

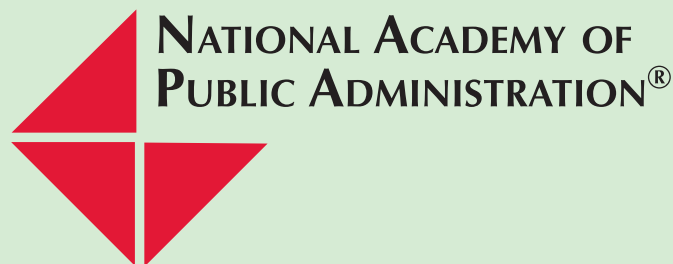
A Report by a Panel of the

**NATIONAL ACADEMY OF
PUBLIC ADMINISTRATION**

For the Centers for Disease Control and Prevention

January 2008

**MANAGING COMPENSATION
AND RECOGNITION IN A
MULTI-PAY-PLAN ENVIRONMENT**



ABOUT THE ACADEMY

The National Academy of Public Administration is a non-profit, independent coalition of top public management and organizational leaders who tackle the nation's most critical and complex challenges. With a network of more than 600 distinguished Fellows and an experienced professional staff, the Academy is uniquely qualified and trusted across government to provide objective advice and practical solutions based on systematic research and expert analysis. Established in 1967 and chartered by Congress, the Academy continues to make a positive impact by helping federal, state and local governments respond effectively to current circumstances and changing conditions. Learn more about the Academy and its work at www.NAPAwash.org

A Report by a Panel of the

**NATIONAL ACADEMY OF
PUBLIC ADMINISTRATION**

For the Centers for Disease Control and Prevention

January 2008

**MANAGING COMPENSATION
AND RECOGNITION IN A
MULTI-PAY-PLAN ENVIRONMENT**

Panel

John J. Callahan,* *Chair*

Diane M. Disney*

George E. Hardy

Curtis J. Smith*

Robert L. Trachtenberg*

Charles W. Washington*

Victor Zafra*

* *Academy Fellow*

Officers of the Academy

J. Christopher Mihm, *Chair of the Board*

Michael C. Rogers, *Vice Chair*

Jennifer L. Dorn, *President and Chief Executive Officer*

Kristine M. Marcy, *Secretary*

Franklin S. Reeder, *Treasurer*

Project Study Team

J. William Gadsby,* *Vice President for Academy Studies*

Alethea Long-Green, *Program Area Director*

Laurie J. May, *Project Director*

Gerald Barkdoll, *Senior Advisor*

Bernard Ungar, *Senior Advisor*

Harry Meyers, *Senior Statistical Analyst*

Joseph P. Mitchell, III, *Senior Research Analyst*

Peta-Gaye Bookall, *Research Associate*

Élan Martin, *Research Associate*

Martha S. Ditmeyer, *Senior Administrative Specialist*

The views expressed in this report are those of the Panel. They do not necessarily reflect the views of the Academy as an institution.

National Academy of Public Administration
900 7th Street, N.W.
Suite 600
Washington, DC 20001-3888
www.napawash.org

First Published January 2008

Printed in the United States of America
ISBN 1-57744-168-0

Academy Project Number: 2110-0001

* *Academy Fellow*


FOREWORD

The Centers for Disease Control and Prevention (CDC) is responsible for protecting Americans from disease and for improving domestic and global health. Its work affects how easily individuals can access flu vaccines, how quickly and effectively the nation identifies and responds to emerging health threats, and how ably we will be able to respond to future terrorist attacks and other emergencies. From meeting routine public health needs to addressing health threats of crisis proportions, Americans rely upon the dedicated employees of CDC.

Recognizing the need to recruit top-notch new employees and maintain a high-performing workforce, CDC asked the Academy to convene an expert Panel to objectively assess its employee cash award program and senior-level compensation system. The Panel received input from more than 200 employees, managers, and labor union representatives across the country and around the world. In addition, the Panel reviewed the governance structure for these programs, analyzed compensation and award data, and mapped the agency's use of flexible pay plans to fill its leadership positions in highly competitive fields.

The Panel has urged CDC to enhance its program governance structure by establishing and effectively communicating policies and procedures consistent with the principles of equity, integrity, transparency, competitiveness, and administrative efficiency. Foremost among the Panel's recommendations is that CDC build "a culture of possibility," in which every CDC employee, no matter what their job or where they work, has an equal opportunity to gain recognition for a job well done. In addition, the Panel was able to make some very practical recommendations. These recommendations focused on how CDC could improve internal communications with employees through the establishment of an awards webpage; integrate data systems; establish criteria for senior-level pay decisions and conversions into more flexible pay plans; enhance the agency's human capital management capability with additional resources and expertise; use information technology to maximize administrative efficiency; and take advantage of special compensation authorities.

The Academy extends its appreciation to the members of the Panel for their excellent work, and to the members of the project team for their significant contributions. We also thank the leadership of CDC, the members of the Compensation and Performance Review Subcommittee, and the Atlanta Human Resources Center for supporting this effort and facilitating access to critical information. Finally, we wish to express our appreciation to the many CDC staff members who generously contributed their time, expertise, and perspectives.



Jennifer L. Dorn
President and Chief Executive Officer

TABLE OF CONTENTS

FOREWORD.....	iii
ACRONYMS.....	xi
PANEL MESSAGE	xv
 CHAPTER I: PROJECT BACKGROUND AND METHODOLOGY	 1
Scope of the Project and Methodology	2
Roadmap to the Report	4
 CHAPTER II: WHAT THE PANEL LEARNED FROM ITS REVIEW OF THE GOVERNANCE STRUCTURE FOR AWARDS AND PAY.....	 7
One-Time Cash Awards.....	7
Management of the Cash Awards Process.....	8
Lessons Learned from CDC’s Honor Awards Programs.....	10
Senior-Level Pay.....	10
Structure for Evaluating Senior-Level Contributions	11
CDC Oversight.....	12
Governing Structure for Senior-Level Pay Decisions in Transition.....	12
Enhancing Communication and Evaluation.....	13
Informing the Recommendations.....	14
 CHAPTER III: WHAT THE PANEL LEARNED FROM LISTENING TO EMPLOYEES, MANAGERS, AND LABOR UNIONS.....	 15
Focus Groups	15
Monetary Award Systems.....	17
Focus Group Analysis.....	23
Individual Interviews	23
Insights from Telephone Interviews Concerning Monetary Award Programs.....	25

CDC Labor Union Contacts.....	35
Informing the Recommendations.....	37
CHAPTER IV: WHAT THE PANEL LEARNED FROM DATA ANALYSIS	39
Macro-Level Data on CDC’s Use of One-Time Awards.....	43
Award Intensity by Organization.....	48
Types of Awards by Organization	50
Distribution of High-Dollar-Value Awards	53
Awards Given by OD Divisions	55
Demographic Breakdown of Awards.....	57
Informing the Recommendations.....	58
CHAPTER V: WHAT THE PANEL LEARNED FROM A REVIEW OF HIGH-DOLLAR-VALUE AWARDS.....	61
Design and Conduct of the Review	61
Results of the Review	62
Compliance	62
Inconsistencies in Award Practices.....	62
Award Patterns.....	63
Contributions Most Frequently Recognized	64
Representative Awards from the Review	66
Effective Practices	66
Informing the Recommendations.....	68
CHAPTER VI: WHAT THE PANEL LEARNED FROM ITS REVIEW OF SENIOR-LEVEL PAY SYSTEMS	69
Senior-Level Pay Structure at CDC	69
Recent Agency Actions to Structure Pay Decisions	71
Senior-Level Pay Plan Patterns.....	73

Senior Executive Service Comparisons	75
Interviews with Senior-Level Managers	77
Strengthening Senior-Level Pay and Conversion Decisions	78
Increasing Human Capital Support	79
Promoting Pay Equity between New Hires and Long-Term Employees	80
Establishing Career Paths for Researchers, Scientists, and Physicians	80
Future Role of the Commissioned Corps Officers	82
Senior-Level Pay Practices in Other Agencies	83
Informing the Recommendations	83
CHAPTER VII: WHAT THE PANEL LEARNED FROM OTHER AGENCIES	85
Senior-Level Pay Approaches	85
Title 42 Pay Model at NIH	85
Useful Website Communications	87
Title 42 Pay Practices at EPA	87
Title 38 Pay Tables at VHA	88
Awards Practices	90
NIH Policy Manual and Honor Awards Handbook	90
Awards Budget at EPA	90
Awards Boards at EPA	91
Online Awards Information at NIH	92
3R Practices	92
Recruitment and Relocation Incentives	93
Retention Incentives	94
Formalized Professional Development Opportunities	95
Scientific Achievement Awards	95
Informing the Recommendations	96

CHAPTER VIII: FINDINGS AND RECOMMENDATIONS..... 97

I. Governing Principles	97
<i>Recommendation 1: Establish Governing Principles</i>	<i>98</i>
II. One-Time Cash Awards	101
<i>Recommendation 2: Implement Budgetary and Accountability Framework</i>	<i>102</i>
<i>Recommendation 3: Enhance Employee Communications</i>	<i>104</i>
<i>Recommendation 4: Expand the Use of Information Technology</i>	<i>104</i>
<i>Recommendation 5: Strengthen, Monitor, and Evaluate Awards Programs</i>	<i>105</i>
III. Senior-Level Compensation	107
<i>Recommendation 6: Develop and Use Transparent and Work-Based Criteria for Senior-Level Pay</i>	<i>108</i>
<i>Recommendation 7: Evaluate Senior-Level Commissioned Corps Officers' Roles</i>	<i>110</i>
<i>Recommendation 8: Obtain and Utilize Unused Pay Authorities</i>	<i>111</i>
IV. Management System Improvements	111
<i>Recommendation 9: Strengthen Human Capital Management</i>	<i>112</i>
<i>Recommendation 10: Integrate Data Systems</i>	<i>114</i>

APPENDICES

Appendix A:	Academy Panel and Staff	A-1
Appendix B:	Individuals Contacted or Interviewed	B-1
Appendix C:	Incentive Categories and Definitions	C-1
Appendix D:	Focus Group Insights on Non-Monetary Awards	D-1
Appendix E:	Methodology for Analyzing CDC Awards Data	E-1
Appendix F:	Additional Supporting Tables	F-1
Appendix G:	Estimated Costs of QSI and Time-Off Awards	G-1
Appendix H:	Recruitment, Relocation, and Retention Incentives	H-1
Appendix I:	Award Documentation Review Methodology	I-1
Appendix J:	Background Information on Senior-Level Pay Programs	J-1
Appendix K:	Types and Features of Executive Pay/Personnel Systems	K-1

Appendix L:	Elements of Total Compensation.....	L-1
Appendix M:	Pay Plan Map	M-1
Appendix N:	Additional Senior-Level Pay Comparisons	N-1
Appendix O:	CDC Awards and Compensation Recommendations Overview	O-1

FIGURES AND TABLES

Figure 3-1:	Percent of Employees Rating Characteristics Very or Fairly Important	25
Figure 3-2:	Monetary Award Processes Are Equitable and Fair	26
Figure 3-3:	Monetary Award Processes Are Not Based on Favoritism	27
Figure 3-4:	Monetary Award Processes Are Understood and Transparent	28
Figure 3-5:	Monetary Award Processes Involve Knowledgeable Decision- Makers	29
Figure 3-6:	Monetary Award Processes Do Not Involve Excessive Red Tape	30
Figure 3-7:	Monetary Award Processes Have Established Standards	31
Figure 3-8:	Monetary Award Processes Are Motivating	32
Figure 3-9:	Monetary Award Processes Produce Timely Payoff	33
Figure 3-10:	Results of Monetary Award Processes are Public	34
Figure 4-1:	Percent of CDC Employees Receiving an Award, FY 2005 and FY 2006	44
Figure 4-2:	CDC's Total Awards Activity, FY 2005 and FY 2006	45
Figure 4-3:	Breakdown of Total Award Expenditures by Organizational Unit, FY 2005 and FY 2006	46
Figure 4-4:	Awards as a Percent of Salary by Organization FY 2005 and FY 2006	47
Figure 4-5:	Percent of Cumulative Awards Received by CDC Employees by Dollar Range, FY 2005 and FY 2006	48
Figure 4-6:	Percent of Organizational Unit Employees Receiving an Award, FY 2005 and FY 2006	49
Figure 4-7:	Awards Rate per 100 Employees, FY 2005 and FY 2006	49
Figure 4-8:	Per Capita Expenditure by Organizational Unit, FY 2005 and FY 2006	50
Figure 4-9:	Percent of Organizational Employees Receiving a Special Act/Service Award, FY 2005 and FY 2006	51
Figure 4-10:	Percent of Organizational Employees Receiving Group Awards , FY 2005 and FY 2006	52
Figure 4-11:	Percent of National Center and OD Employees Receiving an On-the-Spot Award, FY 2005 and FY 2006	53
Figure 4-12:	Percent of Total Employee Awards at Given Dollar Ranges by Organization, FY 2005	54
Figure 4-13:	Percent of Total Employee Awards at Given Dollar Ranges, FY 2006	55
Figure 4-14:	Award Amounts by Pay Level as Percent of Salary, FY 2005 and FY 2006	58
Figure 5-1:	Seasonality of One-Time Awards	64
Figure 5-2:	Focus of Award	65
Figure 6-1:	Senior-Level Employees at CDC, June 2007	71
Figure 6-2:	Pay Plan Use across the Highest Echelons of CDC, FY 2007	74
Table 3-1:	Participation by Location	15
Table 3-2:	Supervisory and Non-Supervisory Breakdown of Focus Group Participants	16

Table 4-1:	CDC Award Actions in FY 2005 and FY 2006	44
Table 4-2:	High- Dollar-Value Individual Cash Awards by Dollar Range, FY 2005 – FY 2006	53
Table 4-3:	Office of the Director (OD), Distribution of Awards, FY 2005 & FY 2006	56
Table 5-1:	Breakdown of Award Focus of CDC Organization	63
Table 6-1:	CDC SES Comparisons Over Time, CY 2004 – CY 2006	76
Table 7-1:	Veterans Health Administration Pay Tables	89
Table 8-1:	Application of Governing Principles	99

ACRONYMS

3R's	Recruitment, Relocation and Retention Incentives
Academy	National Academy of Public Administration
AD	Administratively Determined
AFGE	American Federation of Government Employees
AHRC	Atlanta Human Resources Center
APHA	American Public Health Association
ATSDR	Agency for Toxic Substances and Disease Registry, PHS
CCEHIP	Coordinating Center for Environmental Health and Injury Prevention
CCHP	Coordinating Center for Health Promotion
CCID	Coordinating Center for Infectious Disease
CDC	Centers for Disease Control and Prevention
CFR	Code of Federal Regulations
CHPA	Consumer Healthcare Products Association
CIO	Centers/Institute/Offices
CIO	Chief Information Officer
CMO	Chief Management Officer
COGH	Coordinating Office of Global Health
COLA	Cost of Living Allowance
COO	Chief Operating Officer
COTPER	Coordinating Office for Terrorism Preparedness and Emergency Response
CPRS	Compensation and Performance Review Subcommittee
CSRS	Civil Service Retirement System
CY	Calendar Year
DHHS	Department of Health and Human Services
DRDS	Division of Respiratory Disease Studies
DSR	Division of Safety Research
EEO	Equal Employment Opportunity
EPA	Environmental Protection Agency
EPAS	Employee Performance Appraisal System
EPMS	Employee Performance Management System
EPO	Epidemiology Program Office CDC
ERB	Executive Resources Board
ESO	Engineering Services Office
EX	Executive Schedule
FAR	Federal Acquisition Regulation
FDA	Food and Drug Administration
FERS	Federal Employees Retirement System
FMO	Financial Management Office

FPM	Federal Personnel Manual
FTE	Full-Time Equivalent
FY	Fiscal Year
GAO	Government Accountability Office
GM	General Management
GP/GR	Title 38 Personnel
GS	General Schedule
HC	Human Capital
HELD	Health Effects Laboratory Division
HHS	Department of Health and Human Services
HIV	Human Immunodeficiency Virus
HQ	Headquarters
HR	Human Resources
IC	Institute or Center
IDP	Individual Development Plan
ILA	Individual Learning Account
IOD	Immediate Office of the Director
NAPA	National Academy of Public Administration
NAPFE	National Alliance of Postal and Federal Employees
NASA	National Aeronautics and Space Administration
NCBDDD	National Center for Birth Defects and Developmental Disabilities
NCCDPHP	National Center of Chronic Disease Prevention and Health Promotion
NCEH	National Center for Environment Health
NCHM	National Center for Health Marketing
NCHS	National Center for Health Statistics CDC
NCHSTP	National Center for HIV, STD, and TB Prevention
NCID	National Center for Infectious Diseases
NCIPC	National Center for Injury Prevention and Control CDC
NCIRD	National Center for Immunization and Respiratory Diseases
NCPHI	National Center for Public Health Informatics
NIH	National Institutes of Health
NIOSH	National Institute for Occupational Safety and Health
NIP	National Immunization Program
NOA	Nature of Action
NOPHG	National Office of Public Health Genomics
NPPTL	National Personal Protective Technology Laboratory
NSF	National Science Foundation
NTEU	National Treasury Employees Union
OD	Office of the Director
OMB	Office of Management and Budget
OPM	Office of Personnel Management

OPPE	Office of Program Planning and Evaluation
OWCD	Office of Workforce and Career Development
PA	Presidential Appointee
PD	Position Description
PHS	Public Health Service
PMAP	Performance Management Appraisal Plan
PRB	Performance Review Board
PRL	Pittsburgh Research Laboratory
PTO	Patent and Trademark Office
QSI	Quality Step Increase
SBRS	Senior Biomedical Research Service
SCD	Service Computation Date
SCOPE	Secretary's Council on Performance Evaluation
SES	Senior Executive Service
SL	Senior Leadership
ST	Senior Technical
STAA	Scientific and Technological Achievement Award
TSP	Thrift Savings Plan
VA	Department of Veterans Affairs
VHA	Veterans Health Administration
WG	Wage Grade

PANEL MESSAGE

MANAGING COMPENSATION AND RECOGNITION IN A MULTI-PAY-PLAN WORKFORCE

The Centers for Disease Control and Prevention (CDC) is responsible for protecting public health and safety by conducting research, disseminating information, and responding to public health crises. Through its collaboration with international organizations and state and local agencies, CDC has prevented disease, improved global health, and enhanced the welfare of our nation and partner countries. In the post 9/11 world, CDC has become even more important by going beyond its leadership role in our nation's public health and undertaking new and expanded responsibilities in the areas of emergency preparedness and response to terrorism. Because a highly educated and skilled workforce is vital to CDC's mission, the agency must develop a competitive compensation system and a strong awards system to attract, motivate, and retain critical talent.

In April 2007, CDC asked the National Academy of Public Administration to appoint a Panel of experts to conduct an independent, objective analysis of its awards and senior-level pay programs. The Panel reviewed recent program history at CDC and, using those findings, focused its efforts on providing practical advice on how best to meet future challenges. Governing principles, a clear governance structure, work-based position evaluation, and transparent criteria will help the agency build a system that will effectively meet its future mission challenges. Toward this end, the Panel reviewed the agency's current governance structure and its most recent pay flexibilities; worked closely with CDC and U.S. Department of Health and Human Services (HHS) officials to secure the data required for this rigorous analysis; and sought out employee, labor union, and management perspectives through focus groups and individual interviews. In addition, the Academy study team reviewed high-dollar awards, mapped total compensation for senior-level leadership positions, and researched effective practices in other organizations.

In reviewing the findings and recommendations, it is important to recognize that CDC has a challenging multisector work environment, encompassing nearly 8,000 employees in six different pay plans: General Schedule (including Title 38 Physicians and Dentists), General Management, Senior Executive Service, Administratively Determined (including Title 42 scientists and executives serving as Distinguished Consultants), Research Scientists, and Wage Grade. Externally, it has significant competition for talent from the private and not-for-profit sectors. Internally, it must manage this mix of federal civil servants in different pay plans, Commissioned Corps Officers assigned by HHS, contractor personnel, and grantees.

FINDINGS AND RECOMMENDATIONS

The Panel believes that an organization's workforce defines its character and capacity for performance. Compensation and incentive programs can be an important means of aligning employee performance expectations with agency missions and goals, as well as reinforcing

personal accountability for high performance. Through its research, the Panel developed core findings and ten recommendations across four major areas.

Area One: Governing Principles

The CDC Director has emphasized that compensation and awards programs should be equitable, transparent, and demonstrate the highest degree of integrity. CDC has taken several positive steps to strengthen its programs, including some to bolster its governance structure. In Fall 2006, the Executive Leadership Board voted to create a new standing committee to analyze current criteria and strengthen awards and pay processes. This group has created and staffed pay subgroups to serve as the foundation for recommendations to senior officials and worked closely with the Academy Panel and staff throughout the course of this study. The Panel offers the following recommendation to help agency leadership set the tone and define parameters.

- **Recommendation 1: Establish Governing Principles.** The CDC Director should formally establish the principles of equity, integrity, transparency, competitiveness, and administrative efficiency to govern the agency's awards and senior-level pay programs. The agency should establish comprehensive policies and procedures to ensure that these principles are embedded in all awards and senior-level pay decisions.

Area Two: One-Time Cash Awards

CDC recognizes the importance of its highly skilled workforce and demonstrates its desire to reward employee contributions by spending proportionally more on awards than other HHS operating divisions and the typical federal agency; most of the funds go to rating-based awards. Nevertheless, employees who participated in focus groups and interviews during the course of this study expressed varying degrees of knowledge about the one-time award program, its structure, and operating criteria. They also expressed varying levels of concern about the consistency of program outcomes. The Panel believes this variability likely is attributable to the absence of an up-to-date agency awards manual and a user-friendly awards webpage. Analysis of the one-time monetary awards that are the subject of this study (Special Act/Service, On-the-Spot, and Group Awards) showed great variability in the number and dollar amount given by various organizations. There also is variability by pay plan, occupation, and geographic location. Thus, the Panel offers four recommendations to strengthen this important program and help CDC build what the Panel calls "a culture of possibility," in which all CDC employees have the opportunity to earn recognition for meritorious contributions.

- **Recommendation 2: Implement a Budgetary and Accountability Framework.** At the beginning of each fiscal year, CDC should, as part of its budget process, provide guidance to managers and dollar-level limits for each organizational component's expenditures for one-time monetary awards. Each component would be required to set aside a uniform percentage of its total salary dollars to reward deserving employees in each pay plan. The agency should track organizational component use of these funds throughout the fiscal year. Its performance management system should include in the manager's annual appraisal an assessment of how effectively he or she uses the

recognition and incentive programs. Establishing such a budget strategy will provide certainty of funding and promote greater consistency throughout the organization.

- **Recommendation 3: Enhance Employee Communications.** CDC should establish and maintain an awards manual that details policies, procedures, and criteria consistent with the five governing principles. The agency also should create an awards webpage and share awards data—including comparisons with other agencies—with its employees.
- **Recommendation 4: Expand the Use of Information Technology.** CDC and HHS should work together to create a reliable, interactive data system linking human capital, payroll, and budget systems. CDC should use this information to track awards and related expenditures as the foundation for an overall program evaluation, and to provide data about component recognition levels. This will give CDC an analytical basis for managerial accountability. In addition, CDC should automate awards forms and processes.
- **Recommendation 5: Strengthen, Monitor, and Evaluate Awards Programs.** In developing policies and implementing procedures governing one-time monetary awards, CDC leadership should enforce the requirement that managers receive training on the effective use of recognition systems; involve employees through such mechanisms as awards boards; create opportunities for employees to recommend peers and supervisors for awards; and regularly evaluate these programs to determine how to enhance their performance.

Area Three: Senior-Level Compensation

Over the last few years, CDC’s mission has expanded along with its budget and pay flexibilities. Given its urgent needs, the agency has moved quickly to secure required expertise and convert existing high-performing employees with critical skills into its two most flexible pay plans, Titles 38 and 42. As a result, some managers have expressed concerns about the case-by-case nature of hiring and conversion decisions; further, there is no discernable pattern in the agency’s use of these various pay plans. The Panel believes that CDC should move from an individually-focused senior-level pay process to one based on the categorization of like positions and development of work-based decision criteria for pay plan entry, compensation, and conversion. If grounded in an overarching governance framework and consistent with core principles, a new, more transparent structure should enable CDC to strengthen its ability to recruit and retain the highest caliber senior-level personnel and provide to its valued staff a clearer sense of requirements for career progression in various disciplines by level of organizational responsibility. Therefore, the Panel offers the following recommendations for senior-level pay.

- **Recommendation 6: Develop and Use Transparent and Work-Based Criteria for Senior-Level Pay.** To enhance the fairness, effectiveness, and efficiency of its senior-level pay program, the agency should develop a long-term senior-level workforce strategy, based on agency and national health priorities. Working through the Compensation and Performance Review Subcommittee and its pay sub-groups, the agency should establish categories of leadership positions and map out the most appropriate pay plan for each category. Decisions should be based on which type of pay plan maximizes agency and individual performance and provides rationality in pay

setting. CDC should develop clear and transparent criteria for conversion from one pay system to another, along with clear and transparent criteria for how to use recruitment, relocation, and retention incentives for senior-level officials. If, after fully implementing the Panel's recommendations, CDC finds that this multiple pay plan environment does not adequately meet its long-term needs, it should work with OPM and HHS to evaluate whether a new, replacement pay system for health professionals could ensure horizontal equity in senior and mid-level management positions with equivalent levels of responsibility.

