and intentions of the Equal Employment Opportunity (EEO) laws. Women employed in the federal workforce have expressed concerns about job security, career progression and the future of EEO and diversity programs under several proposed personnel programs.

Pros About Pay-for-Performance

FEW members did cite some benefits of pay-for-performance systems. A pay-for-performance system usually does require employees and supervisors to sit down annually to evaluate organization mission statements and figure out objectives that allow employees to know exactly how their job fits into mission fulfillment. Another obvious and important benefit is that employees are rewarded for their work, not for longevity in a particular position. Employees are paid according to the work they perform, and those not performing do not receive bonuses or raises. Hard work deserves better pay.

Finally, such a system encourages workers to do a good job and serves as an incentive for employees who have become complacent to improve their work habits. It creates competition in the workforce and forces managers to look at their employees' work more closely. Under the General Schedule (GS) System, employees doing very little work are still receiving a bonus and expecting a raise despite their lackluster performance.

Cons About Pay-for-Performance

In a world with perfect supervisors and clearly defined and measurable duties, pay-for-performance would be the best system. However, in the real world, supervisors are not perfect and some duties are not adequately defined or measured.

• **Too Much Discretion Given to Untrained Managers**

By far, the biggest criticism about a pay-for-performance personnel system is that managers are given extremely too much discretion in evaluating employees when they are not yet fully trained in how to remain objective during the reviewing process. In many instances it was reported that supervisors simply rated all their employees as “average” because they did not have the training or expertise to adequately document different levels of performance. This average rating meant that employees would be lucky to receive a salary increase higher than the cost-of-living increase for that year.

Another related problem is what happened with the National Security Personnel System (NSPS) during the transition years. Under the GS system, the way to obtain a higher grade was to move into supervisory ranks even if this was not a special strength of that individual employee. NSPS sought to solve that by creating pay bands where people who were good at doing their jobs could move to the highest bands based on their subject matter skills and would be able to get higher level positions without becoming supervisors. Other employees who may not have been as good at the various job skills, but who did have a real flair with supervision, could go in that direction and also move to higher pay bands.

However, in the transition years, employees with no skill at supervision were transferred into the supervisory pay bands under NSPS. In theory, NSPS offered options for people in this category to convert to non-supervisory positions; yet this did not happen. What did result was that when the agency converted from GS to NSPS, it placed a lot of people in supervisory positions who would no longer choose to be there though there was no way to realign them. Any pay-for-performance plan will have to address the issue of supervisory positions and how to handle holdover supervisors in the transition years because pay-for-performance will not work unless there are supervisors who are willing and able to implement the system.

There is also a problem of favoritism which was frequently cited in the FEW member surveys. Too often, they asserted, a good rating depended not on whether employees did the job, but if the manager liked them. Some type of accountability mechanism must be developed to ensure that all employees are being treated fairly. For example, supervisors need to justify their ratings of individuals with specific examples.

FEW's Solution:

All federal agencies must incorporate effective safeguards to ensure that the management of the pay system is fair and equitable. A major concern of our members is whether managers have the ability and background to assess employees' performance fairly. Furthermore, training in the personnel system for all managers and supervisors must be required of all agencies. The biggest problem with implementing a new personnel system is that, in many cases, those who are in charge of implementing it, in many cases, have no idea how to do so. The Office of Personnel Management (OPM) must require agencies to provide some type of training (either onsite or offsite) for its supervisors and managers.

Another safeguard to ensuring the system is fair to all employees, in addition to proper manager training, is to have independent reviews of performance management decisions. Neutral parties with expertise in the personnel system should conduct these reviews. OPM should create or authorize the creation of an independent Board of personnel experts to review evaluations that are appealed by employees. The appeals must not and cannot be heard and reviewed by the same agency that wrote the review.

In addition, FEW highly encourages Congress to require that a statistical program based on race and gender be established that would track which employees are receiving raises, bonuses and higher salaries. Already there is a slow trend away from collecting employment data based on gender. Yet if the government moves to a new personnel system, then it is absolutely essential that as much data as possible be collected on employment trends and advancements. It is essential that it be closely monitored whether compensation is becoming biased against women or minorities as any new pay system is implemented.

Gathering data would also serve as an oversight mechanism for reviewing an agency's track record in awarding bonuses, raises and promotions. Currently there is no true enforcement tool to measure whether supervisors are being fair in their personnel decisions and therefore they have no incentive to do the best job they can. The statistics would show if certain agencies were only offering raises and bonuses to a certain demographic or group of employees at the expense of other groups (i.e., women, minorities, disabled, etc.)

Furthermore, employees should be given a performance plan that is specific to their job responsibilities. This plan should clearly state expectations for employees' goals to be achieved whereby both managers and employees will fully understand what is expected in order for employees to receive a raise, bonus or promotion. While we fully understand an individualized performance plan for each employee would add to the workload of supervisors, we offer the following suggestion.

Most agencies have generic performance plans for most positions. These could still be used in most cases. However we would strongly suggest that in each of these plans an addendum section be required to detail those job responsibilities and expectations for individual employees. This additional section could even be written by the employees to be approved by the supervisor, which would allow individuals to move towards their ideal job. This also would be a unique way for employees to better understand and find ways they can contribute to the overall mission of their employer and organization for which they work.

