

From *The Washington Post's Federal Diary*:

Merit Pay in a Nuclear Test Project

By Stephen Barr
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The agency that maintains the nation's nuclear weapons stockpile is undertaking a five-year project to overhaul pay practices so it will be more competitive in hiring scientists, engineers and other professionals.

Under the pilot project, the National Nuclear Security Administration will leave the government-wide pay system -- the 15-grade General Schedule -- and replace it with up to four broad salary scales, or pay bands, designed to reward the best workers based on job performance rather than length of service.

Employees will be rated on the work they do and their level of accomplishment, and will earn "shares" that will be converted into a raise. The shares will vary in value year by year because of budget constraints or other factors. Employees who do not meet expectations may not receive a pay raise, though they will continue to be eligible for small bonuses linked to achievements for specific tasks.

The pay project should give managers greater leeway to provide higher pay for employees through promotions and job evaluations and make it easier to offer higher starting salaries to attract top talent, the agency said.

Like other parts of the government, NNSA has an aging workforce. The average age for senior engineers is 49, and many will soon be eligible to retire, *Michael C. Kane*, the agency's associate administrator for management and administration, said yesterday.

The pilot project will cover about 2,000 of NNSA's 2,500 employees. The other 500 have been in a pay-for-performance system because they were appointed to jobs that do not require regular civil service competition for openings.

Experience with managing that system and insights learned from the Defense Department's new performance-based pay system should help, Kane said. Officials will pay particular attention to feedback from employees and managers, and Kane said he expects changes will be made to the system during its five-year test run.

If the project succeeds, the NNSA would be able to adopt it as an alternative to the traditional General Schedule system.