- **Recommendation 7: Evaluate Senior-Level Commissioned Corps Officers' Roles.** In conjunction with HHS, CDC should assess the appropriate future role of senior-level Commissioned Corps officers in meeting its mission and factor the findings into its human capital management strategy. Recognizing the historically critical role that these assignees have played in key CDC positions, the agency should identify Commissioned Corps policies that enable the agency to meet its mission effectively and encourage continued use of those policies. Similarly, the agency should identify existing policies that inhibit its full utilization of Corps officers and, to the extent possible, work with the department to reshape them. With 17 officers serving in leadership positions at CDC and more than 300 additional senior-level officers working side-by-side with CDC managers, the agency must work to ensure its continued ability to recruit and retain these assignees upon whom it has come to rely for significant public health expertise.
- **Recommendation 8: Obtain and Utilize Unused Pay Authorities.** CDC should work with HHS and OPM to obtain authority for Senior Level and Senior Technical positions, widely used by most other federal agencies to recognize specialized experts, and compensate them accordingly. CDC should use the Senior Technical positions as part of a strategy to enhance the career paths and retention of highly regarded, critically skilled scientists whose contributions are primarily in the technical rather than management realm. Likewise, CDC should establish policies, procedures, and criteria for when it would be appropriate to seek approval for critical pay authority (up to \$186,000 in salary per year) for hard-to-fill positions critical to the agency's mission or for scientific, professional, and administrative positions under Section 210(g) of Title 42. The Panel believes that judicious and transparent use of these senior-level pay mechanisms, not previously part of the agency strategy, will help to fill a gap identified by senior managers as contributing to pay compression at the GS-15 level.

Area Four: Management System Improvements

Although this study has focused primarily on monetary awards and CDC's complex pay plans, both require the foundation of a strong human capital capability and information technology infrastructure. This mission-centric agency has not historically had sophisticated expertise focused internally on the development of workforce strategies and pay policies. Growing at a rapid pace over the last decade, the agency has not yet dedicated resources to build a robust, in-house human capital capability to serve its growing multisector workforce. HHS' recent consolidation of the human resources function at the departmental level has exacerbated the situation and made the human capital/human resources divide all the more apparent. With the addition of new pay authorities and compensation for scientists exceeding those of the General

Schedule and Senior Executive Service, the situation and related resource implications demand expert attention. Although the Office of Workforce and Career Development (OWCD) has internal human capital management as part of its portfolio, approximately 80 percent of its onboard FTE remain post-graduate employees on a variety of time-limited fellowships, hired by the office, but dispersed throughout the agency. The Panel believes that the agency needs to bolster the internal human capital function with resources and expertise sufficient to address CDC's workforce challenges.

Similarly, CDC needs to integrate and improve its systems for tracking data and expenditures. Given significant gaps and inconsistencies within its historical workforce data, CDC is hampered in determining trends, evaluating its awards and pay programs, communicating factual information to employees and stakeholders, and identifying necessary changes. Therefore, the Panel offers the following overarching recommendations to help CDC strengthen its management systems.

- **Recommendation 9: Strengthen Human Capital Management.** In conjunction with HHS, CDC should determine what changes are required to ensure that its human capital function is sufficiently robust to address the complexity of its mission, workforce, and pay plans. The agency should evaluate its bifurcated arrangement, with human resources services provided by the Atlanta Human Resources Center and OWCD responsible for strategic policy decisions and overall human capital management. The Panel believes that, as a world-class scientific organization, CDC deserves the highest quality human capital support. To provide less is not an acceptable option for an organization with a mission critical to world health. The Panel urges that strong consideration be given to reintegrating the strategic human capital function and human resources operations within CDC.
- **Recommendation 10: Integrate Data Systems.** CDC should examine and strengthen its management data systems to ensure consistency, interoperability, and sufficiency to manage its human capital programs effectively. The Panel believes that CDC would benefit greatly from rigorously and efficiently collecting, maintaining, and analyzing relevant, consistent workforce data, just as it tracks public health data in support of its mission. The agency needs to invest in revamping current systems and move toward more centralized reporting and tracking. Failure to do so deprives the organization of information that could provide significant insights into human capital management issues and lead to positive solutions.

CONCLUDING COMMENTS

The Panel applauds CDC for recognizing the need for an objective assessment of these critical human capital programs and for seeking the Academy's practical advice. As demonstrated by actions already taken since the informal sharing of these findings, the agency's proactive management approach bodes well for the future. The Panel believes that CDC's timely implementation of these recommendations will help CDC to strengthen these key programs, reinforce its results-oriented performance culture, and support its dedicated and talented workforce.

CHAPTER I

PROJECT BACKGROUND AND METHODOLOGY

The Centers for Disease Control and Prevention (CDC) is responsible for protecting the public's health and safety and disseminating important health-related information. The Panel believes that its research and public health programs to prevent and control infectious and chronic diseases, injuries, workplace hazards, disabilities, and environmental health threats are critical to the nation's welfare. In the post-9/11 world, the Panel also is impressed with the larger role that CDC has played in responding to bio-terrorism and other emergencies, such as the influenza vaccine shortage in 2005.

Over the past six years, CDC has undergone a significant transformation. In June 2003, its Director announced plans for the "Futures Initiative," an initiative designed to break down stovepipes among scientific centers, eliminate redundancies, improve coordination across the agency, and strengthen collaboration with partners. In 2005, the agency implemented the reorganization. Some employees and managers expressed concerns about these changes, the distribution of cash awards, and what some perceive as an increased business orientation.¹ CDC also has experienced changes to its budget, workforce, programmatic responsibilities, and human capital authorizations. Since 9/11, its budget has increased by more than \$4 billion, and its workforce is twice the size of its 1980 levels. In addition, it has undertaken expanded responsibilities for terrorism preparedness and emergency response. In 2004, CDC's human resources processing function was consolidated at the U.S. Department of Health and Human Services (HHS) level.² In 2005, HHS gave CDC authority to employ special distinguished consultants possessing critical scientific expertise at significantly higher pay than civil service employees. In 2006, CDC gained the authority to offer market pay through a new, more competitive system for civilian physicians and dentists; and, it was given additional pay flexibility early in 2007, with aggregate pay limits increased to \$400,000 for some specialties.

CDC has a multisector workforce governed by diverse pay plans. It has nearly 8,000 full-time permanent employees, 117 part-time permanent employees, more than 800 Commissioned Corps officer assignees, approximately 6,000 contract employees, numerous grantees and university relationships, hundreds of fellows, employees dispersed to state and local public health agencies, and others scattered in global outposts in 46 countries. This complexity, increasingly the norm for federal agencies in the 21st Century, requires CDC leaders to leverage all of its elements and resources to accomplish its dynamic mission. Such a workforce provides public managers with additional flexibilities, but it also presents challenges to management to ensure that decisions are made in an equitable, transparent, and sustainable manner.

Like other federal agencies managing significant change amid increased workforce complexity, CDC recognized the need to strengthen its award and compensation programs. In Fall 2006, its Executive Leadership Board voted to establish the Compensation and Performance Review

¹ *New York Times*, "Inner Circle Taking More of CDC Bonuses" (September 17, 2006); *Atlanta-Journal Constitution*, "Exodus, Morale Shake CDC" (September 10, 2006).

² All HHS agencies, except for the National Institutes of Health, receive human resources services from the department.

Subcommittee as a new standing committee. Among other things, the Subcommittee's mission is to analyze current criteria and make recommendations for future policies and procedures. Recognizing the need for an objective, independent assessment of critical human capital components (incentives and senior-level pay), CDC asked the Academy to conduct this study and work with the subcommittee to help inform its efforts. This study began in April 2007.

The Panel believes that incentive awards and senior-level pay programs can be useful tools in helping CDC recruit, retain, and develop the highly qualified workforce required to fulfill its mission. Clearly, many employees spend their careers at CDC because they believe in the mission and enjoy the work—not because of a one-time award or even high compensation levels. Still, it is important for CDC to meet a threshold of total compensation—at least within a certain range of market rates—in order to ensure that it is not disadvantaged when recruiting and retaining employees whose highly specialized skills are aggressively sought by private and not-for-profit organizations. If properly designed and implemented, awards and senior-level pay programs can have a positive effect on organizational climate and employee motivation.

SCOPE OF THE PROJECT AND METHODOLOGY

In embarking upon this effort, the Panel initially drew upon a recent Academy study of the National Aeronautics and Space Administration (NASA), which also is undergoing an organizational transformation. The Academy NASA Panel's conclusions about the complexity of 21st Century public management apply to CDC, as well. Multisector organizations need to adopt knowledge-based, data-driven workforce management strategies by grounding their decisions in an objective analysis of the work to be accomplished and competencies required. Managing effectively in this environment requires agencies to determine the appropriate division of responsibilities between workforce components and appropriate compensation, based on formal decision-making processes and metrics. Absent such transparent decision-making processes, agencies can make piecemeal, short-term decisions around individual circumstances that undermine the long-term needs of the organization.³

CDC asked the Academy to appoint a Panel to recommend ways to strengthen existing awards and senior-level pay programs. The Panel's independent six-month review examined CDC's:

- non-rating based one-time monetary awards (Special Act/Service, On-the-Spot, and Group Awards)
- senior-level pay programs
- relocation, recruitment, and retention incentives (3Rs)

CDC asked the Panel to focus on non-rating based awards, deferring detailed analysis of its rating-based awards to a potential Phase II, when the Panel would be able to examine them in the context of the HHS-wide implementation of the Performance Management Appraisal Program (PMAP). Although CDC spends the majority of its awards dollars on annual rating-based

³ National Academy of Public Administration, *NASA: Balancing a Multisector Workforce to Achieve a Healthy Organization*, February 2007.

awards, it actually has more discretion over non-rating based awards. Therefore, they warrant separate study. CDC's discretion over rating-based award payments has been significantly limited since the 1980s, when it negotiated an informal agreement with its unions guaranteeing top-rated employees a choice of a lump-sum cash payment or a permanent within-grade pay increase, known as a Quality Step Increase (QSI). In 1996, CDC informally agreed to a uniform dollar value for lump sum payments for these employees regardless of salary or grade. Now, under the HHS PMAP implemented in Fiscal Year (FY) 2006, agencies must provide performance awards of between 2.5 percent and 5 percent of salary for all employees rated "Exceptional." Agencies may pay performance awards of up to 2 percent to employees rated "Fully Successful." CDC has agreed to provide 4 percent of salary to Exceptional employees and 2 percent to Fully Successful ones.

This study covered all CDC employees across the following pay plans:

- General Schedule (GS) (including Title 38 Physicians and Dentists, coded GP or GR)
- General Management (GM)
- Wage Grade (WG) for cash awards only
- Senior Executive Service (SES)
- Administratively Determined (AD)⁴ including Distinguished Consultants (Scientists and Executives under Title 42, Section 209 (f))
- Research Scientists (RS) (Senior Biomedical Research Service, Title 42, Section 237)

Although the more than 800 Commissioned Corps officers are a vitally important part of the total workforce, the study does not address them explicitly because they are assignees from the HHS Public Health Service (not CDC employees) and generally are not eligible for CDC cash awards. Recognizing the number of key positions encumbered by these officers, the study evaluates, compares, and contrasts Corps compensation and benefits to those provided by other senior-level pay plans. It includes the Commissioned Corps in the consideration of the CDC human capital strategy.

Over the course of this study, the Panel listened to the concerns of a wide range of employees, reviewed the agency's governance structure for these programs, gained knowledge about how CDC uses its senior-level pay authorities, conducted analyses of FY 2005 and FY 2006 data on awards, and identified effective practices in other federal agencies. The Panel and study team conducted the following activities:

- **Focus Groups.** Sixteen focus groups were held in six locations (Atlanta, Ft. Collins, Morgantown, Cincinnati, Hyattsville, and Pittsburgh) to gain employee perspectives on the agency's one-time monetary awards programs. Separate focus groups were held with supervisors and non-supervisors (thirty-five were bargaining unit members).

⁴ AD positions also include temporary employees hired under CDC's training authority, such as EIS officers and public health prevention specialists. It also covers Service Fellows (Section 42, USC 209 g and h). For purposes of senior-level pay, the Panel focused primarily on Distinguished Consultants.

- **Telephone Interviews.** Approximately 60 CDC employees participated in telephone interviews (more than 150 employees were contacted) regarding the agency's one-time monetary awards programs.
- **Interviews with Senior Managers.** The study team interviewed 27 senior managers, including those responsible for various aspects of incentives and pay, to gain historical perspective and insight into management perceptions and current challenges. As part of this process, the study team interviewed senior managers by telephone regarding their experiences with CDC's multiple pay plans. Senior officials also participated in each of the Panel's meetings, and the study team and a Panel member participated in meetings of the Executive Leadership Board's standing Compensation and Performance Review Subcommittee (CPRS).
- **Data Analyses.** The Panel and study team analyzed FY 2005 and FY 2006 non-rating based monetary award actions to identify patterns in usage. The group also conducted a review of a randomly selected sample of award actions more than \$2,500 to determine whether they complied with federal and CDC award requirements, and analyzed CDC's usage of its various pay plans to fill its key leadership positions.
- **Effective Practices.** The Panel and study team profiled other federal agencies (NIH, VHA, EPA, and NSF) to identify awards and senior-level pay practices worth transferring to CDC.

ROADMAP TO THE REPORT

Chapters II through VII present key lessons the Panel learned from its research in each of the following areas:

- Chapter II: a review of the governance structure for awards and senior-level pay
- Chapter III: listening to employees, managers, and labor union representatives
- Chapter IV: analyses of one-time monetary awards given across CDC in FY 2005 and FY 2006
- Chapter V: a review and analysis of a random sample of high-dollar-value awards in FY 2005 and FY 2006
- Chapter VI: a review of senior-level pay systems, including analysis of CDC patterns of use
- Chapter VII: an identification of effective practices in other federal agencies
- Chapter VIII: the Panel's official findings and recommendations in four major areas:
 - Governing Principles
 - One-Time Monetary Awards
 - Senior-Level Pay
 - Management System Improvements

The Appendices of this report include the following:

- Appendix A: Academy Panel and Staff
- Appendix B: Individuals Contacted or Interviewed
- Appendix C: Incentive Categories and Definitions
- Appendix D: Focus Group Insights on Non-Monetary Awards
- Appendix E: Methodology for Analyzing CDC Awards Data
- Appendix F: Additional Supporting Tables
- Appendix G: Estimated Costs of QSI and Time-Off Awards
- Appendix H: Recruitment, Relocation, and Retention Incentives
- Appendix I: Award Documentation Review Methodology
- Appendix J: Background Information on Senior-Level Pay Programs
- Appendix K: Types and Features of Executive Pay/Personnel Systems
- Appendix L: Elements of Total Compensation
- Appendix M: Pay Plan Map
- Appendix N: Additional Senior-Level Pay Comparisons
- Appendix O: CDC Awards and Compensation Recommendations Overview

CHAPTER II

WHAT THE PANEL LEARNED FROM ITS REVIEW OF THE GOVERNANCE STRUCTURE FOR AWARDS AND PAY

Chapter II details what the Panel learned from examining CDC's organizational structure and reviewing its policies and procedures for administering one-time cash awards and senior-level pay programs. In particular, the Panel focused on Special Act/Service, On-the-Spot and Group awards. (See Appendix C, *Incentive Categories and Definitions*, for a summary of all types of awards and the eligibility for each, by pay plan.). The purpose of the review was to determine whether the policies and procedures were generally compliant and consistent with applicable legislative, regulatory, and HHS requirements and provided reasonable management control over decisions in these areas.

The Panel found CDC's existing cash awards and senior-level pay policies and procedures to be generally compliant and consistent with applicable laws and regulations and HHS policies. However, at the time of this study, CDC did not have a comprehensive awards manual setting forth all of its policies and procedures for cash awards. In the Panel's opinion, the lack of up-to-date, consolidated awards guidance has contributed to varied levels of understanding of awards programs and inconsistent application across CDC. The absence of such guidance also reduced the program's overall effectiveness and precluded full program evaluation. Further, the absence of a centralized budget for these awards limits the agency's ability to make managers accountable for an important element of their human capital management responsibilities and contributes to employee perceptions of inequity in award distribution.

With regard to pay, CDC has relied heavily upon the rank-in-person approach. It has not yet successfully applied to this core concept the analytical framework that comes from a comparison of assigned responsibilities, or a rank-in-position approach. Other agencies, such as NIH and VHA, have found this added layer useful in making difficult pay equity decisions. For about a year, CDC did not have a standing, fully operational governing body for all of its senior-level pay programs or clear policies, procedures, or criteria for making senior-level pay decisions. In the Panel's opinion, these gaps contributed to significant differences in compensation for persons holding what appear to be comparable positions; and CDC managers' concerns about internal equity and perceived delays in compensation decisions. A firm assessment of whether these differences have resulted in internal inequities would, however, require an individual case-by-case review of experience, credentials, salary, and history for each appointment made. This assessment is beyond the scope of the Panel's review.

ONE-TIME CASH AWARDS

The Panel focused on Special Act/Service, On-the-Spot, and Group Awards, all of which are one-time cash awards granted to CDC employees for special contributions not linked to the annual employee appraisal process. Based on law, OPM regulations, and HHS guidance, CDC

can give its employees up to \$10,000 as a cash award for a one-time special act or service without HHS or OPM approval.

According to agency management and budget officials, CDC does not have a centralized system that sets aside, for one-time awards, a specified amount of money distributed to all organizational units. Likewise, CDC has not systematically monitored or tracked such expenditures by its organizational components. Prior to this study, the agency had not conducted an awards program evaluation. Components use varying approaches to granting awards; organizations with larger overall budgets typically spend more than others. Although some components budget up to 5 percent of base pay for one-time awards, most have no internal budgetary set-aside, waiting until near the end of the fiscal year to determine what funds are available. The data analysis in Chapter IV shows that this system has resulted in wide variation in how many awards each organization grants and how much each spends. Without such a budgetary governance structure, CDC is unable to hold managers accountable for whether, and how effectively, they use cash awards to recognize deserving employees. Chapter VII details effective budgetary and management strategies employed by other federal agencies.

In September 2006, CDC established a Compensation and Performance Review Subcommittee (CPRS) to formulate policy and guidance and oversee implementation of compensation and cash awards for CDC employees. The Subcommittee, which meets twice monthly, met for the first time in early 2007; the subgroups established to handle various pay plans and incentive awards began operations in Summer 2007. Although CDC has documents which set forth policies and procedures for different types of one-time cash awards, it has not historically had a comprehensive awards manual. The policies and procedures it did have were not readily accessible to its managers and employees, such as through an awards webpage, used by a number of other federal agencies and some CDC components.⁵

Management of the Cash Awards Process

In its regulations governing one-time cash awards programs, OPM encourages federal agencies to involve employees in program development and requires them to document the justification for awards, communicate with employees and supervisors, and evaluate agency awards programs. The Panel identified several ways in which CDC might strengthen its management of its one-time cash awards program.

Employee Involvement

Employee involvement in the development of program policies, criteria, and procedures can add credibility to awards programs. Although some components have involved employees in local award program development and implementation, CDC has not done it on an agency-wide basis. For example, some components have established awards boards composed of managers and employees—including union representatives—to review recommendations for cash awards and

⁵ During the course of this study, CDC and AHRC worked closely with the study team and, recognizing the immediate need to improve awards information access, made improvements to its intranet webpage. See intranet.cdc.gov/hr/awards/index.html. AHRC continues to make improvements by developing a more complete awards manual and incorporating into its guidance some Academy materials contained in this report.

make recommendations to approving officials. As noted in Chapter VII, other agencies have effectively used such boards to add transparency and enhance the integrity, equity, and fairness associated with cash awards programs. Agency guidance in the use of awards boards must specify requirements, including board membership, scope of reviewable actions, and time.

Documentation of Justifications

In the Academy's review of individual high-dollar-value cash awards, all reviewed files provided some narrative justification for the award by the nominator. Yet some narratives did not clearly indicate the basis for the award, specify the amount requested, or relate the contribution to OPM guidelines for dollar ranges. Some components developed supplemental award guidance, which required a greater degree of specificity in justifications than the agency or other CDC components. Some component guidance conflicted with agency guidance, particularly in terms of allowable timeframes for submission. The Panel noted that the current process is paper-intensive and requires routing from all CDC locations to AHRC in Atlanta, where the final review and approval occur prior to processing by payroll.

Communication and Training

Some CDC components have posted supplementary cash awards program policies and procedures on internal websites. Because CDC has not historically done this for its agency-wide cash awards policies and procedures, employees have found it difficult to find this information. CDC offers a supervisory training program that includes information on cash awards programs, but does not enforce or track attendance and does not know how many supervisors have had the training. Such training, along with web availability of program guidance, provides enhanced assurance that supervisors and managers with first line responsibility for employee recognition are aware of program principles, policies, criteria, and procedures. The Panel also noted that many CDC managers were not aware of policy allowing the use of low-dollar-value gifts as recognition or awards.

Evaluation

OPM's regulations require agencies to evaluate their awards programs. In April 2007, CDC requested that the Academy conduct this independent study of its awards program. Agency officials could not recall previous awards program evaluations. From this point forward, CDC would benefit from conducting periodic assessments of its cash awards program. Possible assessment topics include:

- supervisory and managerial use of cash awards
- receipt of training
- compliance with legal and regulatory requirements
- demographic and organizational analysis of award usage
- consistency of amounts granted across organizations
- soundness of justifications and documentation

- analysis of contributions recognized
- timeliness of recommendations and processing
- thoroughness of review and approvals
- extent to which the awards program is meeting principles of equity, integrity, transparency, competitiveness, and administrative efficiency

Agencies that regularly conduct evaluations find that doing so helps them prevent or more quickly identify and correct inconsistencies and problems. For example, the Panel's review of a sample of high-dollar-value cash awards, discussed in Chapter V, found evidence of problems that the agency could easily address through automating its awards process, establishing clear guidance in an updated awards manual, and training.

Lessons Learned from CDC's Honor Awards Programs

Although agency and component honor awards programs were not a primary focus of this study, the Panel examined the governance of these programs as a point of comparison to governance of CDC's cash awards programs. Where honor award programs exist, they appear to be robust and highly regarded by employees. Their policies, criteria, procedures, and review and approval processes are quite specific and rigorous and often have been developed with employee involvement. They typically involve an awards committee—sometimes including members from outside CDC—to review nominations and recommend selections to approving official. The criteria, processes, and results are quite transparent.

SENIOR-LEVEL PAY

As part of its review of the governance structure for senior-level pay, the Panel reviewed HHS' August 2006 Organizational Performance System that governs reward and compensation, as well as performance management for all of its SES employees. The system also is integrated with its overarching Strategic Human Capital Management Plan. The department acknowledges that SES performance plans cascade to all non-SES HHS employees and uses the system to ensure that performance expectations are aligned with the HHS mission and oriented toward achieving results. There are a relatively small number of CDC SES employees and a larger number of senior-level employees in other pay systems. Yet the SES system, used throughout the Executive Branch, plays a predominant role in establishing a governance framework for senior-level compensation and recognition at CDC.

The HHS system is consistent with Title 5 United States Code, Section 4312, which requires that each agency establish one or more appraisal systems to hold senior executives accountable for their individual and organizational performance in order to improve the overall performance of the government. Although executives are appraised on the basis of their performance, the government-wide emphasis—consistent with the President's Management Agenda—is on establishing and supporting a strong performance culture using established targets and the measurement of results/outcomes.

OPM requires that agencies desiring approval to pay the highest possible SES salaries take the following actions:

- Seek the input and involvement of the individual senior employees covered under the pay system.
- Address the performance management of subordinates in individual performance plans.
- Demonstrate that at least 50 percent of executive plans focus on business results by sampling individual plans.
- Provide for achieving measurable results, with such results at least 60 percent of the summary rating.
- Report to OPM data that result from the application of the performance management system, including pay adjustments and awards.

These OPM requirements apply strictly to SES, but agencies with multiple senior-level pay plans, such as CDC, need to find ways to harmonize requirements and consistently link performance and outcomes to pay and recognition for all pay plans. The governance structure of these multi-pay-plan agencies must take into account the need for consistency, rationality, and clarity in criteria, along with the natural inclination of colleagues to compare compensation for like positions and credentials.

Structure for Evaluating Senior-Level Contributions

Given the multiplicity of pay plans used for CDC senior leaders, the Panel examined the agency structure for assessing individual contributions and the relationship to agency goals. The department's system is designed to help it connect management performance expectations to mission and link individual ratings and recognition to measurable outcomes. For the past three years, CDC has received an organizational rating of "Fully Successful" from the Secretary's Council on Performance Evaluation (SCOPE). HHS does not require that the agency conduct formal subcomponent assessments. Recently, however, CDC has begun using an Organizational Excellence Assessment, and strives to formally link organizational performance below the agency level to individual managerial appraisals. Historically, the CDC Director has used his or her knowledge of subcomponent performance, along with input from the Performance Review Committee or successor Compensation and Performance Review Subcommittee (CPRS), to make final decisions as to individual performance.

The Panel also sought to determine how the agency factored these contributions into pay and incentive decisions. Although the agency appraises SES and Title 42 executives on a fiscal year basis, it appraises CDC's Title 38 employees (under PMAP) and Title 42 scientists and SBRS employees on a calendar year basis. The Public Health Service evaluates Senior Commissioned Corps officers on a fiscal year basis, but under still another separate process. These disparate processes and timing further limit the agency's ability to consistently link organizational and individual performance.

Based on Panel experience leading large organizations, CDC would benefit if it conducted formal performance assessments of organizational subcomponents and linked them to individual performance ratings, pay adjustments, and bonuses. Doing so also would better enable CDC to make meaningful distinctions in performance based on both the organizational and individual's performance.

CDC Oversight

HHS requires CDC to have certain committees to oversee senior-level pay programs. CDC's Executive Resources Board (ERB) and Performance Review Committee⁶ served as its Performance Review Board. According to HHS, this committee is to review and evaluate initial summary ratings for SES members, recommend summary ratings and recognition to the CDC Director, and ensure that SES pay adjustments, performance bonuses, and pay levels—based on the results of the appraisal process—accurately reflect and recognize individual performance. In addition, according to HHS' instructions, CDC also is to have a credentials committee to determine candidate eligibility for Title 42 appointments and a compensation panel for guidance and oversight of its Title 38 pay plan, including reviewing candidate eligibility for pay and recommending pay levels to CDC's Director. CDC has a Title 42 credentials committee and relied on its ERB and/or Performance Review Committee to carry out pay-related functions for the SES, as well as its Titles 38 and 42 pay plans.