Another problem cited by some of our members, aside from the misunderstanding issue, is that of supervisors being inundated all at once with the task of completing evaluations and performance reviews. Raters have to rate too many people all at one time and therefore cannot spend the time necessary to truly consider, evaluate and effectively write up a performance review. Some of our FEW members suggested that OPM develop a system whereby performance reviews are completed throughout the entire year rather than at one specific time of year. For example, one of our members pointed out, in the past evaluations were conducted on employees' anniversary date or the date they were hired.

- **No Written Guidelines**

Neither managers nor employees are provided federal government-wide standardized written guidelines on how to implement and manage a pay-for-performance personnel system. Because of this lack of guidance, much of the evaluation process is based on subjectivity. The evaluation results are being based on a supervisor's impression of performance and/or of the employees, rather than the quantified value of their performance.

In addition, there is no accepted way to measure performance in employee assessments. Taking this a step further, managers need to somehow be held accountable for developing and evaluating accurate job descriptions, assessments and performance evaluations.

FEW's Solution:

First and foremost, agencies must be required to submit a written implementation plan, subject to input from stakeholders and approval by OPM, outlining how that agency will run its pay-for-performance systems. Furthermore, managers must prove they understand how to implement the reforms in a fair and non-biased manner.

Agencies should also be required to develop a comprehensive communications strategy and program that provides for ongoing, meaningful two-way communication and allows for shared expectations among employees, employee representatives and stakeholders. It is essential that employees be involved in the design and implementation of the pay system for it to succeed.

• Pay Pool Panels Do Not Know the Workers They Are Rating

In many cases, a major problem with the pay pool panels is that those serving on the panel do not even know the federal employees they are rating. Therefore, if their supervisors are not effective public speakers or very persuasive about their employees being rated, then those employees' bonuses or raises will be jeopardized. The employee has little influence with these judges.

FEW's Solution:

Ultimately, the evaluation review should include input from more people than just the immediate supervisor who should not be the primary (and in some cases sole) evaluator of those they manage. Rather they should be a contributor to the evaluation along with peers, subordinates, superiors, customers and the employees themselves. While many agencies do include these additional sources, some agencies do not. The inclusion of feedback from the employees and others impacted by their work must be **required** to be included in the packet sent to the pay pool panel so that they can better know and understand the employees' contribution to the mission of that agency.

• System Relies Too Much on Writing Skills and High Profile Projects

Another problem with many pay-for-performance systems currently practiced is that they penalize individuals that do not have good writing skills. For example, because pay pool panel judges in most cases do not know the employees, they have to base their decisions primarily on the written document that describes the employees' accomplishments. In reality, whoever is the best writer, not necessarily the best performer gets more pay points.

In addition, the system tends to reward only those employees in high-profile projects while ignoring the staffers who provide important services on completing the everyday responsibilities needed to ensure federal agencies continue running smoothly and accomplishing essential services for the American public. Individuals who "sell" themselves well are going to get a better rating than those who quietly perform their job well on a regular basis.

FEW's Solution:

Each agency must provide training to managers and employees on how to write effective goals. This could be as simple as a couple of hours in a classroom-setting or entire departments could receive the training all at once.

FEW would also suggest that the government adopt a practice used in many schools in our nation for children who have trouble with writing skills. There should be a mechanism whereby employees and/or supervisors could submit the evaluation and review to the panel judges in the form of an oral statement, using simply a CD played from a computer.

- **Pay Pool Funds Limited Leading to Competition Among Team Members**

Pay pool funds are very limited in many agencies and many managers subtract bonus money from the pay pool which results in less money being available for pay raises. Therefore there are only a certain number of points available leading co-workers to become competitive against each other for that small pot of funds instead of working together as a team.

FEW's Solution:

Performance bonuses should be a separately budgeted line item. Furthermore FEW recommends that there should be mandatory funding levels for the pay pool in every federal government agency's budget to ensure consistency for all federal workforces.

- **Pay Bands Too Limiting**

One last issue that FEW wants to make decision-makers aware of is a problem with the pay bands. Most of the career groupings have three different bands that correspond roughly to the old GS scale. One is the entry level corresponding roughly to GS1-7; the second is the mid-level corresponding roughly to GS8-13; and the third is the expert level corresponding roughly to GS14-15. Employees in the second pay band could in many cases spend an entire career in one band with no promotions. Condensing the GS1-15 scale into pay bands with only three levels flattens it out too much.

FEW's Solution:

There needs to be more granularities in the bands so that people have the chance to get promoted between them. There needs to be promotional opportunities in place to make the personnel system work and be embraced by the employees.

Many FEW members pointed out another fairness/incentive problem that should be at least considered by OPM. Many of these personnel systems have a complicated formula that determines which part of one's salary increase will be in the form of a bonus versus a salary increase. In many cases, employees could be performing well each year, but only receive bonuses over a 20-year period. This means their salary remains the same over that same 20-year period, and that is the figure they will have to use when applying for a mortgage, calculating their retirement or completing any financial worth statement.

While FEW would not claim to know the legal ramifications of any mandates on how to disburse these funds, we only ask is there a way to ensure that deserving employees can split any performance awards they receive between bonuses and salary increases?