



## National Security Personnel System January 2008 NSPS Payout Fact Sheet January 2008

***This Fact Sheet provides information on the January 2008 NSPS payout. For more information on compensation, performance management and other NSPS subjects, please visit the NSPS web page at <http://www.cpms.osd.mil/nsps>.***

### **General**

Under NSPS, employees receive pay increases from pay band adjustments, local market supplements and performance payouts.

Every year organizations set aside funding for performance payouts. Performance payouts are based on final ratings of record and may be paid out in the form of a base salary increase, bonus or a combination of the two.

### **Government-Wide Pay Increase (GPI)**

The 2008 Government-wide pay increase (GPI) for Federal employees is 3.5% of which 2.5% is an increase to base salary and 1.0% is for locality pay/local market supplement adjustments.

Under NSPS, the GPI is allocated as follows:

- Sixty percent of the base salary increase (or 1.5%) is applied to pay band adjustments for employees who received a final rating of record of 2 or higher.
- Forty percent of the base salary increase (or 1.0%) is allocated to Element 2 of pay pools and paid out as performance-based base salary increases to employees who received a final rating of record of 3 or higher.
- Local market supplement adjustments are granted in the same manner and extent as GS locality pay for employees who received a final rating of record of 2 or higher.

Employees who did not receive a 2007 final rating of record receive the equivalent of the January 2008 GPI.

## Performance-Based Pay Increases

For 2008, payouts are effective on January 6, 2008. Employees who receive a final rating of record of 3 or higher are eligible for performance-based payouts. Pay pools are used to manage the reward process, and each is funded based on a percentage of the total base salaries of employees in the pay pool.

The pay pool fund consists of three elements:

**Element 1** – Represents base pay funds historically spent on within-grade increases, quality-step increases, and promotions between General Schedule grades that no longer exist in NSPS. Element 1 funds are typically paid out as base salary increases but may also be paid out as bonuses. *For 2008 payouts, this percentage is 2.26% in the aggregate and may vary by pay pool.*

**Element 2** – Represents funds available from the GPI. Money from this source is used for base salary increases. *For 2008 payouts, Element 2 is set at 1.0 percent (40% of the base salary increase of the GPI).*

**Element 3** – Represents funds historically spent on performance-based bonuses. *For 2008, this amount varies by organization.*

## 2008 Payout – Putting It All Together

The table below summarizes what employees under NSPS are eligible to receive:

Final Rating of Record	Employees are eligible to receive...
<b>5 – Role Model</b>	<ul style="list-style-type: none"> <li>▪ Pay band adjustments</li> <li>▪ Local market supplement increases</li> <li>▪ Performance-based pay</li> </ul>
<b>4 – Exceeds Expectations</b>	
<b>3 – Valued Performer</b>	
<b>2 – Fair</b>	<ul style="list-style-type: none"> <li>▪ Pay band adjustments</li> <li>▪ Local market supplement increases</li> </ul>
<b>1 – Unacceptable</b>	<ul style="list-style-type: none"> <li>▪ No increases</li> </ul>

## Frequently Asked Questions

**Question:** In January 2008, do NSPS employees receive a general increase in base salary?

**Answer:** Yes. Employees with a final rating of record of 2 or higher receive a base salary increase of 1.5%.

**Question:** Do NSPS employees receive local market supplement adjustments?

**Answer:** Yes. Employees with a final rating of record of 2 or higher receive a local market supplement adjustment equivalent to locality pay under GS.

**Question:** What happens to employees who do not have an NSPS rating of record and are not eligible for an NSPS performance payout?

**Answer:** These employees (including those covered by Spiral 2) receive the equivalent of the January 2008 Government-wide pay increase through a pay band adjustment of 1.5% of base salary and an additional base salary increase of 1.0%. In addition, they receive a local market supplement adjustment.

**Question:** Is the GPI the same as a COLA?

**Answer:** No. The GPI is comprised of two components: (1) an across the board base salary increase based on the change in private sector pay as measured by the Employment Cost Index (ECI); and (2) an increase based on locality. Generally, these are adjusted annually by an Executive Order following an appropriation bill from the Congress.

A COLA, or Cost of Living Allowance, is an allowance paid by the government to white collar civilian Federal employees in Alaska, Hawaii, Guam and the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands. NSPS does not change COLAs. Additional information on COLA's can be found on the OPM web page at <https://www.opm.gov/oca/cola/index.asp>