Governing Structure for Senior-Level Pay Decisions in Transition

During the course of its study, the Panel noted several factors associated with CDC's human capital governance structure that may have complicated the agency's ability to effectively manage its human capital, including its senior-level pay programs. Together, these factors likely contributed to a lack of consistency in senior-level pay decisions and managerial concerns, detailed in Chapter VI, about a lack of information and delays in getting senior-level pay decisions and action on requests. These complicating factors included:

- **An HHS restructuring of personnel processing functions.** This 2004 restructuring led to the movement of operational human capital functions from CDC to AHRC, a part of HHS. It also resulted in a split in responsibility for human capital functions between CDC and AHRC, with CDC retaining responsibility for strategic human capital management and AHRC responsible for day-to-day personnel operations. However, with local CDC human resources staff transferred to AHRC/HHS, CDC was left without any internal capacity to carry out strategic human capital functions.
- **Secondary changes within AHRC.** Shortly after it was restructured, AHRC experienced several changes that affected its ability to carry out its day-to-day personnel operations, such as staff attrition, including the loss of its former director; newly hired staff unfamiliar with CDC; and major systems changes imposed by HHS. At about the same time as these changes were occurring at AHRC, CDC was implementing a major reorganization which resulted, in part, in the movement of staff familiar with human capital policies and procedures and a void of such staff in newly created organizations.

⁶ HHS and other federal agencies refer to this type of committee as a Performance Review Board for the SES.

Thus, in addition to losing its central human capital capacity to AHRC, the internal CDC reorganization created additional human capital capacity shortages in important organizational components.

- **Establishment of CPRS.** In September 2006, CDC replaced its ERB and Performance Review Committee with CPRS to carry out their functions, as well as others related to senior-level pay and cash awards. However, CPRS sub-groups did not begin to become operational until Summer 2007. In the meantime, CDC convened Performance Review Committees on an as-needed basis to address performance ratings and pay increase and bonus decisions for SES and Title 42 executives, and CDC formed ad hoc groups to handle certain recruitment actions in the absence of a permanent operational body. Many senior-level CDC managers pointed to the lack of a definitive governance structure for senior-level pay policy and procedures together with the bifurcation of responsibility between CDC and AHRC as sources of confusion and uncertainty about senior-level pay policies and procedures.

In addition to a clear organizational framework, clear policies, criteria, and procedures are critical elements of any governance structure and important factors in ensuring that organizational objectives and requirements are being met; decisions are being made quickly and consistently; and employees are treated fairly and equitably. As detailed in Chapter VII, NIH and VHA have pay models for senior-level pay, and other organizations have established clear policies, criteria, and procedures for determining pay increases for senior-level employees. Such governance structure enhancements help organizations—particularly those facing dramatic change or with increased flexibility—manage decisions during transformation periods.

CDC has structured its CPRS subgroups to implement the functions previously performed by its ERB and Performance Review Committee, as well as other functions related to compensation and awards for senior-level and other employees. These subgroups—which include separate groups for SES and Title 42 executives, other Title 42 employees, and Title 38 employees—are becoming operational at differing paces. The CPRS also will need internal controls and mechanisms to ensure effective operation, as well as equity and consistency in pay decisions and levels across CDC’s pay plans. It also will need to ensure that pay increases for employees in all its pay plans are based on both individual performance and unit performance under the individual’s leadership.

Enhancing Communication and Evaluation

As noted in this chapter’s discussion of awards, effective communication and evaluation of compliance and outcomes are two other essential elements of an effective governance structure. As CPRS subgroups become operational, the Panel believes it will be important for CDC to clearly communicate their roles and functions to top managers and ensure that all employees are aware of the policies, criteria, and procedures they developed. It also will be important for CPRS to periodically evaluate the subgroups’ operations. These evaluations should address such factors as whether the governing principles of equity, integrity, transparency, competitiveness, and administrative efficiency are being achieved and whether CPRS subgroups, CDC managers, and AHRC are performing as expected.

INFORMING THE RECOMMENDATIONS

Like other organizations, CDC needs to have a robust and effective governance structure for its cash awards and senior-level pay programs. Critical elements of such a structure include the clear designation of responsibility and accountability to positions/organizations charged with managing and overseeing these programs; governing principles; clear policies, criteria, and procedures; effective communication; training; and periodic program evaluation. These elements are necessary to provide management with reasonable assurance that its cash awards and senior-level pay programs are meeting their objectives and requirements.

Such a structure also will help to prevent problems from occurring and to quickly identify and resolve problems that do arise. Similarly, these elements can help provide assurance to CDC employees that they are being treated fairly and equitably and to taxpayers that their tax dollars are being well spent. Based on its review of the agency's governance structure, the Panel makes several recommendations to CDC to enhance its governance structure for its one-time cash awards and senior level-pay programs. Mindful of the need to keep the administrative burden in check, the Panel offers recommendations regarding the expanded use of information technology to automate awards justification and review and provide a ready analytical base for evaluations required by OPM. It also recommends a position evaluation and categorization approach to serve as the foundation for a transparent and systematic senior-level pay model. These recommendations are detailed in Chapter VIII.

CHAPTER III

WHAT THE PANEL LEARNED FROM LISTENING TO EMPLOYEES, MANAGERS, AND LABOR UNIONS

CDC asked the Academy to collect the perspectives of its employees and managers regarding their perceptions of award programs.⁷ This chapter summarizes the results of:

- 16 focus group discussions in six locations involving randomly selected CDC supervisors and non-supervisors⁸
- Individual interviews with CDC employees
- Contact with labor union bargaining unit officials across CDC

FOCUS GROUPS

Given 16 focus groups, each designed to accommodate eight to ten employees, the study team anticipated a total of 128 to 160 participants. The staff made more than 400 phone calls to schedule the sessions. As a result of limited employee availability and difficulty making contact—particularly in Fort Collins and Atlanta—a total of 109 individuals participated. Despite e-mail reminders or commitments to attend, 35 employees who agreed to attend a focus group did not do so. Participation ranged from a low of 56 percent to a high of 89 percent. Table 1 provides details on participation by location.

Table 3-1
Participation by Location

Location	Confirmations	Participants	Participation Rate
Atlanta	54	40	74%
Cincinnati	18	12	67%
Fort Collins	18	10	56%
Hyattsville	18	15	83%
Morgantown	18	16	89%
Pittsburgh	19	16	84%

⁷ Focus groups of randomly selected employees did not result in the selection of sufficient numbers of senior-level employees to generate a meaningful discussion of senior-level pay. Thus, the Panel conducted individual interviews with managers about this topic. That information is presented in Chapter VI.

⁸ CDC specified the six locations and distribution of the 16 focus groups. As a result, NIOSH employees constituted almost half of the participants. As noted in this chapter, the study team found little variability in perceptions based on organizational or geographical factors and did not attempt to quantify focus group results. In subsequent individual interviews, it tested the perceptions raised in the focus groups and expanded the interview range to include international employees, those detailed to state and local public health agencies, and employees in CDC offices beyond the six noted in Table 3-1.

Supervisors and non-supervisors participated in separate sessions to encourage open discussion. Focus groups included 55 supervisors/managers and 54 non-supervisory staff, including bargaining unit members at each of the CDC sites with labor union recognition. Table 3-2 shows the number of non-supervisory participants and their bargaining unit membership:

Table 3-2
Supervisory and Non-Supervisory Breakdown of Focus Group Participants

Location	Total # of Participants in Non-Supervisory Focus Group	# of Focus Group Participants in Bargaining Units	Local # and BUS ⁹	
Atlanta	22	12	AFGE Local 2883 ¹⁰	470
		0	NAPFE Local 303 ¹¹	460
Fort Collins	7	n/a ¹²		
Morgantown	7	4	AFGE Local 3430	855
		3	AFGE Local 3430	856
Cincinnati	4	4	AFGE Local 3840	666
Hyattsville	7	7	NTEU Chapter 287	851
Pittsburgh	7	7	AFGE Local 1916	1160
TOTAL	54	37		

Sessions typically lasted 75 to 90 minutes, depending on the number of participants. Two-member Academy teams facilitated the group discussions and manually recorded 1,582 individual participant comments. The team coded each comment and entered the codes into a software package designed to facilitate qualitative analysis. Simply counting the number of comments in each of the codes and extrapolating the distribution to CDC employees as a whole would lead to erroneous conclusions. Focus group discussions cannot be generalized or extrapolated given the synergistic nature of group discussions and the heterogeneous nature of the data collected. On the other hand, collecting 1,582 comments from more than 100 CDC employees randomly selected from six different locations does provide a basis for analysis, though not of a strict quantitative nature.

Included in the recorded comments are approximately 300 comments that participants designated as “the most important topics discussed during the session.” Participants recorded these topics on an anonymous form submitted at the end of the session.

The substantive part of each focus group session began with the following question: *If CDC had an ideal awards program and effective awards processes, what would they be like—what characteristics would they have?*

⁹ BUS is the code number assigned to the bargaining unit and used by Atlanta Human Resources Center to designate employees in each bargaining unit.

¹⁰ In Atlanta, AFGE Local 2883 represents approximately 1,500 administrative, clerical, blue collar, and technical employees.

¹¹ In Atlanta, NAPFE Local 303 represents approximately 70 non-professional laboratory workers.

¹² The CDC Fort Collins location has no recognized bargaining unit.

The discussion started with the concept of an ideal program/process followed by ways in which the current processes did and did not meet the ideal.

Monetary Award Systems

The group discussions focused first on monetary awards. This theme typically consumed more than half of the total group discussion time and produced the majority of comments. Two topics took the most time and generated the most comments during this discussion: (1) the characteristics of an ideal award system, and (2) how existing monetary award systems do not correspond with these ideal characteristics. Participants also were asked to identify ways in which the existing awards system corresponded to their ideal, but this topic generated relatively few comments. It was clear that implementation of the new performance management system, though not part of this study, was on the participants' minds and shaped many of their comments. Participants also frequently mentioned On-the-Spot and Special Act awards. The specific topics covered during the discussion groups covered a wide range of topics within the broad topic of monetary awards. For example, one group would focus extensively on On-the-Spot awards, while another would report that its organizational component did not use this type of award.

Non-monetary awards were not the focus of this study, but focus group discussions moved back and forth between monetary and non-monetary award systems, indicating that employees take a broad view of what makes CDC work rewarding. For example, some cited the important work of the organization, the opportunity to make a contribution, and the expertise and dedication of their peers. This corresponds to the contemporary view that rewards have two types.¹³

1. *Intrinsic rewards* contribute to internal value or motivation. These include “inspirational” and related values, such as recognition of personal achievements, reputation of the organization, quality of work, learning and development, career development opportunities, public service values, and an environment that enables high performance and contribution.
2. *Extrinsic rewards* include all those things which can be assigned a monetary value. These include salary, individual and team bonuses/awards, retirement, organization provided health benefits.

Appendix D summarizes focus group insights into non-monetary awards.

Participant comments about monetary awards fell into the nine topic areas presented below. Comments in some of the areas are largely homogeneous, while comments in others cover a wide and diverse set of sub-topics. Selected representative comments in each topic area (shown in italics) help establish the boundaries of each topic.

In most instances, the topic areas with the most comments addressing an ideal awards program are those with the most comments addressing how current awards programs do not meet the

¹³ For more information on addressing these two types of rewards, see *Creating a Total Rewards Strategy*, Todd Manas and Michael Graham. American Management Association, New York 2003.

ideal. For example, comments regarding equity and fairness appeared in substantial numbers in both the discussion of an ideal awards program and the discussion of the existing program. Differences will also be noted in the descriptions below.

The nine topic areas are presented below, with the topics that garnered the most comments listed first. The first three encompass about two-thirds of all comments recorded; the remaining six topics account for about one-third. Similarly, about 70 percent of the “most important” topics fall into these three topic areas. Again, the number of comments may not be representative of the relative importance of the topic.

Equity and Fairness

Focus group participants said an ideals award system would have an equitable and fair awards process. This topic area was the most difficult to define in precise terms. “Equitable” and “fair” are complex concepts that are nuanced. The number of participants citing this area as “most important” accentuates its importance. Most respondents, however, did not elaborate. During group discussions, participants spoke of there being an equal opportunity for CDC employees at all grade levels to receive awards. Similarly, they indicated that an ideal awards program would allow employees from different organizational units (different divisions or employees located in different parts of the country or overseas, for example) to have equal opportunity to be recognized and receive an award. Still others emphasized that scientists and administrative employees should have equal opportunity. Some identified equal funding across organizational units as key to assuring an equitable and fair system. Among the individual participant comments:

If you perform at the same high level as another person in a different organization, you should receive a similar award.

The process should aim to treat everyone alike. We have difficult situations where we have someone who is offsite; they are out of sight and out of mind and as a result do not receive awards in the same way as everyone located here.

Employees need to be appreciated across the board regardless of their pay level.

We have the same standards and guidelines; however, some divisions have money, and others do not, which causes disparities. It should be equitable—divisions and centers should each be allocated dedicated funds for awards.

Monetary awards should be fair—that means awards should be given to employees who demonstrate exceptional service beyond the tasks detailed in their job descriptions.

Understood and Transparent

In an ideal awards system, the focus group participants said the system would be *understood* by everyone and *transparent* in its operation. The lack of understanding of the current award opportunities was apparent in most group discussions; one or two members had demonstrably more knowledge than the others who had limited knowledge. However, even supervisory group members who demonstrated considerable knowledge of existing award programs expressed concern that they did not know about all the programs that were available.

A substantial number of participants identified this topic as one of the “most important.” Their comments included the need for an award system to be understood by employees and supervisors and for the operation of the system to be transparent. The concept of transparency extended beyond what was happening during the process to information about awards history, such as the percentage of employees who had received awards.

Comments concerning the transparency of an ideal program included a desire for real-time knowledge of the program’s operation, as well as prompt knowledge of who received awards and the reasons why. Among the individual participant comments:

An ideal system would be transparent—what are the awards, how are they supposed to work, what is the distribution (by division, by branches, etc.).

Make a change in the Special Act Awards—track the awards from the time they are submitted so that managers know what is happening.

There is a need for a system for monetary awards with understandable rules and accessible instructions and forms that do not take a lot of time to navigate and write up.

The award systems must be more transparent—management must announce all awards.

Supervisors and employees need to be educated on the awards and how the award processes actually work. Beyond the performance awards at the end of the year, there is no training on the other awards. We don’t know what is out there or how to utilize it.

Established Standards

In an ideal awards system, the focus group participants said that the decision to give an award would be based on established standards widely known within the CDC employee population. A substantial number of participants recognized that established standards were necessary in an ideal process, but that developing standards to accommodate diverse CDC functions and activities would be a challenging undertaking. Among the individual participant comments:

Award systems should be based on a particular act/behavior to encourage individuals to strive to achieve the award.

In a fair process, you should identify the reason behind the award, and then there would be a process that would give the person the award. Awards would not be individually centered, but rather act centered. Certain acts should be identified that deserve awards and then individuals who perform those acts would receive awards.

Standards would have to be designed per job. In our division, the people who get published get more awards, but others do critical work and don't receive awards.

An ideal system would involve setting benchmarks for receiving awards – for each job series (although some flexibility for special circumstances is good).

There are little or no concrete criteria for awards outside the PMAP program.

Clearly define the awards process by explaining the criteria for obtaining both monetary and non-monetary awards

Knowledgeable Decision-Makers

In an ideal awards system, focus group participants said the decision-makers who determine if someone is to get an award would be knowledgeable about what that person does. This topic—along with the remaining five topics addressed below—accounted for only one-third of the total comments. This is one of the few areas where there was a discernable difference between the supervisory groups and non-supervisory groups. Some members of the non-supervisory groups expressed discomfort with the fact that decisions were sometimes made by a single person: their supervisor. Some suggested alternative mechanisms. Members of the supervisory groups who addressed the topic were more likely to express a “the buck stops here” attitude with regard to who should make the decision. Among the individual participant comments:

Awards should not be dependent on one supervisor. The supervisor may not have any interest in recommending an employee, while another supervisor may. It would be ideal to have more than one person evaluate your eligibility for the award.

The peer evaluation concept—where not only the supervisor evaluates you, but others too— is an attractive idea.

The On-the-Spot award should be truly on the spot. It should be controlled by the immediate supervisor.

Some employees have advised supervisors of the good work of their colleagues, so that they can be considered for an award.

Motivating

In an ideal awards system, focus group participants said one-time awards would motivate; the award must be of value to the individual receiving it. Group discussion comments indicate wide differences in what is perceived as valuable. Some of the differences may be attributable to level of pay, scientific versus non-scientific disciplines, and personality characteristics, such as introvert versus extrovert. The effect of employee age was not discernable during the discussion, but it may be a factor. Among the individual participant comments:

People always like money.

Being recognized with an On-the-Spot award sometimes means more than the award itself.

I know a lot of people who would prefer training or a trip instead of a cash award.

Managers should know what motivates their employees.

Results Are Public

In an ideal awards system, focus group participants said results would be made public. They also suggested mechanisms for making awards public. Among the individual participant comments:

Managers should present awards to others in a branch meeting to give them audience recognition.

Publicize all awards, monetary and non-monetary, on a web page along with the award amount and citation for the award.

It is important to award employees openly as an acknowledgement.

Make On-the-Spot awards public knowledge in the division.

Timely Pay-Off

In an ideal awards system, focus group participants said the agency would pay monetary awards promptly. A number of comments on this topic were accumulated during the group discussion of an ideal award process. A disproportionately larger percentage of comments made during the discussion of the existing award system touched on this topic. It is possible that the number of comments was influenced by the fact that PMAP awards had not yet been received by most CDC employees six months after the close of the performance rating period. Although these performance rating-derived awards were outside the scope of this study, it appears from these comments that employees view them as part of an awards and recognition program and do not necessarily draw a bright distinction among types of compensation. Among the individual participant comments:

Timeliness is an important concept to have for an ideal awards system. Currently the employee hears that they have received an award, but the money shows up several months later.

The process should be faster. People should not forget why they received the award in the first place.

The date the money will be delivered should be known. Now it is a secret when an award will be granted.

Minimum Red Tape

In an ideal awards system, focus group participants said there would be minimum red-tape associated with processing awards. Although both supervisors and non-supervisors commented on this, their comments were slightly divergent. Supervisors simply stated that an ideal process would contain minimum administrative red-tape. Non-supervisors postulated that if there were substantial administrative burdens, supervisors were not likely to have time, or take time, to propose awards. Among the individual participant comments:

The system should be easy to use. If it is labor intensive to fill out all the forms, supervisors will not have the time to write up awards.

There is a need for a fast, cheap, and effective way to do awards, with the possibility of a preparation time of half an hour. Now it more likely takes six hours to write up an award and six months to hear the result.

I wish there was a smaller award, like a gift card, that could be given to employees truly on the spot, without a lot of oversight or reporting requirements.

Not Based on Favoritism

In an ideal awards system, focus group participants said recognition would be based on an employee's contribution, not favoritism which they defined as "who you know or where you are in the organization."¹⁴ This topic attracted a number of comments concerning how the current systems do not correspond with the ideal. Group participants commented both on the generic issues of headquarters versus field awards and contemporary issues. Among the individual participant comments:

¹⁴ Some employees described this desired state as "non-political." For purposes of this discussion, the report uses the term "favoritism," because the Panel believes this more appropriately captures what employees intended. They did not use the term "political" in a partisan context.

The current awards system is geared towards rewarding management and those at higher pay levels. Everyone contributes to the mission of the organization, so everyone should be eligible. Under an ideal system, group awards would be given to people at multiple levels.

Awards should be based on the work of the agency and not who knows who.

Focus Group Analysis

After the group discussion had been completed and the individual comments were coded, the study team analyzed comments in each topic area from two perspectives:

1. Are there discernable differences in the nature of comments from Atlanta participants versus participants from the five locations outside of Atlanta?
2. Are there discernable differences in the nature of comments between the supervisory groups versus the non-supervisory groups?

With very few exceptions (noted in the discussion above), the answer to both questions is no. The differences among individuals within any group were much greater than the differences between groups.

INDIVIDUAL INTERVIEWS

The study team conducted telephone interviews with randomly selected participants to reach CDC employees who were not candidates for inclusion in the group discussions due to their geographic location, such as state offices or overseas, and to provide a more quantitative basis for determining the most important characteristics of ideal monetary award processes. At the conclusion of two weeks of intense activity, the study team contacted more than 150 CDC employees. This sustained effort produced 60 completed phone interviews. Of these, 56 interviews provided data suitable for quantitative and qualitative analysis. The first four interviews were pilot tests conducted in a different format that did not yield quantifiable data. However, these interviews were included in the qualitative analysis presented below.

The topics addressed during the telephone interviews were based directly on the insights gained from the group discussions. For example, interviewees were asked to rate the relative importance of the nine characteristics identified during the group discussions. They also were asked to focus exclusively on one-time awards, such as On-the-Spot awards and Special Act awards, and exclude the PMAP program.

The study team asked telephone interview respondents to rate the previously identified nine key characteristics of an ideal monetary awards program, as defined below:

1. *Equitable and Fair.* Employees have an equal chance of being recognized for outstanding work or a special contribution regardless of their grade or organization/location within CDC.
2. *Understood and Transparent.* CDC employees know that each award exists, know how it operates, and have access to information as it goes through required steps.
3. *Established Standards.* CDC has written standards to help everyone understand what it would take to earn one of the rewards.
4. *Knowledgeable Decision-Makers.* Supervisors who recommend employees for awards and those who make the final decisions have sufficient knowledge of employees' jobs to make an informed judgment about whether their performance is outstanding.
5. *Motivating.* Awards are important to employees who receive them and are presented in a way that encourages them to continue doing outstanding work.
6. *Results Are Public.* When an employee receives an award, those who work around them are aware of it.
7. *Timely Payoff.* Employees receive their checks for one-time monetary awards in a reasonable amount of time.
8. *No Excess Red Tape.* CDC's requirements for filing and processing an award do not become so burdensome that managers/supervisors are reluctant to submit awards.
9. *No Favoritism.* A CDC employee's chance of getting an award is based on their work contribution, not dependent on favoritism, whom they know, or where they work.

The sequence of the nine topics was randomized for each person interviewed to eliminate potential bias. Interviewees were asked to rate the relative importance of each characteristic using a 5-point scale:

- 5—Very important
- 4—Fairly important
- 3—Not too important
- 2—Not important at all
- 1—Don't know/not sure

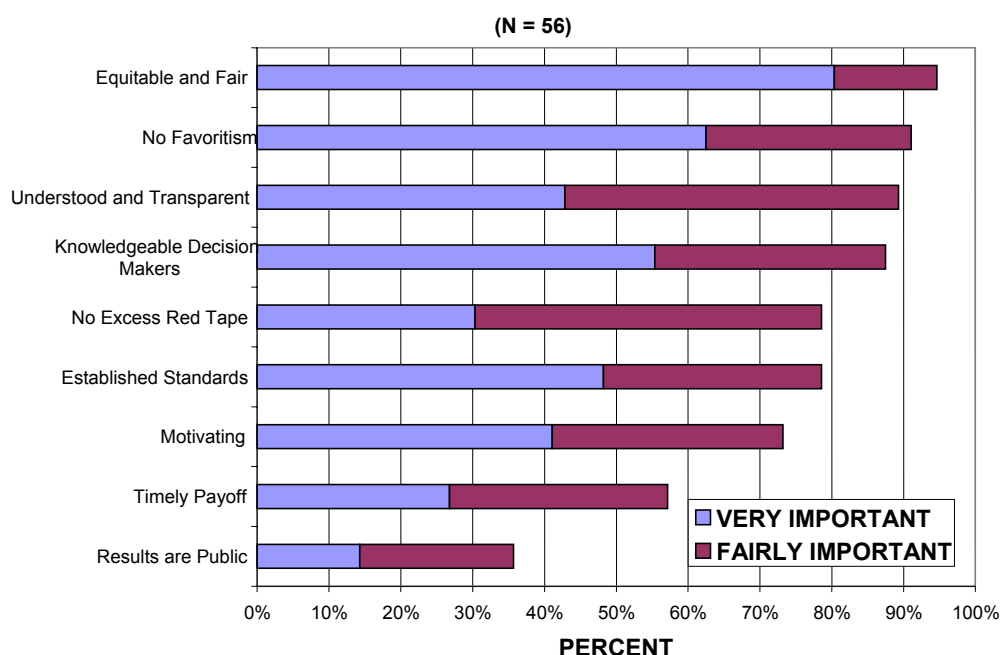
The telephone interviews concluded with a discussion of sources of information on award programs and systems. Participants were specifically asked where they would look for more information on the existence, policies, and procedures implementing monetary award programs.

Insights from Telephone Interviews Concerning Monetary Award Programs

The study team used numerous analytical tools to determine the relative importance of the nine characteristics of monetary award systems.¹⁵ It also analyzed respondent comments, with illustrative comments provided below in italics.

Figure 3-1 shows the percent of employees who rated each characteristic as very important or fairly important, ranking the characteristics in their relative importance to the respondents. As shown, the most important of the nine characteristics were “equitable and fair” and “no favoritism.” More than 90 percent of the participants rated these characteristics as very important or fairly important.

Figure 3-1
Percent of Employees Rating Characteristics Very or Fairly Important



With the exception of “results are public,” all of the characteristics were rated as very or fairly important by more than 50 percent of the employees interviewed. This provides evidence that the discussion groups identified characteristics of real interest to CDC employees.

The study team completed additional analysis on the data collected. The results are presented below for each characteristic and include, where relevant:

- distribution of the rating of importance
- impressions gained by members of the study team during the telephone interviews

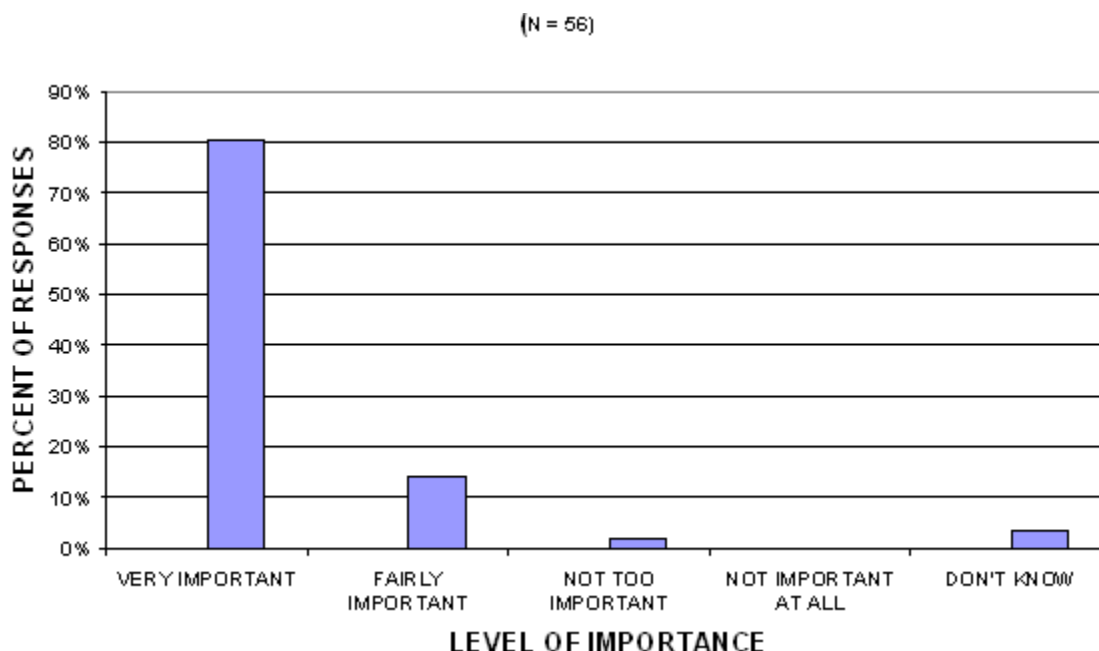
¹⁵ These included various weightings of responses, as well as visual comparison of response distributions presented graphically.

- sample prompted and unprompted comments made by employees during the discussions
- differences between the responses of supervisors and non-supervisors¹⁶
- observations on the distribution of comments between the five established responses (very important, fairly important, not too important, not important at all, and do not know)

Equitable and Fair

Equity and fairness represent the most important characteristics of an ideal monetary awards program to CDC employees, as shown in Figure 3-2.

Figure 3-2
Monetary Award Processes Are Equitable and Fair



Employees reinforced the messages heard during the focus groups, in that both vertical and horizontal equity are desired. Equity among the different grades and within the same organization are important, as well as parity across organizations and job classifications. All nine supervisors identified it as very important. There are a variety of perceptions about the fairness of current programs; employees from different organizations indicated that administrative and scientific staff members were overlooked for awards. Some also opined that non-Atlanta employees received fewer awards than CDC headquarters employees.

Some telephone respondents expressed concern that awards were not tied to CDC's mission, but were driven by favoritism. Additionally, a perception exists that awards tend to go to managerial

¹⁶ Caution must be exercised when comparing the responses of supervisors and non-supervisors given the relative small size of the samples: 9 supervisors and 47 non-supervisors.

staff in the upper echelons of CDC, not rank-and-file programmatic employees. Some employees said they do not believe CDC's incentive awards programs meet the equitable and fair standard. Among the individual telephone interview comments:

There is a perception here that the scientists and researchers are given more attention than the administrative support staff; administrative staff doesn't get a lot of attention.

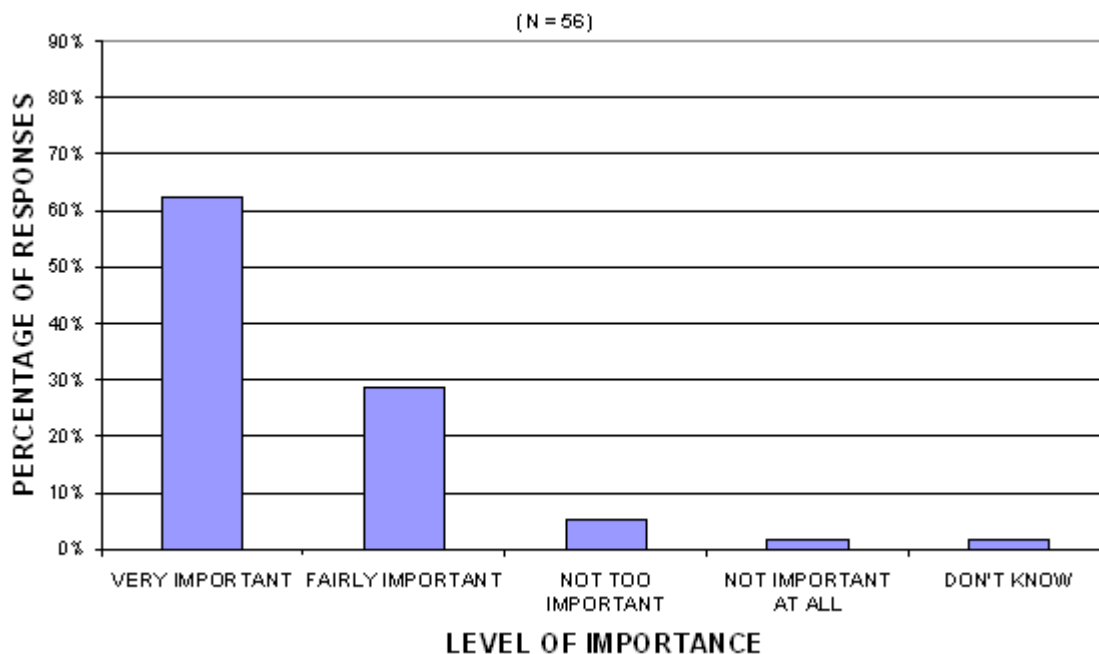
Certain branches are more likely to get awards than others and the amounts are different, so it can lead to questioning or resentment.

There is a perception at CDC that very few awards go to the activities that are CDC's main mission. Most of the financial awards go to administrative things and systems processes.

No Favoritism

Most employees identified this characteristic as very important in designing an ideal awards system, but many expressed doubts that it was being achieved at CDC.

Figure 3-3
Monetary Award Processes Are Not Based on Favoritism



Many respondents noted that this characteristic was related to several of the other characteristics, including "equity and fairness," as well as "understood and transparent." Some noted that the perception of awards based on favoritism was de-motivating and harmful to morale. Some identified large awards given at the senior level as a source of low morale, as well as a

perception that those supportive of CDC's reorganization received recognition. Other employees believed that CDC is meeting this standard, which may indicate a variety of experiences across the agency. Among the individual telephone interview comments:

This standard is not being met. We need to recognize that contributions at all levels are important. It is not clear to me that it is understood that people who do everyday work are important, and without them we wouldn't function. People in high positions have too easy of a time getting awards.

It is important that if someone wins an award it be on the merit of their work.

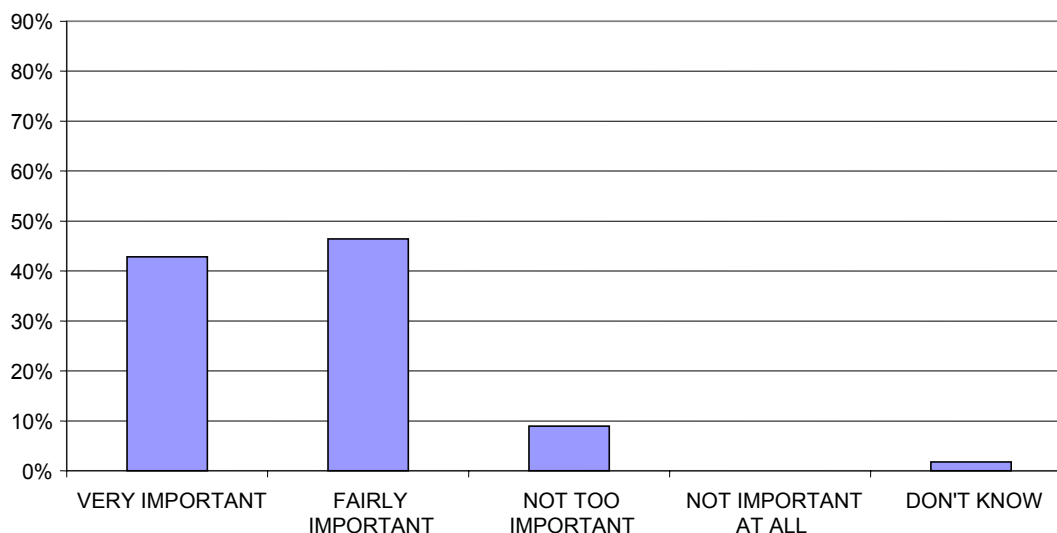
People who have been supportive of the reorganization received more awards.

Understood and Transparent

A few employees were unaware of the awards programs, most notably the Special Act or Service awards. Many noted that they viewed the awards process as a mystery and were not clear on why they or others received awards.

Figure 3-4
Monetary Award Processes Are Understood and Transparent

(N = 56)



There was no apparent difference between the importance that supervisors and non-supervisors attributed to this characteristic; however, some supervisors noted that the lack of transparency made it difficult to know what awards they could give employees and made it difficult to explain to employees why some received awards and others did not. Some employees noted that the system should not only be transparent, but flexible given the wide variety of jobs and personnel at CDC. Among the individual telephone interview comments:

Must be flexible, as well. The system needs to accommodate the unexpected thing the person did. Can't overly quantify.

If people can see what's going on, it alleviates the questions -the more they know, the more informed they are. At CDC, if people could see an equitable distribution of awards, they would be-happy.

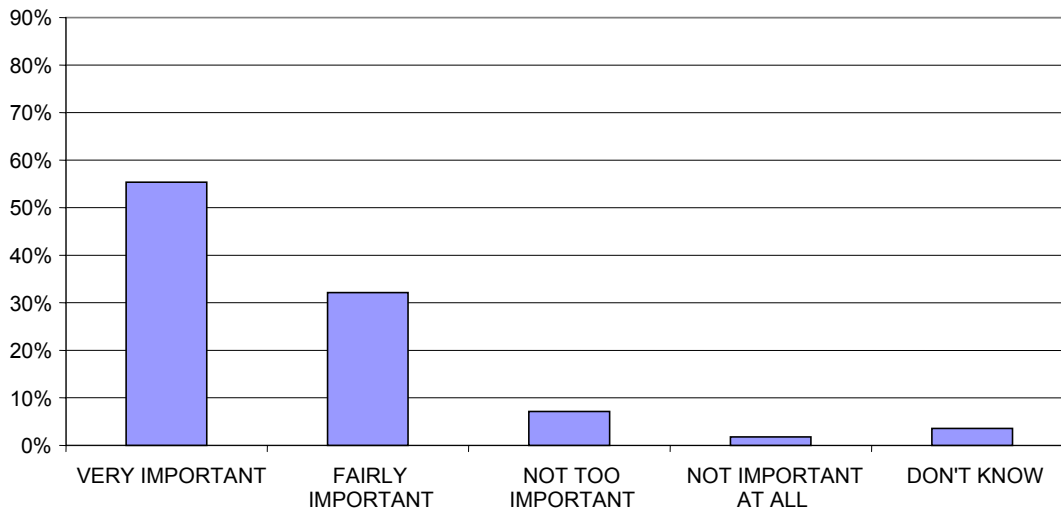
Absolutely has to occur, one of the things that's missing, and I try to be transparent as a supervisor, but I don't have all of the knowledge about what the rules are. It needs to be out there.

Knowledgeable Decision-Makers

Employees reiterated concerns heard in the focus groups, namely supervisors without direct knowledge of the individual's performance expectations were making award decisions. Employees indicated a desire for those who directly supervised them or coworkers to be able to nominate others for awards. In general, non-supervisors rated this characteristic as more important than supervisors.

Figure 3-5
Monetary Award Processes Involve Knowledgeable Decision- Makers

(N = 56)



Employees noted, however, that there are vast differences from supervisor to supervisor in their tendency to nominate an employee for an award, suggesting that some oversight is needed. Among the individual telephone interview comments:

The decision-makers are not knowledgeable about the work of some employees.

Weakness is that there is a radically different level of motivation for managers to put people up for awards.

How will someone be fair if they don't know what it is that each person does?

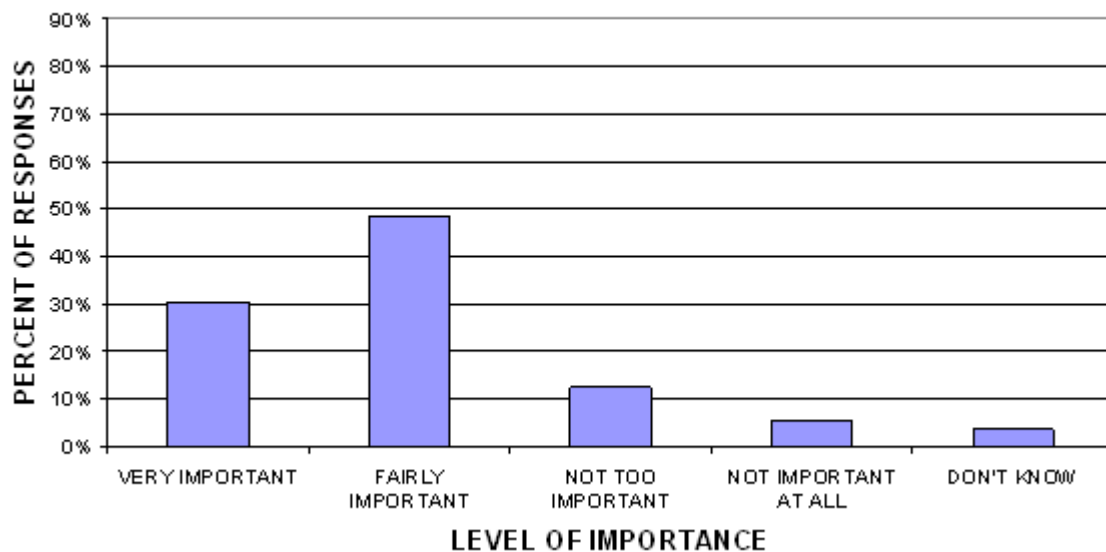
This is particularly important for awards in the science area.

No Excess Red Tape

Although nearly 80 percent of the interviewees rated this very or fairly important, both supervisors and non-supervisors indicated that this characteristic was not as important as the four previously presented characteristics.

Figure 3-6
Monetary Award Processes Do Not Involve Excessive Red Tape

(N = 56)



Respondents generally believed that the current system was not unduly burdensome and that any changes should not make it more burdensome. Employees restated the desire for a transparent and understood system, including having a simple, standardized way to nominate an employee for awards. A concern voiced by a handful of employees was that they were required to write up their own awards because the supervisor was unwilling or unable to take the time to do so properly. Another frustration was that the approval for awards went too far up the administrative chain; some employees noted that awards had to go through multiple levels of approval, and that approvers higher up in the administrative hierarchy sometimes would reduce the award without

justification or reason. Many employees, however, noted that some administrative burden was to be expected with the awards program. Among the individual telephone interview comments:

I don't view what we have now as being excessive. It is very important to not make it more burdensome than it already is.

This goes back to “understood and transparent;” supervisors should know and follow a standardized format, but if it is a pain and they have to jump through too many hoops, they will not be as likely to use it.

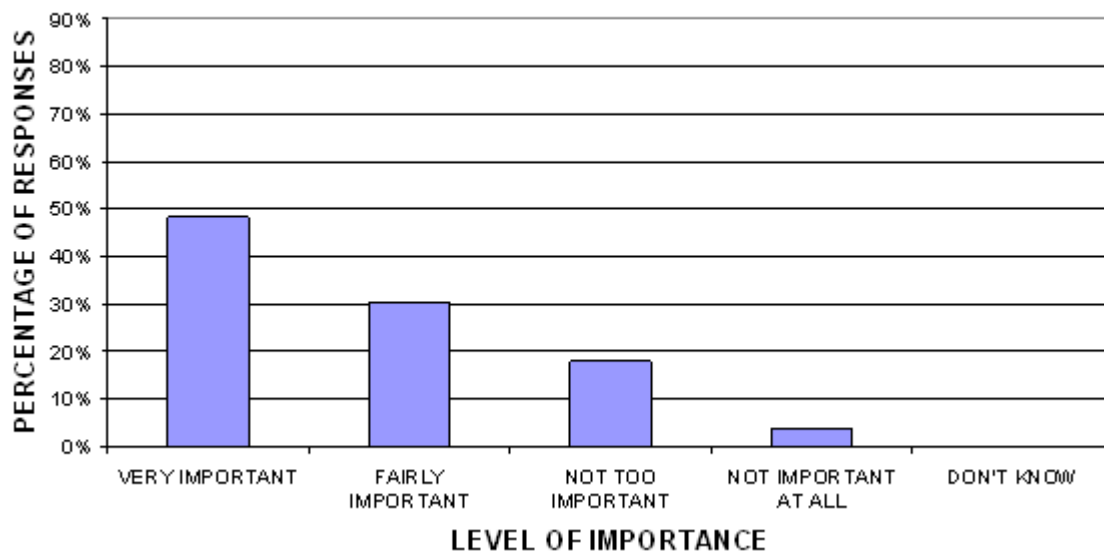
It is important to have some hoops to jump through – awards shouldn't happen every day.

Established Standards

Employees expressed an overall desire for more guidance and standards related to the awards programs, noting that an established set of standards would increase transparency and equity.

Figure 3-7
Monetary Award Processes Have Established Standards

(N = 56)



Employees reported that they had not seen a comprehensive set of standards, even though employees had received awards and supervisors had given them. Some employees, however, voiced concern that too rigorous standards would be counterproductive because of the difficulty in standardizing performance across vocations. Among the individual telephone interview comments:

Absolutely must have standards.

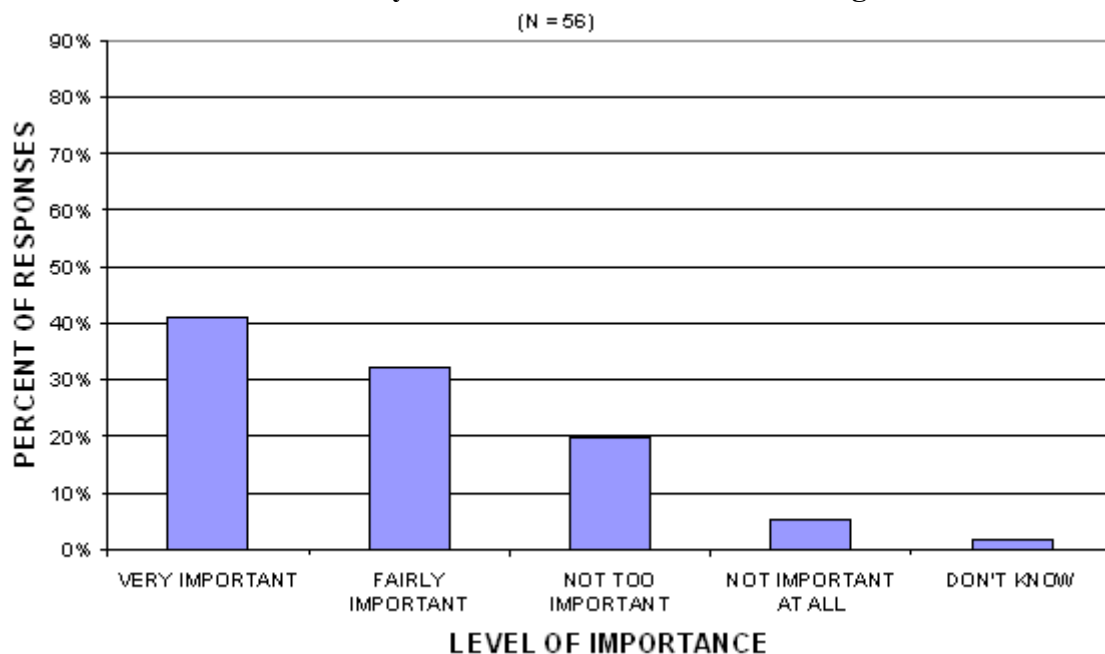
If you know how to set your goals, you wouldn't have to guess whether or not you would be rewarded fairly.

This is a tough one because it's based on individual performance. Established standards may not be able to be maintained throughout the agency. How will they be established?

Motivating

Most employees remarked that the purpose of an awards system is to motivate thorough recognition. Some employees see the current awards system as unfair; many said it has become a de-motivator for this reason. They observed that a system which is equitable and fair would be motivating for employees.

Figure 3-8
Monetary Award Processes Are Motivating



Some participants pointed out that many people at CDC are internally motivated and that monetary awards are not as important. Both technical and scientific employees noted that the non-monetary, peer-reviewed honor awards are effective and can be more motivating than cash awards. In general, non-supervisors viewed this characteristic as slightly more important than supervisors. They suggested that the monetary awards system be patterned on honor awards programs. Among the individual telephone interview comments:

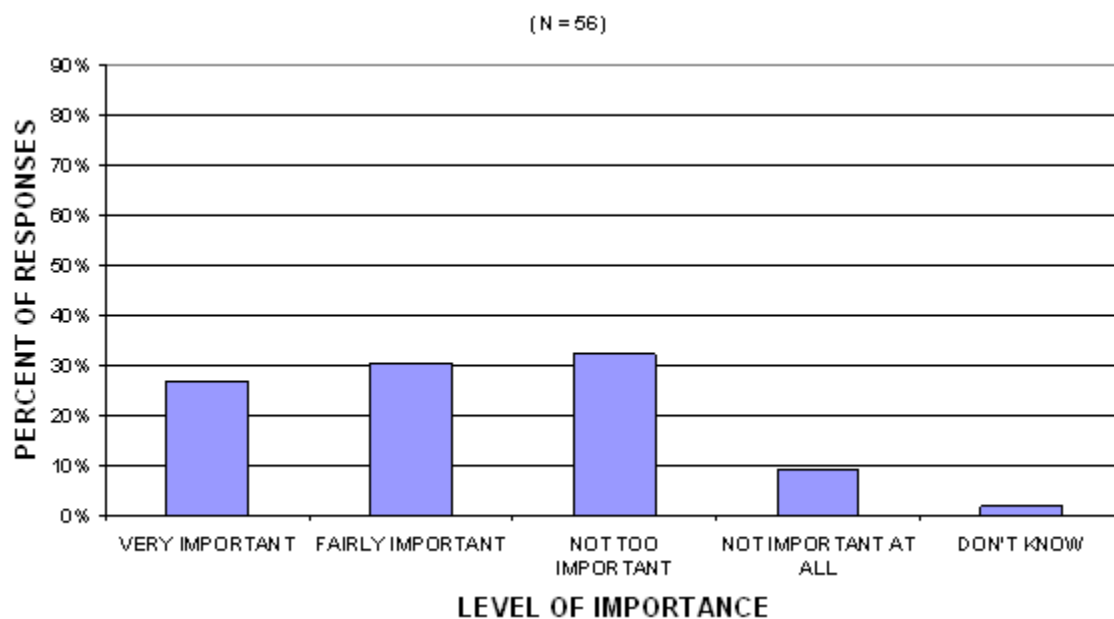
No reason for an awards program unless it motivate the employees.

I don't think people are motivated by cash awards - people would do good work because they want to.

Timely Payoff

Overall CDC employees felt that this issue was not as important as some of the other characteristics, although slightly more than 50 percent did rate it as very or fairly important.

Figure 3-9
Monetary Award Processes Produce Timely Payoff



Several participants indicated that an ideal system should move quicker. Others noted that they thought that parts of the system were timely now—sometimes so quickly that the award was given before the supervisor had told the employee that they were to receive it. In general, non-supervisors saw timeliness as more important than supervisors. Among the individual telephone interview comments:

Important for budgeting, also key for motivation, shouldn't vary from center to center. Some places it takes a month, and others it takes several.

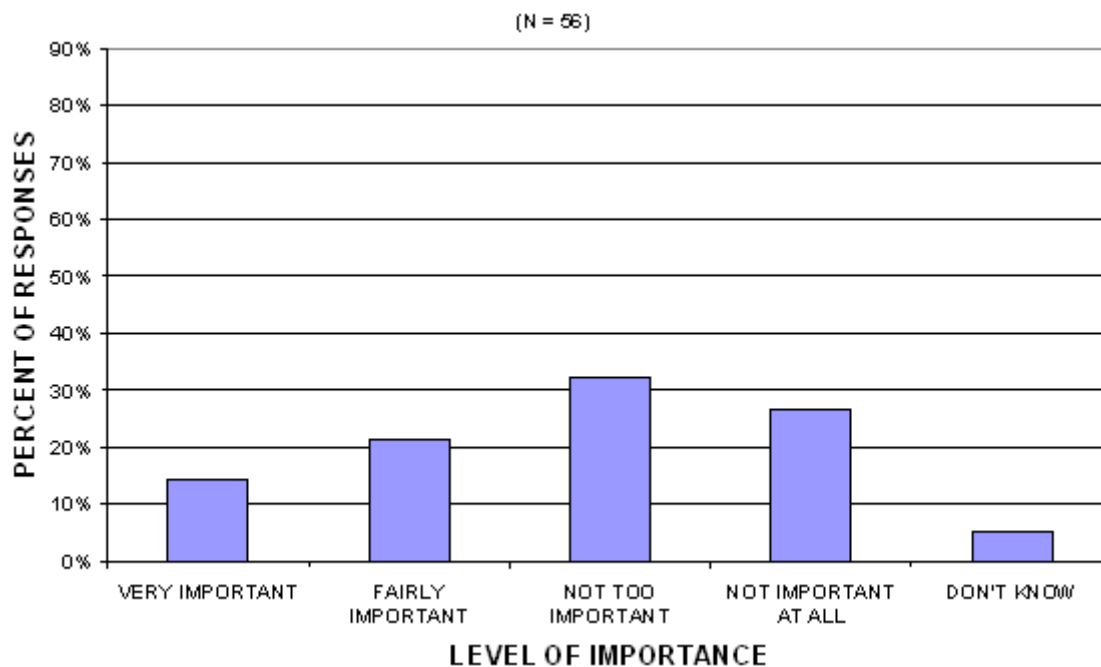
OTS awards are fairly quick. The way it happens is very strange. People get the money and don't know what it's for. No communication from the supervisor to tell them that they'll receive an award.

It would be nice - it's simple psychology. The award needs to be given soon after the action.

Results Are Public

The relatively low level of importance given this characteristic could be seen as surprising given the high importance assigned to “understood and transparent.”

Figure 3-10
Results of Monetary Award Processes are Public



Some of the explanation can be seen in the particular comments that participants made. Some employees strongly believed that all monetary awards should be made public, while others strongly believed that this sort of personal information should remain private. Others suggested a middle ground concerning publication of some information; for instance, the number of awards per Coordinating Center, and some statistical information about the awards (like the average award amount and the range of awards). Among the individual telephone interview comments:

Awards are hush-hush. Getting an award should be recognized.

This deals with a bit of privacy. Not information that some of us volunteer. I don't need my colleagues to know that. For taxpayers, they should know that x many awards were given, basic information. General statistics should be known.

Some people like to be rewarded in private and don't want that info to be published.

When asked to identify sources of information concerning policies and procedures surrounding monetary awards programs, many replied that they did not know, nor had they tried to find out. Some said they would check the CDC intranet first, but they had limited success finding this sort

of information. Some also said they would talk to either administrative staff or their supervisor, depending on how knowledgeable they thought the individual would be. Still others stated that they would check with AHRC for more information. A few employees noted that they would be embarrassed to ask their peers or supervisor because of how it would be perceived. Among the individual telephone interview comments:

I have no idea, I don't know who to ask, and I would be embarrassed.

I don't know. We have a CDC Intranet which has a great deal of info that I haven't perused. There are links for HR and OPM links.

I would discuss with my team leader initially, gather what I could through diffusion—what you hear through other people.

Overall, many of the insights gained in the focus groups were echoed in the individual interviews. Employees perceived inequities and a lack of structure, knowledge, and accountability in the monetary awards programs. Employees desire an awards system that promotes equity, integrity, and transparency of the awards process.

CDC LABOR UNION CONTACTS

As part of this effort, the study team contacted officials of CDC's seven recognized bargaining units to solicit their insights. The study team provided each official with a summary of the project, as well as specific questions on awards and the use of other incentives. The Academy met in person with officials of the agency's largest bargaining unit and made contact with the remaining via telephone or e-mail. Comments included the following:

Ideal Awards Program

An ideal awards program would be fair, equitable, transparent, merit-based, using standard, but not overly generalized, CDC-wide criteria, and minimize subjectivity.

Knowledgeable Decision-Makers

Managers are not well versed in the awards process.

To strengthen the awards program, CDC should educate supervisors and employees on all CDC award program options.

There is a perception of a lack of supervisory consistency in granting awards, with different understandings of what is worthy of an award, and also inconsistency in terms of toughness of approving officials.

Supervisors find the performance award program easier to use than other kinds of awards.

The agency should provide incentives to supervisors to recognize employees. Right now, it is just extra work for the supervisor.

Transparency

CDC should analyze awards data for trends, major differences among the centers, variations in the amounts awarded, who is receiving awards (supervisory or non-supervisory), and the basis for the award.

Some believe the agency should not publicize monetary awards; others disagreed and wanted all awards publicized.

Each organizational component should budget for awards.

Increased money spent on QSIs decreases funds available for other awards.

Some believe it is easier to get a large award in the Office of the Director or in a headquarters component.

The manner in which awards are presented should be part of the agency- specified policy.

Currently, there is no union representation on the CDC awards committee.

Process

Central approving authority to ensure consistency is not the answer. It would further discourage supervisors because of increased bureaucracy.

OPM should simplify requirements and write-ups for awards.

Motivation

Employees are motivated by varying types of recognition: some by pay and cash awards, others by time-off or public service. Some value peer recognition of their scientific contributions. The agency should find a way to factor peer recognition in to its awards programs in a way that is not overly time-consuming.

Some managers are using telecommuting as an award for employees with whom they have positive relationships, and these employees work from home nine out of every ten days.

Recruitment, Relocation, and Retention Incentives

Recruitment bonuses are helpful, but not used enough.

The justification process is, however, problematic. It requires that the candidate seek out another documented job offer, which they sometimes decide to accept while waiting out CDC's lengthy recruitment process, or provide personal tax information, which candidates see as a violation of their privacy.

AHRC does not fully understand the marketplace for the expertise the agency requires and does not appropriately gauge the salary required to attract candidates.

Most of the job offers that include relocation bonuses are management positions.

INFORMING THE RECOMMENDATIONS

In the recommendations offered in Chapter VIII, the Panel relied heavily upon what it learned from listening to this array of CDC employees, managers, and labor representatives. The perceptions of interview and focus group participants were critical to understanding the effectiveness of management communication, training, and guidance and an important barometer in determining what employees would find motivating and morale-enhancing in these important human capital programs.

CHAPTER IV

WHAT THE PANEL LEARNED FROM DATA ANALYSIS

This chapter summarizes the major conclusions of analyses of awards and compensation data, supplied by the U.S. Department of Health and Human Services' Atlanta Human Resources Center (AHRC) on behalf of the Centers for Disease Control and Prevention.¹⁷ It examines three types of one-time monetary awards:¹⁸

1. Special Act/Service
2. On-the-Spot
3. Group

In a fiscal year, employees¹⁹ can receive more than one of these awards in any number of combinations. Therefore, AHRC provided the Panel with two data spreadsheets. The first was a file on all the awards given from FY 2002 to FY 2007. The second was a file of all employees on the CDC rolls at the end of each fiscal year. With this information, the Panel and study team did a cross-tabulation analysis of all one-time non-rating based monetary awards in FY 2005 and FY 2006, as well as a separate cross-tabulation analysis of awards given by the major divisions within the Office of the Director (OD).²⁰ (Appendix E has additional information on data methodology.)

After summarizing data on CDC's overall awards usage, this chapter compares award recipients with the workforce as a whole on such key characteristics as organizational unit, geographic location, pay plan, and the like. The analysis examines award recipients to determine whether the receipt of an award(s) and total award amounts are roughly proportional to the given characteristic's presence in the overall workforce. Because the Panel was only able to analyze

¹⁷ The study team found a small number of data entry anomalies, such as duplicate entries, miscoded data, and data omissions. In some cases, the study team was able to manually review the data and make corrections. The Panel believes that remaining data errors represent a very small percentage of the total.

¹⁸ Additional charts and data can be found in Appendix F. Appendix G provides information on CDC's use of Quality Step Increases and Time-Off Awards and Appendix H provides information on CDC's use of Recruitment, Relocation, and Retention Incentives. These types of awards are not included in any of the analysis in this chapter.

¹⁹ SES employees are included in this analysis to the extent that they are eligible for and receive Special Act or Service, On-the-Spot, or Group awards. The data do not include SES bonuses or rank awards, which are the SES equivalent of performance-rating derived awards. Nor do the data in this chapter include performance-rating derived awards for GS employees.

²⁰ The study team conducted ordinary least squares and logistic regression analyses of all employee awards, but the model had limited explanatory power, explaining approximately 20 percent of the variance in receipt of an award and amount of total awards. Given the low explanatory power of the model, the Panel decided it would be misleading to include the regression analyses in the published report.

the overall data on awards, not the justification for them,²¹ the Panel is unable to conclude that disproportionality *per se* is a problem. A federal agency could reasonably provide a larger number of awards, for example, to its highest-performing individuals and/or organizational units. The Panel believes, however, that CDC should ensure that it has a “culture of possibility” in which high-performing employees making special contributions have an equal chance of receiving an award regardless of their organizational unit or other characteristics.

CDC requested that the Panel focus its analysis on most recent awards activity (FY 2005 and FY 2006).²² The shift to a new database management system in FY 2002 created problems in the comparability of data from earlier and later years. The FY 2005 and FY 2006 data did not suffer from this transition problem, though there were gaps due to a major CDC reorganization in 2006. Because the analysis focused on just two fiscal years, the Panel was unable to determine whether the distributional patterns were typical, or whether they diverged from past practice. For example, it is possible that implementation of the reorganization affected the way awards were distributed in these two years.

The Panel reached the following conclusions based on its analysis of one-time, non-rating based awards in FY 2005 and FY 2006:

- **Three organizations accounted for more than half of all awards in both fiscal years:** the OD, the National Center for Chronic Disease Prevention and Health Promotion, and the National Institute for Occupational Safety and Health. In both fiscal years, they accounted for approximately 45 percent of employees, approximately 55 percent of award recipients, and nearly 60 percent of award amounts.
- **In both fiscal years, the OD provided the most awards in absolute terms.** In FY 2005 and FY 2006, the OD accounted for approximately 20 percent of the workforce, between 29 and 30 percent of award recipients, and between 34 and 37 percent of the total amount awarded in each fiscal year. In FY 2005, the OD provided the highest rate of awards per capita²³ and in FY 2006 tied with the National Center on Birth Defects and Developmental Disabilities for the next highest rate of awards per capita.
- **OD is the largest organizational unit within CDC in part because it contains a wide range of functions that often are separate from an agency leader’s organization, such as financial management and business support services.** Within it, employees in the Immediate Office of the Director constitute between 15 and 19 percent of the OD workforce, approximately 3.7 percent of the total CDC workforce, and 5.8 percent of total award recipients in FY 2005; they constituted approximately 3 percent of the total workforce and 4.2 percent of total award recipients in FY 2006. More large dollar-value

²¹ The only exception was the review of individual awards \$2,500 or more. Even here, the Panel’s task was to determine whether the award met established HHS and CDC criteria in terms of such factors as documented signatures, timeliness, and justification, and whether the dollar amount was consistent with federal standards based on the “value” and “extent of contribution” identified by the nominator. As long as the award met these procedural and substantive requirements, the Panel concluded that the award was justified (it did not attempt to do a *de novo* review of the award, or to substitute its judgment for CDC’s).

²² At the time this analysis was conducted, CDC was in the middle of FY 2007.

²³ In translating awards per capita rates, a .30 rate would mean that the organization granted 30 awards for every 100 employees. An organization with a .60 rate would grant 60 awards for every 100 employees.

awards²⁴ were given to employees in the Immediate Office of the Director and to employees of the Chief Operating Officer than to employees of other divisions.

- **The Chief Operating Officer (COO) is the largest employer within the OD, constituting between 60 and 66 percent of all OD employees in FY 2005 and FY 2006.** COO employees constituted approximately 13 percent of the CDC workforce and 20.7 percent of award recipients in FY 2005 and 19.3 percent of award recipients in FY 2006. Between 14.5 percent and 17.8 percent of COO employees received aggregated awards more than \$2,500 in a fiscal year. A small percentage (.2 percent and .4 percent) received aggregated amounts of \$10,000 or more per fiscal year.
- **The OD provided the most individual awards over \$1,000.** In FY 2006, it accounted for 20.3 percent of CDC staff, 34.5 percent of awards in excess of \$1,000, and 33.2 percent of dollars awarded by CDC that year. The next greatest provider of large awards in both fiscal years was the National Center for Chronic Disease Prevention and Health Promotion (10.0 percent of staff, 17.1 percent of large award actions, and 18.0 percent of large award amounts in FY 2006). Similar patterns were found in FY 2005.
- **In FY 2006, the six new Coordinating Centers²⁵ constituted 3 percent of CDC employees and accounted for 4.4 percent of CDC's total awards, and 4.5 percent of its awards expenditures that year.**
- **Workers in the Medical, Hospital, Dental, and Public Health occupations accounted for the largest share of the FY 2006 CDC workforce (37.3 percent) and the largest number of awards, but their percentage of awards (25.2 percent) and dollar amounts awarded (31.1 percent) were lower than their percentage of the work force.** Workers in the General Administration, Clerical, and Office Services occupations accounted for the second largest number of workers (16.9 percent). They received 29.8 percent of awards and 26.5 percent of total dollars awarded.
- **In FY 2006, mission direct occupations²⁶ accounted for about two-thirds of all employees, 46 percent of award actions, 51 percent of award recipients, and 49 percent of the amounts awarded.** In FY 2006, individuals in support occupations received more awards, with the average amount per recipient about 8 percent greater than for recipients in mission direct occupations.
- **General Schedule employees, Grades 15 and below, who constituted 90.2 percent of the FY 2006 workforce, received almost all of the awards.** The percentage of awards

²⁴ The Panel analyzed individual awards more than \$1,000, more than \$2500, more than \$5000, and more than \$10,000. It found these two organizations to be the most frequent grantors within the OD in all categories.

²⁵ Three of these were formed in FY 2005 (Coordinating Center for Global Health, Coordinating Center for Health Promotion, and Coordinating Center for Terrorism Preparedness and Emergency Response). The remaining three were established in FY 2006 (Coordinating Center for Infectious Diseases, Coordinating Center for Health Information and Service, and Coordinating Center for Environmental Health and Injury Prevention).

²⁶ HHS categorizes occupations as "mission direct" or "mission support," but these often do not correspond to the actual work performed by an employee. Because the HHS occupational categorization did not take into account organizational placement, job assignment, or nature of contribution for which the award was received, the results of this analysis can be misleading. For example, since physicians are categorized as "mission direct," any awards they earn would be considered direct, even if the award was for an administrative accomplishment.

received (97.7 percent), award recipients (97.2 percent), and amounts awarded (96.4 percent) was greater than their percentage of the workforce as a whole.

- **Higher graded General Schedule employees (Grades 13-15) received a percentage of total amounts awarded that was greater than their share of the workforce.** In FY 2006, for example, GS 13-15 employees constituted 50.6 percent of all employees, 54.4 percent of all recipients, and 65 percent of all amounts awarded. Similar numbers were found in FY 2005.²⁷
- **CDC's ungraded personnel, of whom 70 percent are SES and AD, are among the agency's highest paid employees. Taken together, they receive awards at lower rates than their proportion of the workforce.** In FY 2005, AD employees constituted 5.2 percent of the workforce, 2.2 percent of award recipients, and 2 percent of amounts awarded; SES employees constituted 0.4 percent of the workforce, 0.4 percent of award recipients, and 1.5 percent of amounts awarded. In FY 2006, AD employees constituted 6.5 percent of the workforce, 2.2 percent of award recipients, and 2.3 percent of amounts awarded; SES employees constituted 0.4 percent of the workforce, 0.3 percent of award recipients, and 0.6 percent of amounts awarded.
- **Within the General Schedule, GS-7, 9, and 15 employees received the largest dollar value awards relative to their base pay.** In FY 2005, GS-15 had the highest rate (1.2 percent), followed by GS-7 (.98 percent) and GS-9 (.88 percent). In FY 2006, GS-7 and GS-9 had the highest rate (both at 1.1 percent), followed by GS-15 (1.02 percent). Among the highest paid CDC employees, AD employees received awards valued at 0.3 of base pay in FY 2005 and 0.2 percent in FY 2006; SES employees received awards valued at 2.2 percent of base pay in FY 2005 and 0.9 percent in FY 2006.
- **The lowest awards per capita award in FY 2006 were provided by the National Office of Public Health Genomics, the Agency for Toxic Substances and Disease Registry, and the National Center for Environmental Health.** With each of their per capita award rates below .3, these offices combined represented 4.9 percent of all award recipients and 4.6 percent of all award amounts in FY 2006.
- **Employees generally received fewer and smaller awards during the first five years of their service,** but subsequent awards, award recipients, and amounts awarded roughly tracked the distribution of employees by length of service.
- **Geographically, Metropolitan Atlanta area employees received 81 percent of the total number of awards given by CDC.** These employees represented 78.5 percent of award recipients and received 84.9 percent of the amounts actually awarded.
- **In FY 2006, female workers were 59.9 percent of the workforce, and they received 67.4 percent of awards and 65.9 percent of amounts awarded.**
- **African-American employees constituted 25.4 percent of the work force in 2006, and they received 33.1 percent of awards and 29.4 percent of award amounts.**

²⁷ Although not based on a percentage of salary, such awards are typically reflective of compensation levels throughout government and industry,

- **White employees were 64.2 percent of the work force in FY 2006, and they received 60.7 percent of awards and 64.5 percent of the total amounts awarded.**

In conducting this analysis, the Panel was interested in CDC's overall use of one-time awards in FY 2005 and FY 2006, as well as how they were distributed among the various organizational units and by employees with various demographic characteristics. Specifically, the Panel was interested in answering such questions as:

- How many employees at CDC received awards in FY 2005 and FY 2006?
- Which CDC organizations provided the most awards relative to the number of employees? Which organizations provided the largest total dollar amounts?
- Were some CDC organizations more likely to use a particular kind of one-time non-rating-based award?
- How did the awards break down by employee occupation?
- How were the awards distributed by pay plan and grade?
- Where were the recipients located?

The rest of this chapter is organized into three sections:

1. Macro-Level Data on CDC's Use of One-Time Awards. This section presents basic data on CDC's overall use of one-time awards in FY 2005 and FY 2006, including CDC's total award actions, total award amounts, and distribution among award types. Information is presented on each major organizational unit's relative proportion of total award actions and expenditures. These figures are presented without regard to the size of each organization to present a macro-level view of CDC's awards program and activities.
2. Award Intensity by Organization. Because the size of CDC's major organizational units varies considerably, this section looks at such issues as the percent of employees in each organization who received an award, per capita award rates, and per capita expenditure during the two fiscal years. The section also analyzes awards given by OD divisions, as it is the largest organizational unit within CDC.
3. Demographic Breakdown. This section analyzes CDC award data by occupation, pay plan, grade, location, ethnicity, and gender of recipients. It also presents data on award amounts as a percentage of salary for General Schedule and ungraded employees.

MACRO-LEVEL DATA ON CDC'S USE OF ONE-TIME AWARDS

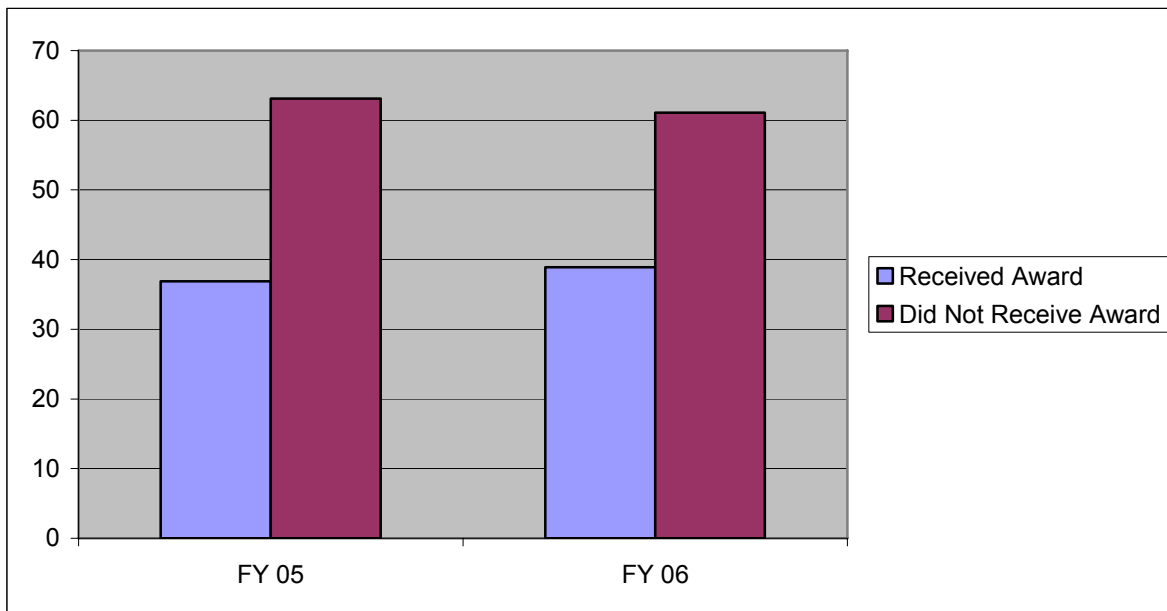
In FY 2005 and FY 2006, CDC provided a considerable number of one-time awards to employees, as shown in Table 4-1. Over the course of these two years, it spent a total of \$8,493,664 on them (more than \$4 million each year).

Table 4-1
CDC Award Actions in FY 2005 and FY 2006²⁸

	FY 2005	FY 2006
Employees (end of year)	6,992	7,416
Total Award Actions	3,728	4,150
Special Act/Service	1,608	1,814
Group	804	1,014
On-the-Spot	1,316	1,322
Total Award Amounts	\$4,114,093	\$4,379,571
Special Act/Service	\$2,915,650	\$3,144,600
Group	\$637,793	\$656,821
On-the-Spot	\$560,650	\$578,150

Figure 4-1 shows the percent of CDC employees who received at least one of these awards in these fiscal years. It shows that the percent receiving an award was similar in FY 2005 and FY 2006 (36.9 percent and 38.9 percent respectively). In both fiscal years, more than 60 percent of employees did not receive a Special Act/Service, On-the-Spot, or Group Award.

Figure 4-1
Percent of CDC Employees Receiving an Award
FY 2005 and FY 2006



²⁸ Employees can receive multiple awards in a given fiscal year.

The vast majority of award recipients received no more than three awards in a given fiscal year; the study team found 10 employees who received more than three awards in FY 2005 and 20 employees who received more than three in FY 2006.

Without regard to the size of each organization, Figure 4-2 shows the breakdown of CDC's total awards activity by organizational unit in FY 2005 and FY 2006. OD awards account for between 29 and 30 percent of CDC's awards each year, with Chronic Disease and NIOSH being the next two largest providers of awards across CDC. (This chapter uses OD to refer to the entire Office of the Director. In a later section, when the OD is broken down into its component divisions, the chapter refers to the Director's staff as the "Immediate Office of the Director," or IOD.) In FY 2006, the new Coordinating Centers accounted for 4.4 percent of the total awards.²⁹

Figure 4-2
CDC's Total Awards Activity
FY 2005 and FY 2006

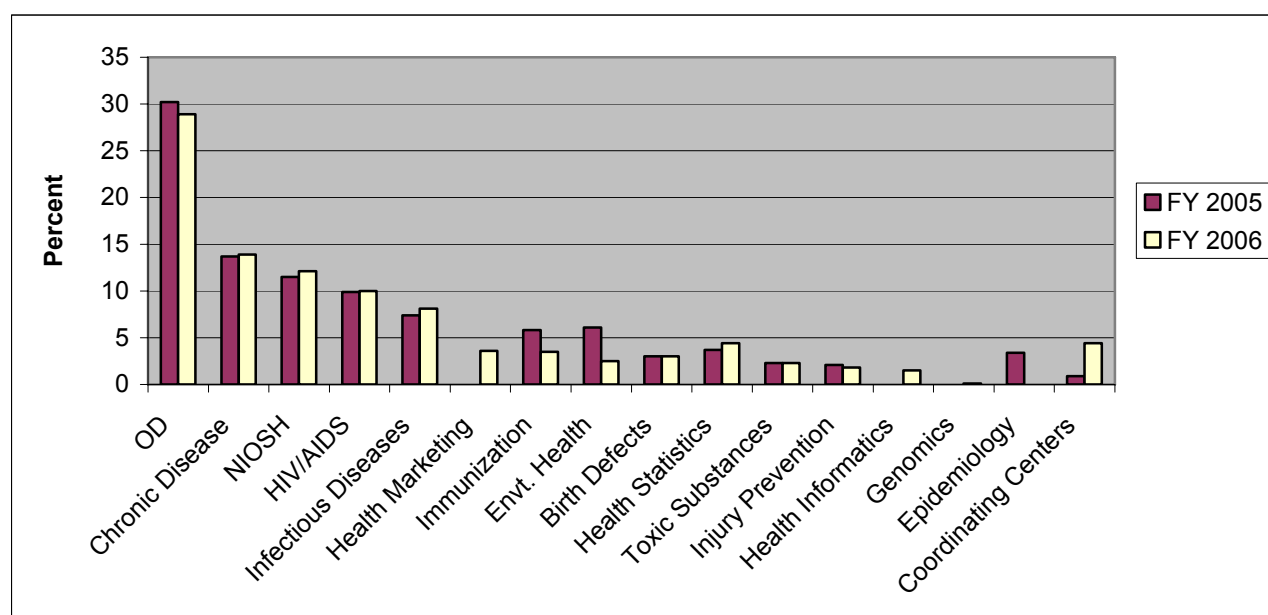


Figure 4-3, on page 46, shows the breakdown of total award expenditures by organization, without regard to the size of the organization, for FY 2005 and FY 2006. OD represented approximately one-third or more of award expenditures in both fiscal years. In FY 2005, the Chronic Disease Center, Environmental Health Center, and NIOSH constituted the next largest

²⁹ CDC has six Coordinating Centers, three of which (Global Health, Infectious Diseases, and Terror Preparedness/Emergency Response) were established in FY 2005, with the others (Health Information/Service, Environmental Health/Injury Prevention, and Health Promotion) established the following year. Because these centers had not been fully established and staffed until FY 2006, the analysis of their award activities is primarily concerned with 2006. Moreover, because each organization is so small relative to the total workforce—accounting, in aggregate, for approximately 3 percent of all CDC employees in FY 2006—the analysis combines their employees/activities and presents the Coordinating Centers, totaled, as one organizational unit.

portion of award expenditures respectively. In FY 2006, Chronic Disease Center, NIOSH, and HIV/AIDS Center constituted the next largest portion of award expenditures, respectively.

Figure 4-3
Breakdown of Total Award Expenditures by Organizational Unit
FY 2005 and FY 2006

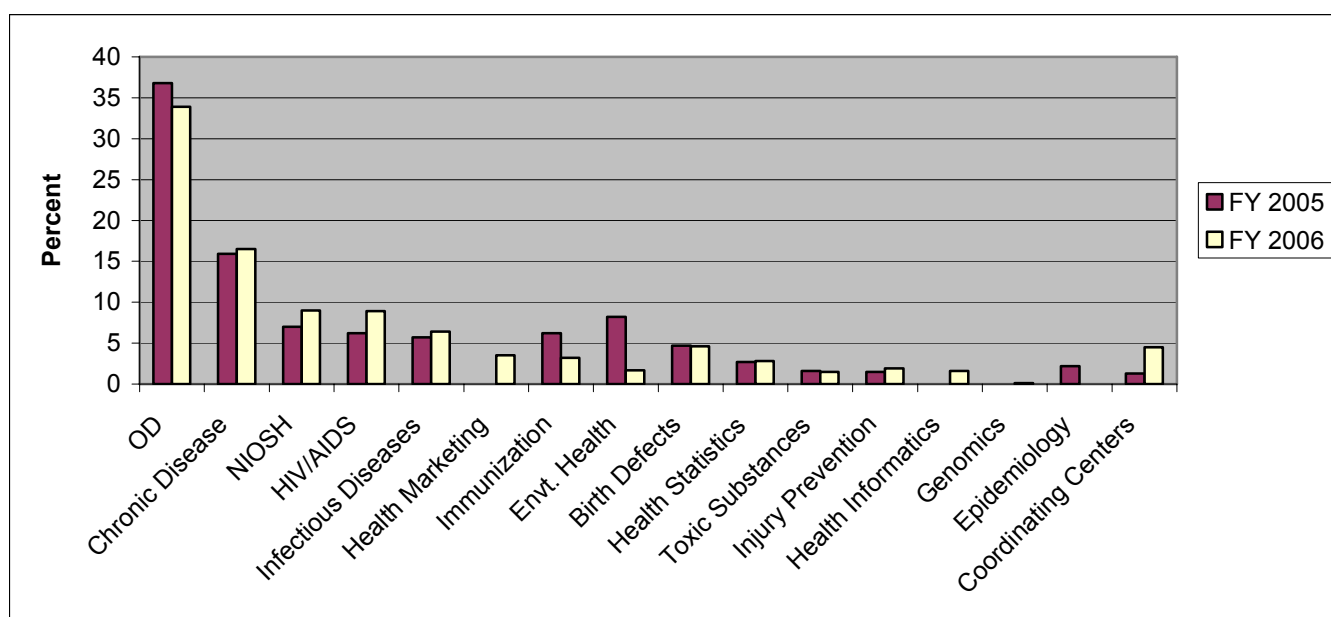


Figure 4-4, on page 47, shows each organization's awards amounts as a percent of its salary dollars. In FY 2005, Birth Defects had the highest rate of award usage when compared with salary dollars (1.8 percent), followed by OD (1.6 percent), and the Coordinating Center for Global Health (1.3 percent). In FY 2006, Birth Defects had the highest rate (1.8 percent), followed by OD (1.4 percent), and Chronic Disease (1.2 percent). Taken as a whole, the Coordinating Centers spent 1.1 percent of their salary dollars on awards.

Figure 4-4
Awards as a Percent of Salary by Organization
FY 2005 and FY 2006

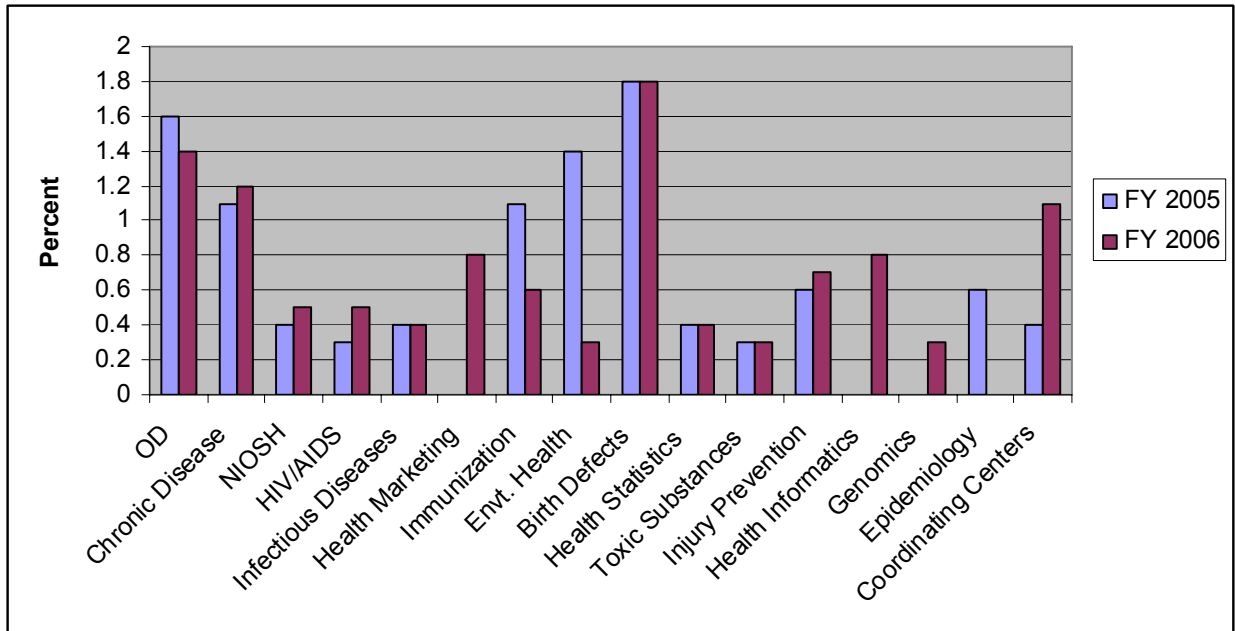
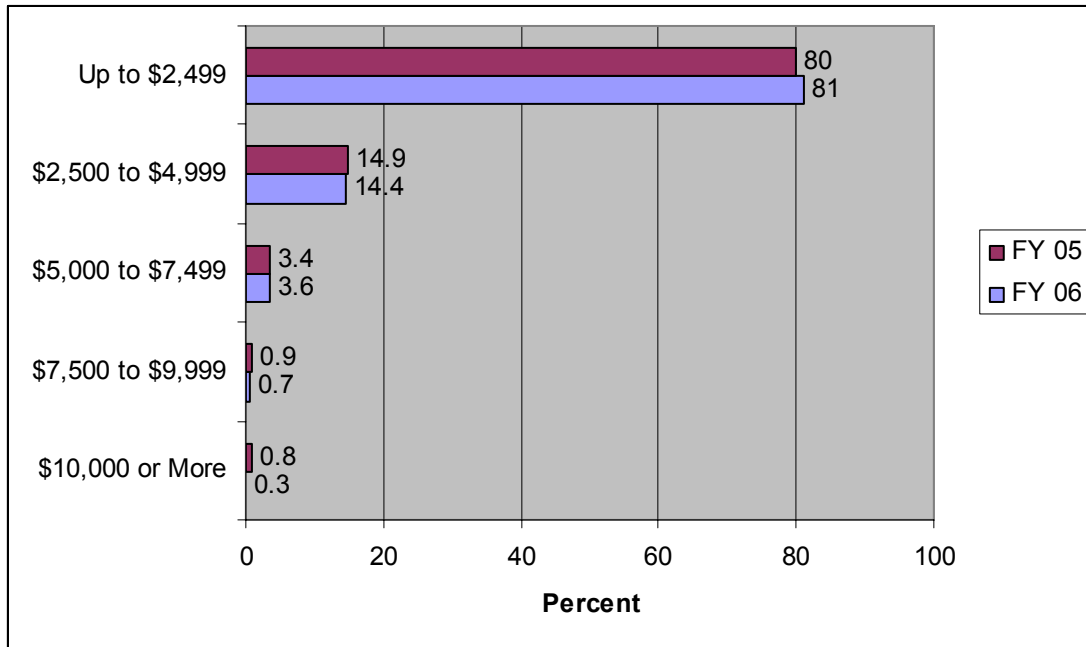


Figure 4-5, on page 48, shows the cumulative amounts granted to award recipients in FY 2005 and FY 2006. It shows that most (approximately 80 percent in both fiscal years) received no more than \$2,499. (Only award recipients are included in this figure.)

Figure 4-5
Percent of Cumulative Awards Received by CDC Employees by Dollar Range:
FY 2005 and FY 2006

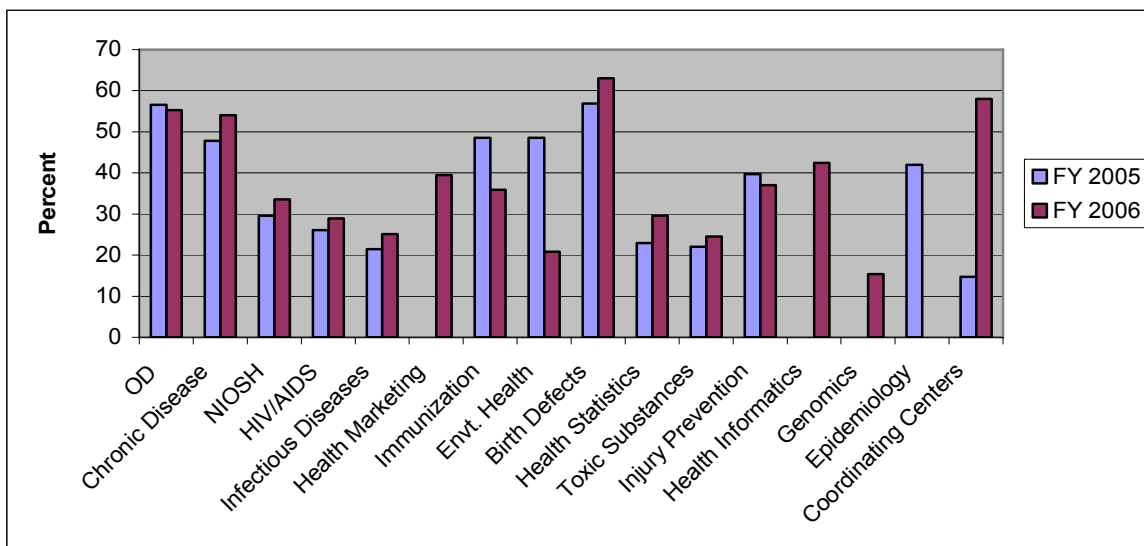


AWARD INTENSITY BY ORGANIZATION

Figures 4-1 through 4-5 provide a macro-level view of CDC's overall awards activity. Because CDC's major organizational units vary considerably by size, this section compares each unit's award utilization and expenditure to its number of employees. It also examines how each unit uses the various award types. This analysis shows that organizations within CDC vary in how intensely they provide awards to their employees.

Figure 4-6, on page 49, shows the percent of employees in each organization receiving at least one award in FY 2005 and FY 2006. In FY 2005, OD and the Birth Defects Center provided more employees with at least one award than other organizations; the majority of their employees received an award. In FY 2006, the Birth Defects Center provided the largest percent of its employees with at least one award, followed by the Coordinating Centers and OD; the majority of the employees in these organizations received an award. In FY 2005, 14.7 percent of the employees in the Coordinating Centers received an award; 58 percent received one in FY 2006.

Figure 4-6
Percent of Organizational Unit Employees Receiving an Award
FY 2005 and FY 2006



Because individual employees can receive more than one non-rating based award in a year, it is useful to examine total awards per 100 employees. Figure 4-7 shows how the organization's rate of awards per 100 employees varied in FY 2005 and FY 2006. In both years, the Birth Defects Center, the OD, and Chronic Disease had the highest awards rate.

Figure 4-7
Awards Rate per 100 Employees
FY 2005 and FY 2006

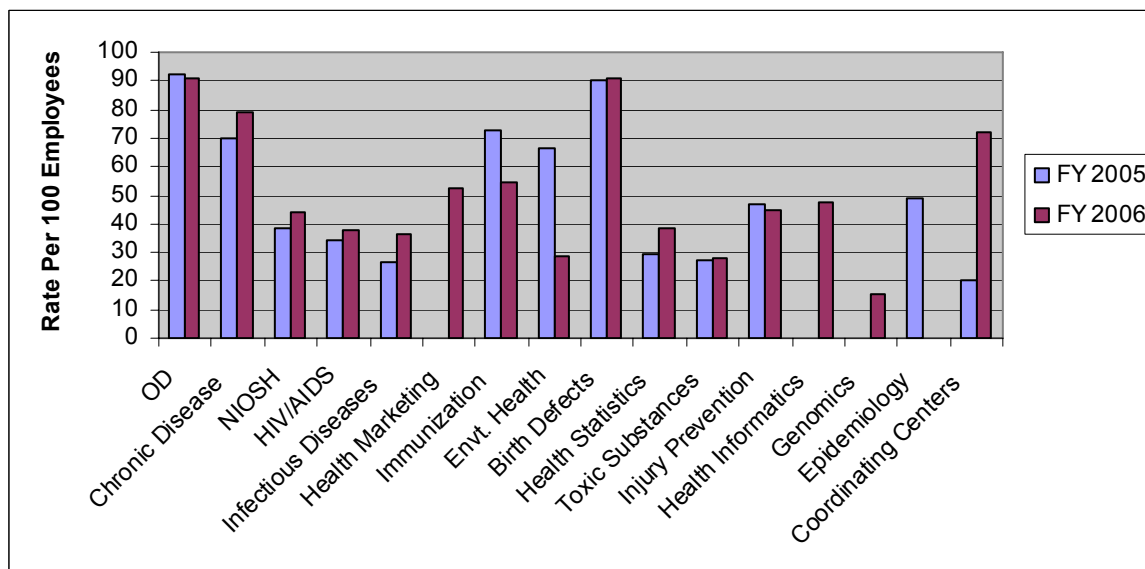
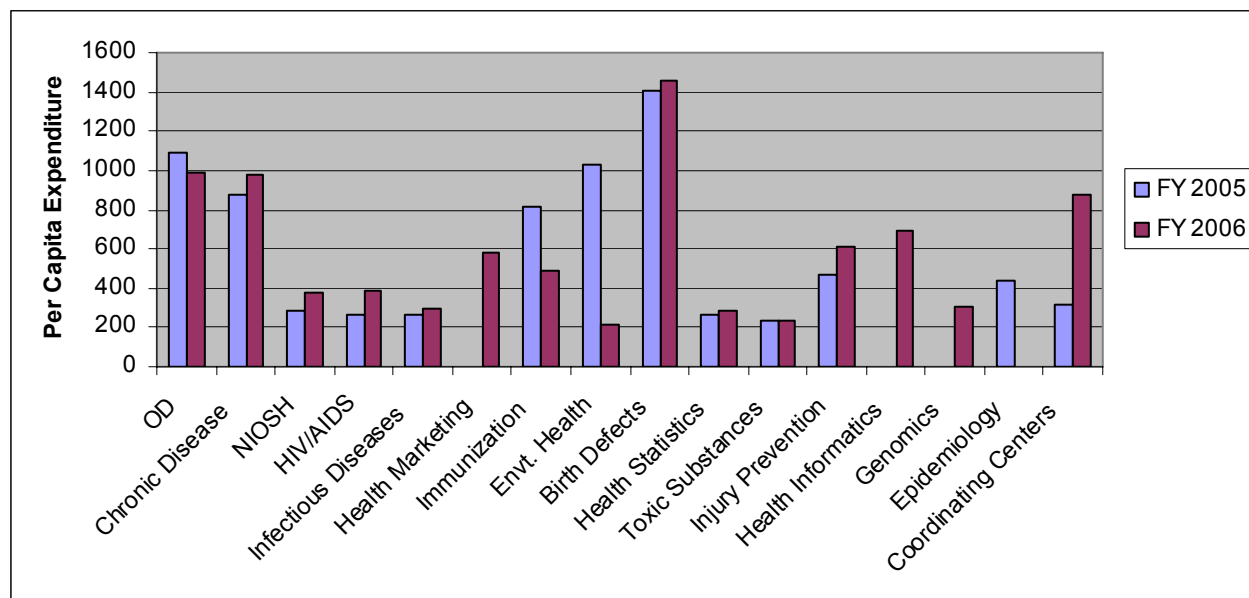


Figure 4-8 shows awards expenditure per employee in FY 2005 and FY 2006. In both fiscal years, the Birth Defects Center awarded the most in dollars per capita, followed by OD and the Chronic Disease Center. In FY 2005, Birth Defects awarded \$1,409 per capita compared to OD's \$1,095 and Chronic's \$874. In FY 2006, Birth Defects awarded \$1,461 per capita compared to OD's \$987 and Chronic's \$975.

Figure 4-8
Per Capita Expenditure by Organizational Unit
FY 2005 and FY 2006



Types of Awards by Organization

Figure 4-9, on page 51, shows the percent of each organization's employees who received a Special Act/Service Award in FY 2005 and FY 2006. In FY 2005, the Environmental Health Center provided the largest percentage of its employees with at least one (41.6 percent), followed by the Birth Defects Center (37.2 percent), and OD (35 percent). In FY 2006, the Birth Defects Center provided the largest percentage of its employees with at least one (47.1 percent), followed by the Coordinating Centers (35.7 percent), and OD (34.4 percent).

Figure 4-9
Percent of Organizational Employees Receiving a Special Act/Service Award
FY 2005 and FY 2006

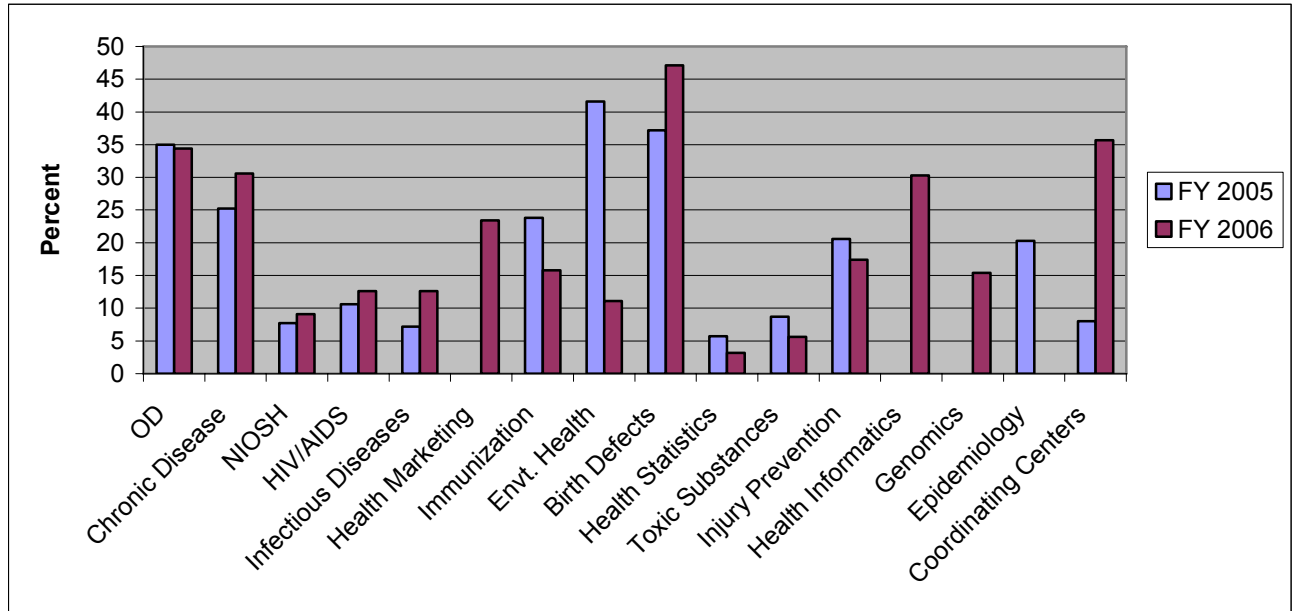


Figure 4-10, on page 52, shows the percent of each organization's employees who received a Group Award in FY 2005 and FY 2006. In FY 2005, the Immunization Center provided the largest percentage of its employees with at least one (20.6 percent), followed by the Chronic Disease Center (17.3 percent), and the Birth Defects Center (16.8 percent). In FY 2006, the Health Marketing Center provided the largest percentage of its employees with a Group Award (18.8 percent), followed by OD (17.7 percent) and the Birth Defects Center (17.4 percent).

Figure 4-10
Percent of Organizational Employees Receiving Group Awards
FY 2005 and FY 2006

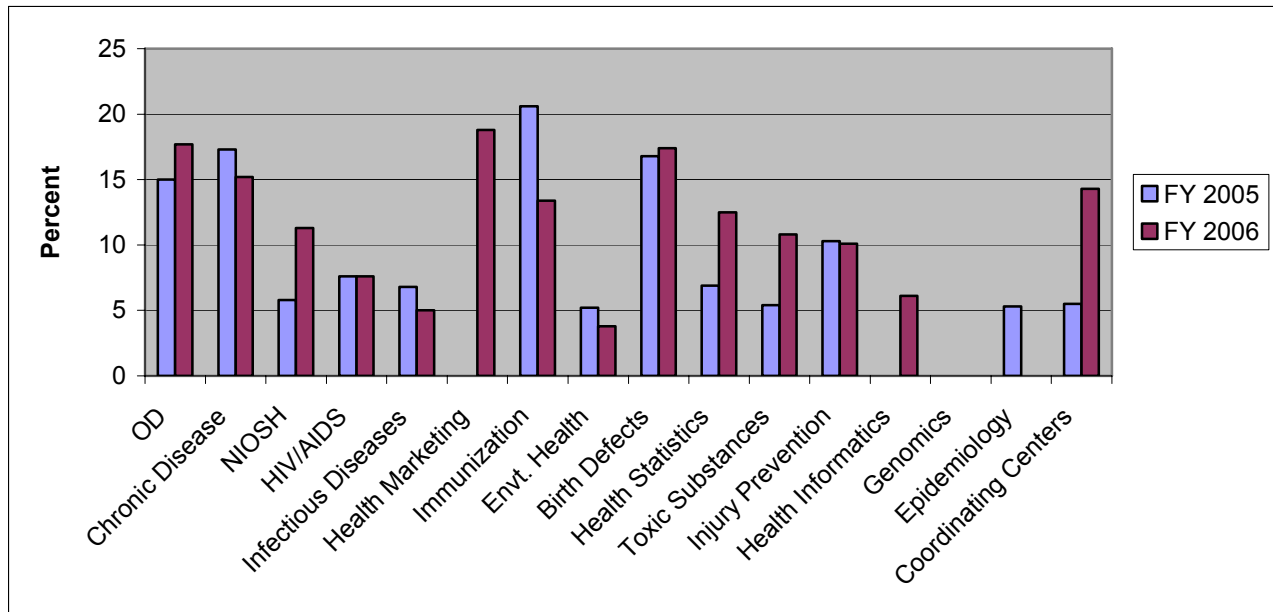
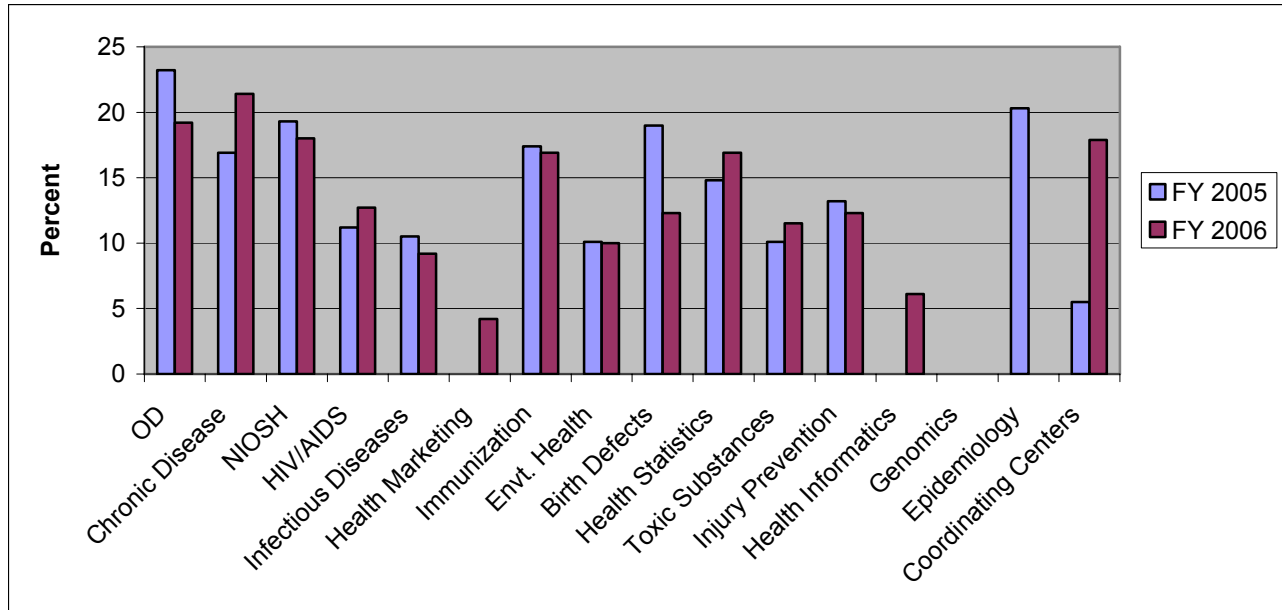


Figure 4-11, on page 53, shows the percent of each organization's employees who received an On-the-Spot Award in FY 2005 and FY 2006. In FY 2005, the OD provided the largest percentage of its employees with at least one (23.21 percent), followed by the Epidemiology Program Office (20.3 percent), and NIOSH (19.3 percent). In FY 2006, the Chronic Disease Center provided the largest percentage of its employees with at least one (21.4 percent), followed by OD (19.2 percent), and the Coordinating Centers (17.9 percent).

Figure 4-11
Percent of National Center and OD Employees Receiving an On-the-Spot Award:
FY 2005 and FY 2006



Distribution of High-Dollar-Value Awards

The Panel analyzed *individual* awards with a cash value more than \$2,500. Table 4-2 shows that most ranged from \$2,500 to \$4,999. Awards of \$10,000 or more represent a small portion (3.1 percent in FY 2005 and 1.2 percent in FY 2006). Table 4-2 shows individual awards, while Figure 4-12 shows cumulative awards for individual employees in the given fiscal year.³⁰

Table 4-2
High- Dollar-Value Individual Cash Awards by Dollar Range
FY 2005 – FY 2006

Dollar Range	FY 2005	FY 2006
\$2,500 to \$4,999	377 (78.4%)	406 (82.2%)
\$5,000 to \$7,499	82 (17%)	80 (16.2%)
\$7,500 to \$9,999	7 (1.5%)	2 (.4%)
\$10,000 or More	15 (3.1%)	6 (1.2%)
Total Awards	481	494

³⁰ Performance-rating derived awards, such as SES bonuses and Presidential Rank awards, are excluded from this analysis and from the entire dataset used for this chapter's analysis.

Chapter V discusses the Academy-conducted review of a random sample of individual awards of \$2,500 and higher.

The next two figures show the *cumulative* one-time awards (that is, total dollar value) given to employees in FY 2005 and FY 2006, respectively. In both fiscal years, the vast majority of employees in every organization received less than \$2,500.

Figure 4-12
Percent of Total Employee Awards at Given Dollar Ranges by Organization
FY 2005

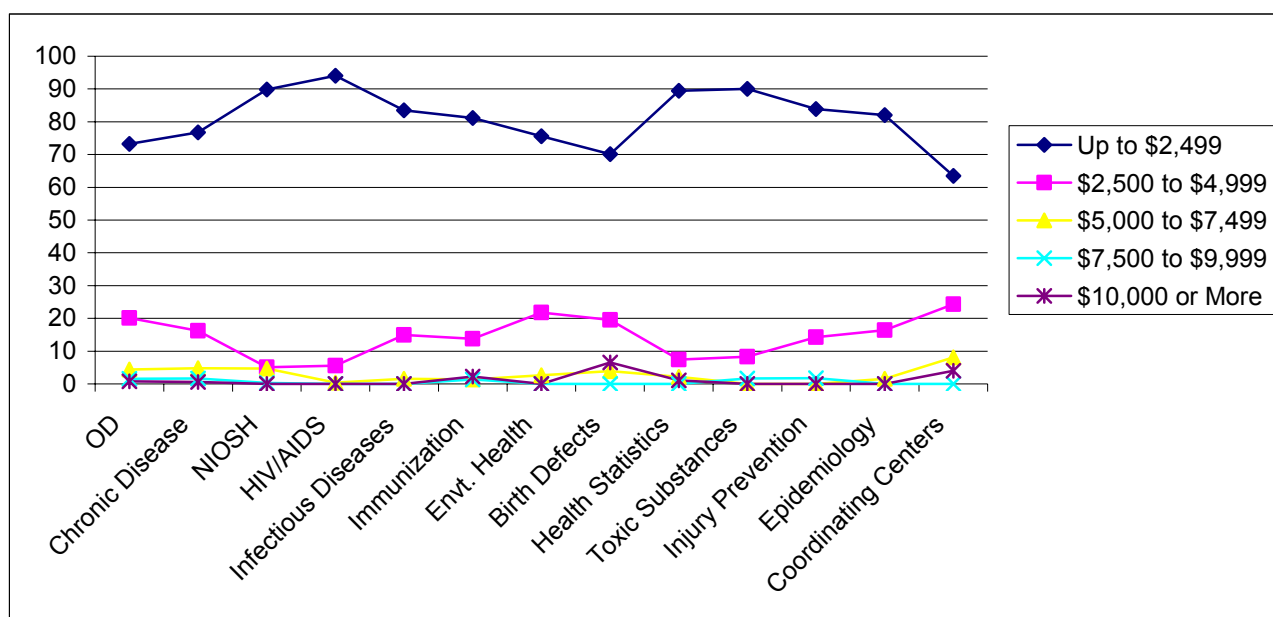
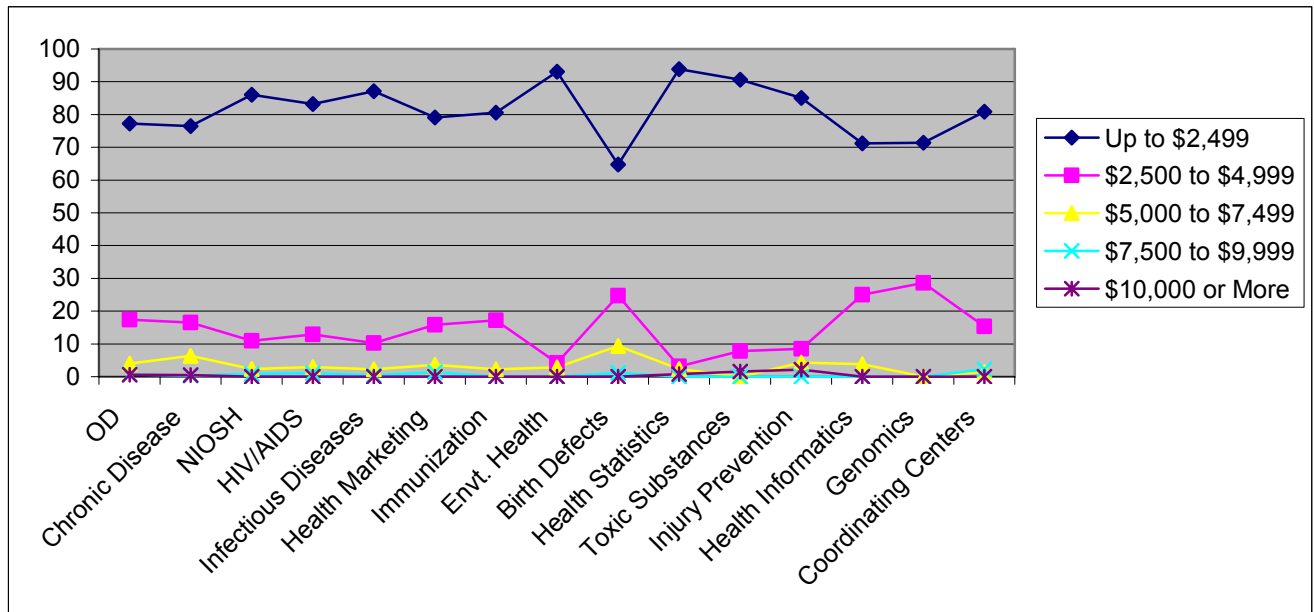


Figure 4-13
Percent of Total Employee Awards at Given Dollar Ranges
FY 2006



Awards Given by OD Divisions

The OD, the largest organizational unit in CDC (approximately 1,500 employees and 20 percent of the workforce), includes many functions not traditionally found in an agency head's office. The study team broke down the awards provided by its ten major divisions. More than half of OD employees (55.1 percent in FY 2005 and 54.1 percent in FY 2006) received at least one award per fiscal year. This compares to an overall CDC awards rate of 37.1 percent.

Under the current CDC organizational chart, the OD consists of ten major divisions:

1. Office of the Director (Code CA) (hereafter referred to as Immediate Office of the Director)
2. Office of the Chief Science Officer (Code CAS)
3. Office of the Chief of Public Health Practice (Code CAR)
4. Office of the Chief Operating Officer (Code CAJ)
5. CDC Washington Office (Code CAO)
6. Office of Strategy and Innovation (Code CAM)
7. Office of Workforce and Career Development (CAL)
8. Office of Enterprise Communication (Code CAU)
9. Office of Chief of Staff (Code CAT)

10. Office of Dispute Resolution and Equal Employment Opportunity (Code CAV)

Table 4-4 summarizes what the Panel learned when it analyzed awards for each of the OD's divisions. In FY 2005, 30.9 percent of employees in the Director's Immediate Office (IOD) received total awards over \$2,500; 33.9 percent did so in FY 2006. In FY 2005, 2.4 percent received \$10,000 or more in total awards; 3.3 percent did so in FY 2006. For total awards over \$2,500, only one OD division had a higher rate of recipients in FY 2005, and no OD division had a higher rate in FY 2006. The COO was the only other OD division that provided over \$10,000 in total awards to an individual employee.

Table 4-3
Office of the Director (OD)
Distribution of Awards
FY 2005 and FY 2006

	% of OD Population	% of OD Award Recipients	% of Recipients Awarded \$2,500 or More	% of Recipients Awarded \$10,000 or More
IMMEDIATE OFFICE OF THE DIRECTOR				
FY 2005	18.7%	19.8%	30.9%	3.3%
FY 2006	15.2%	15.2%	33.9%	2.4%
CHIEF OPERATING OFFICER				
FY 2005	65.7%	70.3%	17.8%	.2%
FY 2006	61.9%	68.5%	14.5%	.4%
ALL OTHER OD DIVISIONS				
FY 2005	15.6%	9.9%	Discussed Below	None over \$10K
FY 2006	22.9%	16.3%		

The other OD divisions had the following percent of recipients granted more than \$2,500 in fiscal year:

- The CDC Washington Office provided 22.2 percent of its recipients over \$2,500 in FY 2005 and 11.1 percent in FY 2006.
- The Chief Science Officer provided 11.8 percent of its recipients over \$2,500 in FY 2005 and 8 percent in FY 2006.
- The Office of Dispute Resolution and Equal Opportunity provided 25 percent of its recipients over \$2,500 in FY 2005 and none in FY 2006.
- The Office of Enterprise Communications provided 42.9 percent of its recipients over \$2,500 in FY 2005 and 19 percent in FY 2006.
- The Office of Workforce and Career Development provided 3 percent of its recipients over \$2,500 in FY 2005 and 10 percent in FY 2006.

- Two offices provided no awards over \$2,500 in either fiscal year.

DEMOGRAPHIC BREAKDOWN OF AWARDS

The Panel conducted several demographic analyses that showed:

- **Occupational Breakdown of Awards.** In FY 2006, workers in the Medical, Hospital, Dental, and Public Health occupations accounted for 37.3 percent of the workforce, 25.2 percent of award actions, and 31.1 percent of the amount awarded. Workers in the next largest category, General Administration, Clerical, and Office Services occupations, accounted 16.9 percent of the workforce, received 29.8 percent of awards, and 26.5 percent of amounts awarded. The next four highest ranking award recipient occupational groups also appeared to be business-related occupations.
- **Pay Plan Breakdown.** In FY 2006, General Schedule³¹ employees accounted for 90.2 percent of the workforce, but constituted 97.2 percent of award recipients and 96.4 percent of award amounts.
- **Grade Breakdown.** In most cases, the distribution of awards followed the distribution of employees by grade, and higher graded GS employees (Grades 13–15) received a larger share of amounts awarded. For example, GS 13–15 employees constituted 50.1 percent of the workforce, 51.4 percent of award recipients, and 66.4 percent of amounts awarded in FY 2005. In FY 2006, they constituted 50.6 percent of employees, 54.4 percent of award recipients, and 65.5 percent of amounts awarded. Ungraded employees, among the highest wage earners at CDC, deviate from this pattern in some ways. In FY 2005, Administratively Determined employees constituted 5.2 percent of the workforce, 2.2 percent of award recipients, and 2 percent of amounts awarded; SES employees constituted 0.4 percent of the workforce, 0.4 percent of award recipients, and 1.5 percent of amounts awarded. In FY 2006, Administratively Determined employees constituted 6.5 percent of the workforce, 2.2 percent of award recipients, and 2.3 percent of amounts awarded; SES employees 0.4 percent of the workforce, 0.3 percent of award recipients, and 0.6 percent of amounts awarded.
- **Location Breakdown.** Employees working in Metropolitan Atlanta comprised 78.5 percent of awardees, 81 percent of award actions, and received 84.9 percent of the amounts actually awarded.
- **Ethnic Breakdown.** In 2006, African American employees constituted 25.4 percent of the workforce, accounted for 33.1 percent of award actions, and received 29.4 percent of the total amounts awarded. White employees constituted 64.2 percent of the workforce, accounted for 60.7 of the number of award actions, and received 64.5 percent of the total amounts awarded. Hispanic employees constituted 3.5 percent of the workforce, accounted for 2.9 percent of award actions, and received 3.1 percent of total amounts

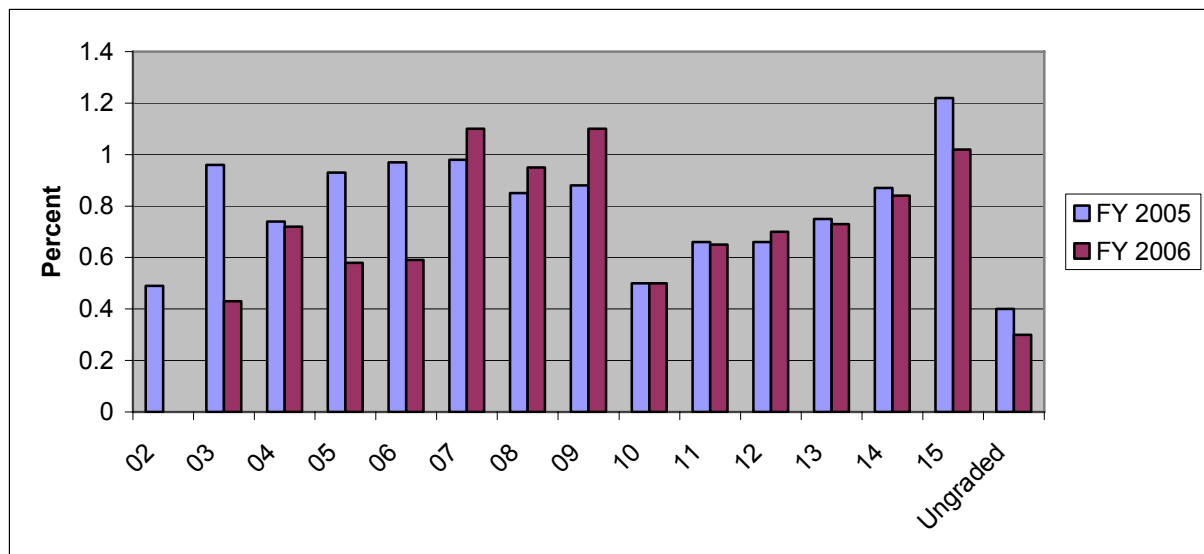
³¹ As noted in Chapter I, General Schedule data in this report includes Title 38 physicians and dentists, coded as GP or GR in HHS/CDC data systems.

awarded. Asian employees constituted 6.4 percent of the workforce, accounted for 3 percent of award actions, and received 2.7 percent of the total amounts awarded.

- **Gender Breakdown.** Female employees received a majority of the awards. In 2006, female workers comprised 59.9 percent of the workforce, received 67.4 percent of awards, and 65.9 percent of amounts awarded.

Figure 4-14 compares the awards given to each grade (GS-2 through GS-15 and ungraded employees, who are either Administratively Determined or in the SES) as a percent of salary dollars. In FY 2005, GS-15 had the highest rate (1.2 percent), followed by GS-7 (.98 percent), and GS-9 (.88 percent). In FY 2006, GS-7 and GS-9 had the highest rate (both at 1.1 percent), followed by GS-15 (1.02 percent). In both years, the highest paid employees (ungraded employees)³² received the lowest percentage relative to their salary, as shown in Figure 4-13. When looking specifically at SES and AD employees separately, however, data show that SES employees received awards valued at 2.2 percent of base pay in FY 2005 and 0.9 percent in FY 2006; AD employees received 0.3 percent in FY 2005 and 0.2 percent in FY 2006.

Figure 4-14
Award Amounts by Pay Level as Percent of Salary
FY 2005 and FY 2006



INFORMING THE RECOMMENDATIONS

In Chapter VIII, the Panel presents recommendations informed by the above analyses in combination with its other research. The data analysis shows that CDC spends a significant amount of money on monetary awards and makes frequent use of the available mechanisms.

³² This category includes AD, SES, and various other employees without a grade.

Consistent with employee perspectives expressed in the focus groups and telephone interviews, analysis confirms variability within the organization with regard to the number and amount of monetary awards—by pay plan, occupation, organization, and geographic location. It also indicates that implementation of a core set of governing principles, as well as a budgetary and accountability framework, could be useful to CDC. The Panel’s recommendations are intended to help CDC ensure that its awards programs meet the Director’s mandate of being equitable and transparent while demonstrating the highest degree of integrity.

CHAPTER V

WHAT THE PANEL LEARNED FROM A REVIEW OF HIGH-DOLLAR-VALUE AWARDS

As part of this study, the Panel conducted a review of randomly sampled high-dollar value (\$2,500 or higher), one-time monetary awards.³³ The primary purpose was to determine whether approved and paid CDC cash awards were consistent with established agency criteria. During the course of this review, the Panel gained insights into award patterns, effective CDC component practices, most frequently recognized contributions, and possible useful guidance for managers. This chapter describes the nature of the review and documents what the Panel learned in each of these areas.

DESIGN AND CONDUCT OF THE REVIEW

Based on HHS-maintained data files, the study team identified 975 such awards for the two most recent, completed fiscal years—FY 2005 and FY 2006—and requested documentation for a random sample of 214 awards by employee identification number.³⁴ In identifying the appropriate sample size, the study team assumed:

- a compliance rate of 90 percent
- confidence interval of 90 percent
- precision at plus or minus 3 percent

AHRC provided 200³⁵ of the requested 214 records. The study team reviewed the documents for:

- *justification* to determine whether the provided justifications met federal and agency criteria, were for the appropriate dollar value (based on published criteria), and were sufficient for a reviewing/approving official to make a reasoned determination
- *timing* to determine whether the agency met goals it had established for nomination, processing, and payment
- *signatures* to determine whether appropriate officials had approved the documents
- *eligibility* to determine whether employees were eligible for the awards they received

³³ Bonus and rank awards for SES members are excluded from this review, as these awards are performance appraisal derived and subject to the review of the Performance Review Board. Commissioned Corps awards are excluded as they are extremely limited in nature and not within the purview of CDC, but rather governed by HHS and the Public Health Service.

³⁴ Atlanta Human Resources Center staff translated the study team list of requested employee identification numbers into a list by name and created a second set of numerical identifiers. The study team verified that the requested random sample was the correct sample.

³⁵ In October 2007, following conclusion of the Academy review, AHRC found at least three of the requested, but previously unlocated records.

Detailed methodology for the review can be found in Appendix I.

RESULTS OF THE REVIEW

Compliance

Based on the review, the Panel learned that:

- Most awards met federal and agency criteria, employee eligibility requirements, and had required signatures.
- Nearly half (48.5 percent) of the awards were completely compliant.
- More than two-thirds of the awards complied with all time requirements.
- 91.5 percent of the awards had internally consistent dates.
- 84.5 percent of awards reflected AHRC approval within two weeks of receipt of documentation.
- All but 3 percent of the awards had required signatures.
- There was wide variability in the quality and focus of the award justifications and the degree to which managers appropriately related the contributions to the agency matrix of value and extent of application.
- The vast majority (80 percent) complied with dollar range requirements; the remainder were divided between those appearing to be higher and lower than warranted based on agency guidance for value and extent of application.
- Nearly 25 percent of the awards were not initiated within the 30-day guideline.
- Almost one-quarter of the awards had un-initialed changes to the originally submitted evaluation of either value of contribution or extent of application.
- 33 percent of awards for members of groups identified the individual's contribution to the group.
- Two out of three (66 percent) SES employees receiving Special Act or Service awards appropriately received their awards for one-time events.

Inconsistencies in Award Practices

The Panel also noted award program inconsistencies:

- Use of an alternative matrix for determining the value of benefit and extent of application. One organization developed its own matrix, with fewer possible categories, essentially collapsing extended and broad application and substantial and high value of benefit. If CDC is to have equity across its organizational elements, it should use one awards scale for the entire organization.

- Alternative time frames in intranet guidance. In reviewing intranet-provided guidance on awards, the Panel noted that some components advised managers that they had 60 days, rather than 30, from conclusion of the performance period to submit the award nomination. This variation from the agency expectation likely would contribute to a sense of inequity for employees in the unit allowing later nomination.
- Failure of AHRC to document its review/approval of a few awards. Payroll processed 2 percent of the sampled awards missing the signature indicative of an AHRC review. AHRC staff said they believed that the missing signatures were an oversight and they had conducted the required reviews. An automated award/payroll process requiring all signatures before payment would prevent this ambiguity.

Award Patterns

Moving beyond strict compliance, the Panel gained the following insights from the review:

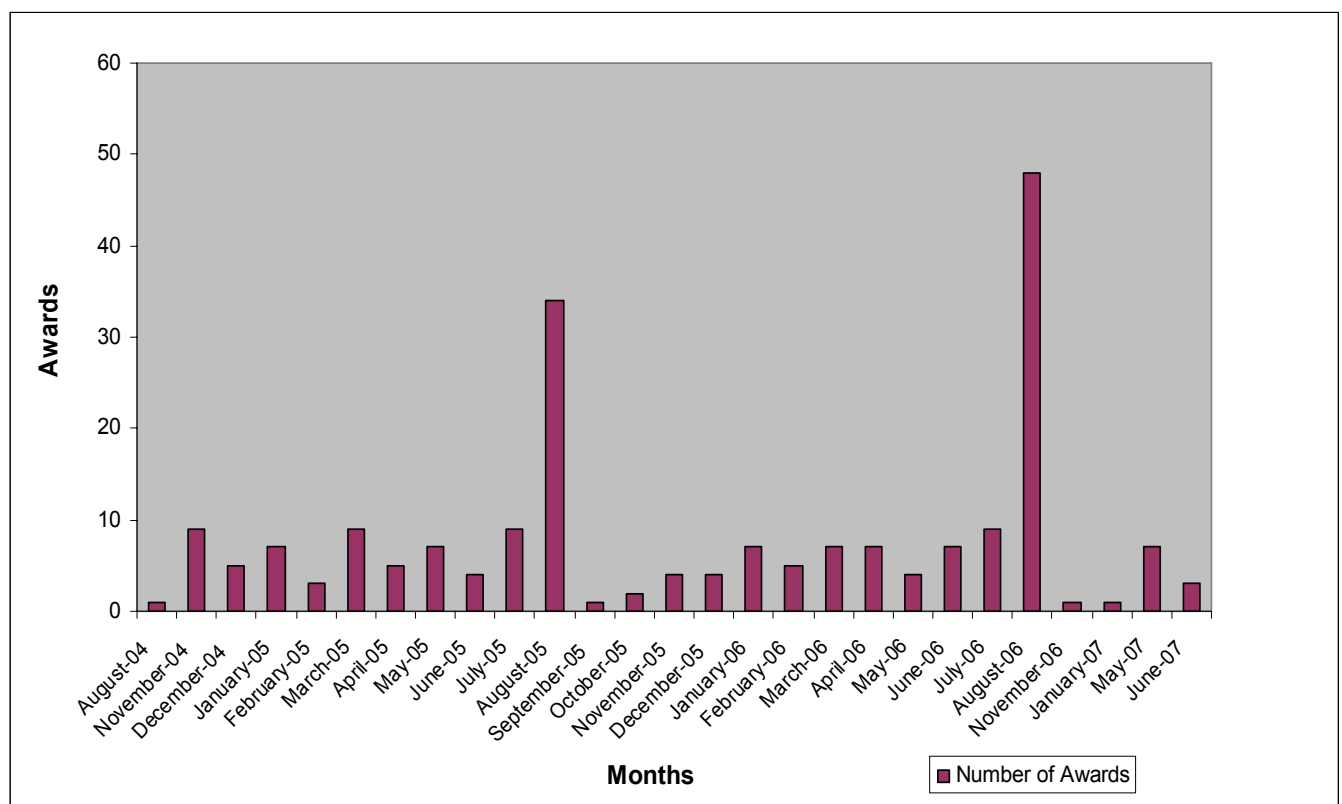
- Most (92 percent) high-dollar-value awards go to GS employees.
- The remaining eight percent went to employees in the following categories:
 - Administratively Determined (AD): 2 percent
 - Senior Executive Service (SES): 1.5 percent
 - Distinguished Consultant (Title 42): 0.5 percent
 - Research Scientist (SBRS): 0.5 percent
 - Global Health Professional Survey Fellow: 0.5 percent
 - General Management (GM): 1 percent
 - Employees not identified by pay plan: 2 percent
- The agency most often recognized contributions for:
 - Acting in another job or serving on a detail: 28 percent
 - Administrative contributions: 49 percent
 - Direct health/mission-related accomplishments: 17 percent
- In coordinating centers, direct health/mission related contributions accounted for up to 31 percent of such awards, with varying levels across the centers, as Table 5-1 shows.

Table 5-1
Breakdown of Award Focus of CDC Organization

	Environmental Health and Injury Prevention	Health Information and Service	Health Promotion	Infectious Diseases	Terror Prepared & Emergency Response	NIOSH	Office of the Director	TOTAL
Acting/Detail Assignment	75%	20%	38.8%	28.1%	50%	42.1%	16.5%	28%
Administrative	0%	60%	34.7%	43.8%	50%	26.3%	65.8%	49%
Direct Health Mission Related	25%	20%	18.4%	28.1%	0%	31.6%	7.6%	17%
Other	0%	0%	2%	0%	0%	0%	7.6%	3.5%
Planning	0%	0%	6.1%	0%	0%	0%	2.5%	2.5%
TOTAL	100%	100%	100%	100%	100%	100%	100%	

- More than half of the sample awards were for a protracted period of performance (six months or more), particularly for exceptional service rather than a single act.
- CDC's performance appraisal and budget cycle drive the timing of one-time awards.
- Managers grant most one-time awards in August.
- This seasonality limits the ability of one-time awards to be as motivating or reinforcing as they might immediately following the contribution.

Figure 5-1
Seasonality of One-Time Awards



Contributions Most Frequently Recognized

Temporary Assignments

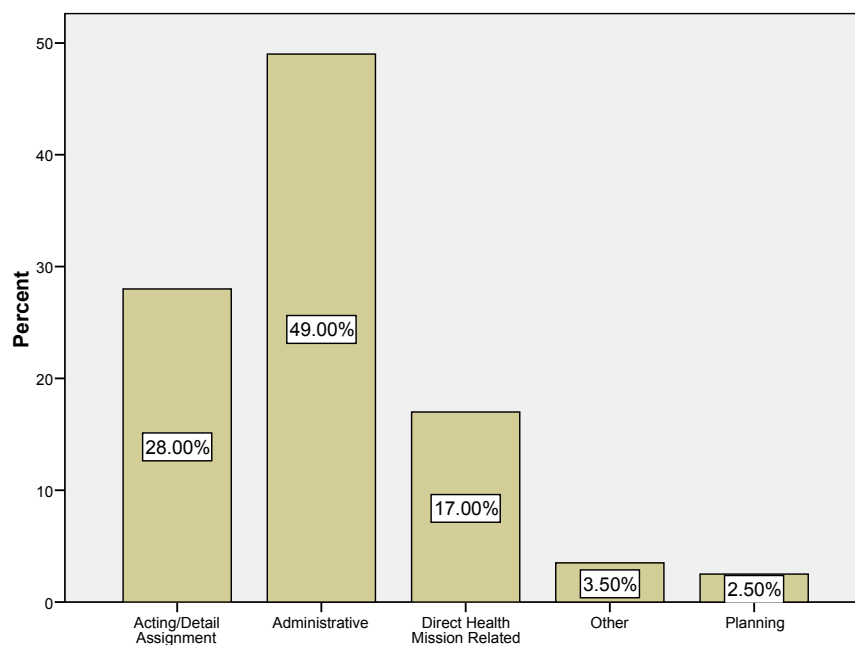
The Panel noted that over a quarter of the awardees in the random sample received recognition for performing dual roles or acting in a temporary assignment without a promotion. Given the Futures Initiative and resulting reorganizations that affected the breadth of the organization, it is likely that the number of details or temporary assignments during this two-year period was higher than the average. CDC may want to examine how it advertises these opportunities, both through formal competition and more informal methods. If a typical route to a one-time cash

award is a detail to a higher-graded temporary position, employees would benefit from knowing how to find out about these positions and the processes by which they could garner consideration for the opportunities. In the absence of such information, employees may feel left out or limited in their ability to win such recognition. Some organizations use an informal system to communicate these rotational assignments and set up internal ground rules for consideration, including rules for FTE and salary accommodations. (The Panel has shared with CDC a method for announcing rotational and developmental opportunities, thereby increasing transparency of opportunities for high visibility assignments and recognition.)

Budget/Finance /Administrative

The Panel noted that almost half of award recipients received recognition attributable to some form of administrative support to management in the area of finance/budget, procurement, or information technology. Several factors may contribute to this distribution. First, CDC implemented a new budget and finance system during this two-year period.³⁶ Second, the budget structure separates administrative and programmatic funding, which may create difficult choices for managers choosing between funding programmatic work and awards for scientific/health contributions. Third, the Panel believes that some managers see one-time awards as a rare flexibility to ease pay disparity between GS employees and those in higher-scaled pay plans, such as Titles 38 and 42, which offer more lucrative pay and performance-based incentives.

Figure 5-2
Focus of Award



³⁶ CDC officials stated that they believed it was reasonable to expect more and higher dollar value awards for those implementing the new financial management system because of the extra effort required during this time period.

Representative Awards from the Review

Below are examples of some awards examined in the review and found to be fully compliant:

- **Coordination, management and guidance for CDC staff who traveled to Angola to investigate and control a viral hemorrhagic fever outbreak.** Group award for those who provided in-country logistical support critical to the successful outcome of the response.
- **Preventing high-cost, high-morbidity conditions.** Recipient's exceptional service led to specific accomplishments in fall prevention, cost-saving prevention initiatives for the workplace, advanced Medicare coverage of smoking cessation, and advancement of DHHS's Senior Risk Reduction Program
- **Exemplary performance as an Acting Division Director.** Recipient implemented DHHS tobacco-free campus and cessation assistance initiative, kept tobacco prevention at the forefront through aggressive media contact, improved internal efficiency, and developed a request for tobacco use treatment under Medicare, described as the best written proposal ever received.
- **Substantive contributions to highly visible emergency response efforts.** Recipient was intensely involved with operational aspects of the influenza vaccine shortage and organized operations for CDC's response to the South Asia tsunami.
- **Served as liaison to various cancer advocacy organizations and served in leadership roles at important and successful cancer prevention and awareness conferences.** Recipient served as liaison to the American Cancer Society conferences and as director for CDC's Cancer Partners Summit.
- **Achievements in public health nursing.** Recipient developed a project to pilot IT for public health emergency response, was instrumental in organizing CDC to host a conference on public health nursing, and received the highest external recognition for achievements in advancing public health nursing.
- **Development of new HHS facilities manual.** Recipient represented CDC in the development of manual which governs the development, execution and oversight of all OPDIV facilities, programs for capital projects, R&I and O&M projects.
- **Outstanding technical support, review, and revision of important SAP interim final rule published in record time.** Recipient provided support in creation of an SAP interim final rule that established a comprehensive set of regulations and issued provisional certificates of registration and grants of access to select agents and toxins to ensure important scientific work could continue while regulatory requirements were finalized.
- **Increased efficiency and timeliness of procurement and human capital functions.** Recipient developed strategic corrections, improved procurement and administrative processes, led logistics for an external review, and saved the agency \$22,000 by eliminating the need for a contract.

Effective Practices

As a result of the review, the Panel became aware of the following best practices within CDC components which warrant consideration for broader adoption.

- **Appending to the standard award form a list of questions to be answered by nominating officials.**³⁷ Responses to these standardized questions were provided to

³⁷ The Office of Workforce and Career Development required its nominating managers to answer the following questions: (1) What is the impact of the project/work on the organization?; (2) Does the impact of the project/work reach beyond the immediate organization? If so, to what extent?; (3) Did the employee receive other benefits related to project/work?; (4) Is the recognition for the work performed outside normal position duties?; (5) Is the majority of work cited ordinarily performed by a higher graded position?; (6) Did the project/work being cited result in cost

reviewing and approving officials and ensured availability of a common set of information for each award nomination in that organization.

- **Quantifying the dollar value of the contribution in the award write-up.** Although not always possible, the most compelling nominations specified dollar savings to the agency, time saved by the agency, amount of work performed by the employee, or amount of compensation a detailed employee would have received had they been temporarily promoted to a higher graded position. Quantification of the contribution increases organizational understanding and acceptance of the award and increases transparency and a sense of system equity and integrity.
- **Explaining succinctly and up-front what the employee's assigned duties entailed.** Given that Special Act or Service awards are not to be awarded for assigned duties with expected results, it is imperative for a reviewer to know what the employee's regular duties are. Many of the justifications did not include this critical information. Depending on the size of the organization and the reviewer's familiarity with the work of the individual, omitting this information might leave a reviewer without a reasonable basis to determine if the award were warranted.
- **Focus on single accomplishment for a Special Act award.** The clearest and most compelling write-ups stated up front that the individual had made a specific contribution and provided significant detail on that accomplishment. These write-ups did not wander into multiple unrelated tasks or duties..
- **Initialing of changes by management officials.** Some award documentation contained changes between the dollar amount recommended and ultimately approved, and some had alterations to the management official's assessment of the value of the benefit or extent of application. In some instances, officials crossed out those decisions with which they disagreed, inserted their revised decision, and either signed next to the change or initialed the change. Without such documented ownership of the decision, there is no accountability for decision-making and decreased process integrity.
- **Relating the initial assessment of benefit and application to the narrative justification.** The clearest and most convincing award write-ups discussed the benefit and extent of application in the narrative and did not leave the reader to guess why or how the nominating official had decided on the appropriate dollar range.

INFORMING THE RECOMMENDATIONS

Based on this random sample, the Panel offers the following suggestions for CDC to consider when instructing managers in the quick and successful justification of an award:

- Clearly state the proposed recipient's assigned work in a brief sentence.

savings/cost avoidance to the organization? If so, elaborate on cost savings.; (7) Concurrence from employee's home organization?; (8) Formula for calculating dollar differential between grade level of work performed and current grade level by total number of hours spent on effort.

- State if the award is for a one-time contribution and, if so, what that contribution is. Provide details of the contribution, but do not discuss other things the employee may have done in detail. Scientific achievements or acts of heroism qualify as Special Acts.
- Quantify the contribution in terms of dollar or time savings to the government or others; if the award is based on lost salary, quantify the period of time the employee served in a higher grade position without compensation and the differential amount. If the employee performed the work of more than one individual or was more productive than his/her colleagues, a useful and convincing technique is citing the actual volume of applications received, lab tests successfully conducted, or reports reviewed.
- If the award is based on exceptional performance beyond expectations, state that up front; explain how performance exceeded the norm and how this contribution is not a performance-derived award. Performance-derived awards are based on outstanding performance throughout the appraisal cycle. Special Service Awards can be for exceptional contributions for a shorter duration (typically 120 days or less, but in no case longer than two years) or for a subset of the person's assigned work, even if the employee's overall performance would not be rated outstanding.
- Refer in the narrative to the agency criteria for extent of application and value of benefit. While some believe the matrix to be overly generic and not generally useful, it nevertheless governs the dollar value to be awarded and managers should try to explain how the subject employee's contribution relates to the matrix.
- If a group award, clearly identify what the individual's contribution entailed. If all recipients performed similar duties and made like contributions, state this. If dissimilar award amounts are involved, this delineation of differing contributions is critical.

In the final chapter of this report, the Panel will offer specific recommendations drawing on the results of this review.

CHAPTER VI

WHAT THE PANEL LEARNED FROM ITS REVIEW OF SENIOR-LEVEL PAY SYSTEMS

This chapter details what the Panel learned in its review of CDC senior-level pay practices and systems, its analysis of senior-level compensation patterns, and its discussions with senior-level managers on the topic. It also builds on research and knowledge about senior-level pay administration in other agencies and sectors.

Over the last few years, CDC has received additional pay flexibilities to help meet its expanding mission responsibilities. Given its urgent needs, the agency has moved quickly to secure much needed expertise and convert existing, high-performing employees with critical skills into its two most flexible pay plans, Titles 38 and 42. Its pay plans offer some of the highest compensation in the federal government,³⁸ which CDC has used effectively to compete with other federal agencies and the private sector in recruiting highly-qualified researchers, scientists, and physicians to fill critical jobs. Although CDC has implemented these flexibilities with significant results, it needs to develop detailed criteria to ensure that pay and conversion decisions are made in an equitable, consistent, and transparent manner.

Faced with critical hiring needs, CDC has used its newest pay authorities (Titles 38 and 42) on a case-by-case basis without the benefit of an overarching governance structure or framework, clear and transparent work-based criteria, or a clearly delineated processes for making pay decisions. Consequently, incumbents of CDC senior-level positions with seemingly comparable levels of responsibility receive significantly different annual compensation. These pay differences are not clearly linked to the nature and level of the position, nor to the incumbent's success in leading his/her component to meet CDC's goals and objectives.

The following sections of this chapter explain the complex pay plan structure under which CDC operates, current usage patterns, issues created by recent flexibilities, and other federal agencies' practices which might be useful to CDC.

SENIOR-LEVEL PAY STRUCTURE AT CDC

CDC uses five senior-level pay plans:

- **Senior Executive Service (SES)**—a career³⁹ appointment requiring incumbents to have significant expertise in management and/or policymaking. In 2007, pay could range from \$129,421 to \$168,000, with Medical Doctors able to earn an additional \$30,000 through a Physicians Comparability Allowance. Total SES compensation (including any allowances, cash awards, and 3R incentive payments) was limited to

³⁸ Source: U.S. Office of Personnel Management pay tables.

³⁹ The Director of CDC is a non-career SES employee, but is technically an employee of HHS.

\$215,700 per year.⁴⁰ This type of appointment takes both position and rank-in-person into consideration.

- **Senior Biological Research Service (SBRS)**—an excepted appointment requiring incumbents to be doctoral-level, outstanding scientists. In 2007, pay could range from \$107,851 to \$186,600. Total SBRS compensation was limited to \$186,000 per year. This type of appointment, authorized under Title 42, provides for consideration of rank-in-person.
- **Title 38**—a career appointment to positions no higher than GS-15 and requiring incumbents to be Medical Doctors or Dentists and occupy positions providing services incidental to clinical care. In 2007, pay could range from \$77,590 to \$250,000, with the possibility to go higher with HHS approval. Total compensation was limited to the annual pay of the President (\$400,000) per year.
- **Title 42 Distinguished Consultant**—an excepted appointment requiring incumbents to possess a doctoral degree and have made outstanding contributions to public health or science. In 2007, pay could range from \$113,427 to \$270,000. Total compensation was limited to \$375,000 per year. This type of appointment provides for consideration of rank-in-person.
- **Public Health Service Commissioned Corps**—a uniformed services appointment requiring incumbents to possess a qualifying health-related degree. Pay for flag officers (0-7 and above) was capped at \$168,000 for 2007. Pay for 0-6 officers and below was capped at \$136,200. The highest paid Corps Officer at CDC in 2006 earned \$215,637 in total compensation, which includes allowances and special pay. Except for the flag officer rank, this type of appointment provides for consideration of rank-in-person.

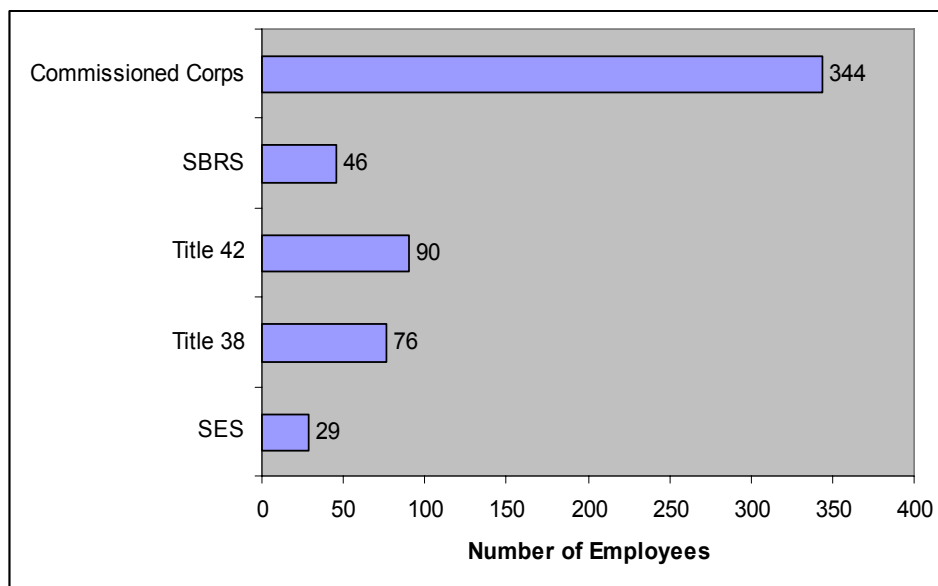
As part of this study, the Panel examined each pay plan to gain insights into the flexibilities and challenges facing CDC as it strives to strengthen its pay administration.⁴¹ (Appendix J provides a narrative explanation of these systems. Appendix K contains a chart comparing pay plans, and Appendix L identifies elements of total compensation for each of the pay plans. The Panel believes these documents will serve as a useful reference for CDC managers and potential employees.)

Figure 6-1, on page 71, shows the breakdown of CDC's 585 senior-level employees among these five pay plans.

⁴⁰ All pay figures in these bullets refer to 2007 Atlanta Pay Scales.

⁴¹ AHRC provided to the study team the pay plans and total compensation for civilian employees holding senior-level positions in 2006. The PHS Commissioned Corps provided similar information for its senior-level officers. Total compensation includes base pay; pay increases and bonuses; recruiting, relocation, and retention bonuses; and special pay and allowances, such as physician's comparability allowances for SES and medical specialty pay and various allowances for Corps officers.

Figure 6-1
Senior-Level Employees at CDC
June 2007



Almost all of CDC's program units are headed by persons in Titles 42 and 38, the GS system, or the Commissioned Corps. In 2006, thirty-two of CDC's 585 senior-level employees were in the SES, including CDC's Director, a non-career SES member. Of CDC's 94 director positions in its program divisions, national centers, and coordinating offices and centers, three were held by SES members. The remaining 28 SES members, aside from CDC's Director, held various managerial positions, including that of CDC's Chief Operating Officer, but did not head the organizations directly responsible for carrying out CDC's mission.

RECENT AGENCY ACTIONS TO STRUCTURE PAY DECISIONS

Historically, CDC has relied on its Executive Resources Board (ERB) and Performance Review Committee to handle pay setting and pay increase and bonus recommendations for its SES and/or Titles 38 and 42 senior-level employees, as well as conversions from the Commissioned Corps to civilian positions. Due to board member attrition and a leadership decision to restructure pay practices, the ERB and the Performance Review Committee were dissolved in late 2006 and replaced by the Compensation and Performance Review Subcommittee (CPRS). However, CPRS subgroups did not become operational immediately, leaving CDC, for almost a year, without a standing, fully operational high-level committee or board to set policies and criteria; or to review requests for starting pay for new senior-level employees, large pay increases for existing CDC employees, or conversions from one pay plan to another.^{42 43}

⁴² Since CDC dissolved the ERB and its Performance Review Committee, it has set up review committees on an as-needed basis to address performance ratings and pay increases and bonuses for the SES and Title 42 executives. CPRS first met in February 2007. Subgroups were established and staffed in the summer of 2007.

In late 2006, CDC's Executive Leadership Board established CPRS to formulate CDC policy and guidance on compensation and cash awards. CPRS also reviews proposed policy changes or recommendations from OPM or HHS regarding compensation and awards.

CPRS was established to provide oversight and review of the following areas:

- compensation of members of the Executive Leadership Board, Center Leadership Council, Management Council, and Division Directors
- compensation of any employees at or above the pay cap within their pay category
- pay levels of CDC Leadership for equity and consistency based on performance
- requests for pay above the maximum for the pay category
- requests for retention allowances
- recommendations for cash awards for members of the Executive Leadership Board, Center Leadership Council, Division Directors, and Management Council
- recommendations for cash awards of \$5,001 or higher for all CDC/ATSDR employees
- pay increases and awards for employees covered by SES and Title 42 performance management systems
- percentage or amount of performance awards for employees rated Excellent or Fully Successful under PMAP
- distribution of PMAP ratings throughout CDC to ensure consistency and equity in the performance evaluation process

In mid-July 2007, CPRS established six subgroups:

1. SES and Title 42 Executives
2. SBRS and Title 42 Scientists
3. Title 38 Physicians and Dentists
4. Commissioned Corps
5. GS/PMAP
6. Incentive Awards and Other Pay Incentives

These subgroups are becoming operational at various paces. The first three have responsibilities related to setting pay and/or recommending pay increases and bonuses to the CPRS for senior-level employees. As of September 30, 2007, the SES and Title 42 Executives subgroup had established its charter, and the SBRS and Title 42 Scientists subgroup and the Title 38 subgroup

⁴³ AHRC said it did not have readily available, compiled data on the number of requests for senior-level new hires or pay increases other than those which were ratings based.

had drafted but not yet finalized theirs. The Panel and study team have reviewed the material available on the subgroups and discussed them with CDC and AHRC personnel.

Several issues remain unclear, including how CPRS or the subgroups will address pay setting for new employees; how they will handle pay increases above 6 percent; how they will ensure equity across CDC's various senior-level pay plans; and how CDC intends to coordinate its work with AHRC to ensure managers receive accurate, reliable, and timely information on policies, criteria, and processes.

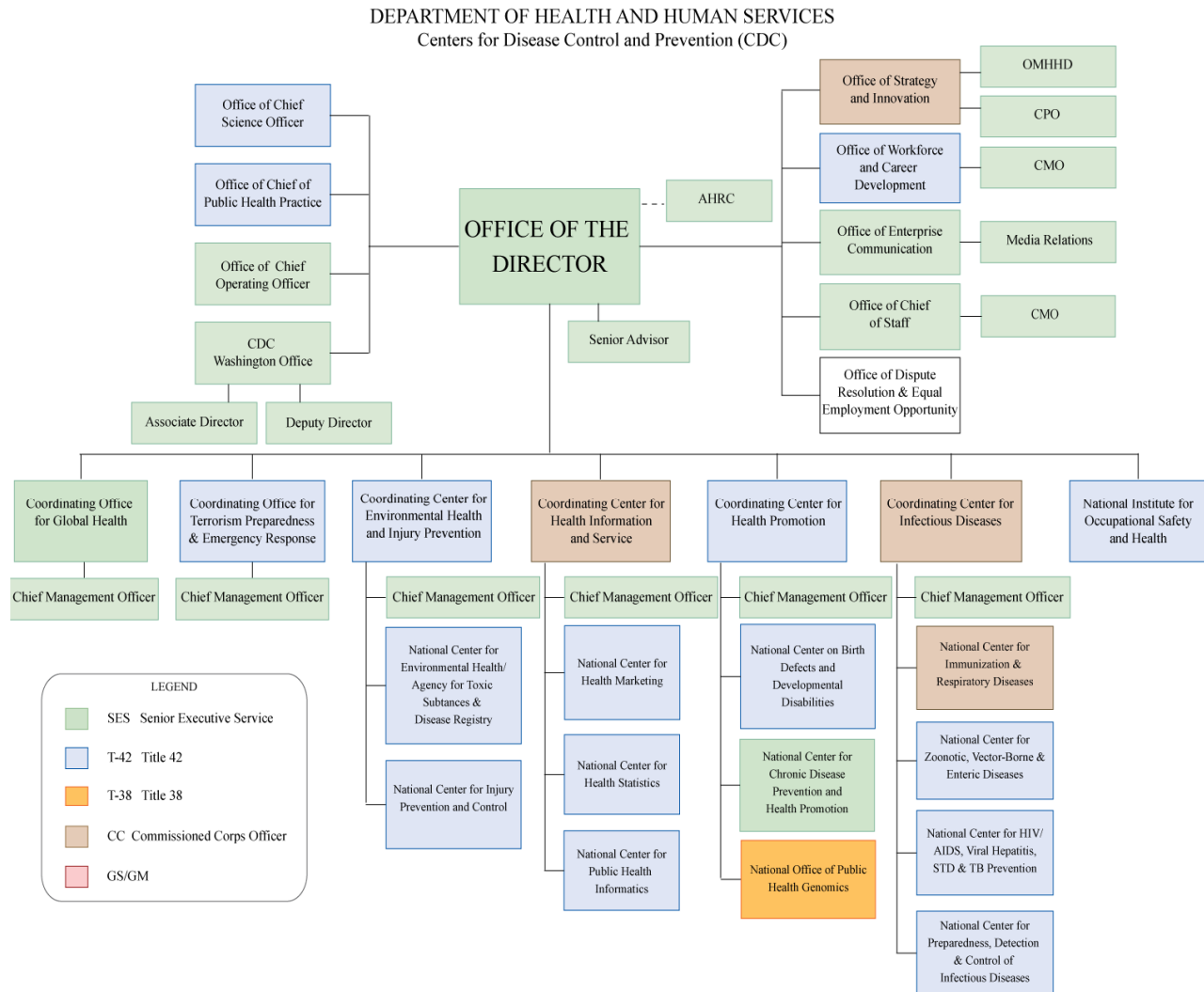
This situation creates continuing potential for inconsistencies and inequities in compensation among persons in different pay plans having comparable positions. The subcommittee co-chairs have committed to meet regularly to address consistency issues. The subcommittee and its subgroups should be quite helpful to CDC in significantly strengthening its governance of senior-level pay, but it is not yet clear that these conversations will sufficiently address equity issues across the various pay plans.

SENIOR-LEVEL PAY PLAN PATTERNS

To examine the way CDC has historically used its pay authorities, the Panel worked with CDC to identify the top leadership positions in the Office of the Director, its six coordinating offices and centers, and NIOSH, 12 national centers, and their 75 major divisions or equivalents. HHS' Atlanta Human Resources Center (AHRC) provided pay plan data for civilian employees holding these positions in 2006. For a few positions with personnel turnover since 2006, AHRC provided pay plan information as of August 2007. PHS' Commissioned Corps provided similar information for senior-level Corps officers holding these positions.

Figure 6-2, on page 74, presents an organizational chart that matches pay plans with major leadership positions within the Office of Director, coordinating centers, and national centers.

Figure 6-2
Pay Plan Use across the Highest Echelons of CDC
FY 2007



The Panel's analysis showed:

- **no apparent pay plan or compensation level pattern for persons holding positions at comparable levels in the organization**

Within its program units, CDC most often used Title 42 in each of the three levels—coordinating center/office, national center, and division. Persons in each senior-level pay plan occupied positions at each level, except for the coordinating centers/offices with no directors in Title 38. Nineteen of the 75 division director or equivalent positions were held by persons in the GS system. The remaining division director positions were held by persons in each of the other senior-level pay plans (thirty by Title 42, thirteen by the Corps, six by Title 38, and one by SES)

or were occupied by detailees on loan to CDC from another organization by such means as the Intergovernmental Personnel Act.

- **widely varying compensation for individuals in top leadership positions at comparable organizational levels**

In a number of cases, individuals at lower levels in the organization earned significantly more than persons at higher levels; newly hired persons sometimes made significantly more than persons already holding positions at a comparable level; and persons in Title 38 were often compensated at lower levels than persons in Title 42. For example, the most highly compensated person in Title 38 was not in a top leadership position, and the most highly compensated Corps officer was in a position four levels down (at a branch level) from the coordinating center director (also a Corps officer). Finally, division directors in the GS system generally earned lower amounts than those in Titles 38 and 42, and compensation for division directors across CDC varied significantly.

Appendix M provides additional organization charts depicting pay plan usage throughout CDC.

SENIOR EXECUTIVE SERVICE COMPARISONS

As part of its examination of senior-level pay, the Panel analyzed the use of the SES at CDC, in part because this pay plan provides the fullest range of comparisons across government.⁴⁴ In proportion to its size, CDC has a small cadre of SES members, maxing out at thirty-two in 2006. CDC has made a conscious decision to limit its use of the SES pay plan and use other plans for most mission unit leadership positions. Many senior leaders can receive higher compensation levels through employment under Title 42 or Title 38. The preponderance of SES positions at CDC is purposefully focused on management functions, such as the Chief Management Officer positions in each Coordinating Center and the business and infrastructure positions in the Office of the Director. SES positions at CDC typically are not held by individuals with a medical degree or a Ph.D. in a technical/scientific discipline,

Table 6-1⁴⁵, on page 76, summarizes the history of the percentage of CDC SES employees who received the top rating, the percentage of total SES employees receiving bonuses,⁴⁶ a comparison of the average CDC bonus to the average federal bonus, and the top aggregate pay⁴⁷ for the three most recent calendar years.

⁴⁴ Comparable information about bonuses for Title 38 and Title 42 employees in other agencies was not available through the U.S. Office of Personnel Management, the Academy's source for the SES bonus data contained in this report.

⁴⁵ Source: Atlanta Human Resources Center, including data provided to the subcommittee and summary Performance Review Board documents from each of the subject years.

⁴⁶ SES employees need not receive the top performance rating to earn a bonus.

⁴⁷ OPM regulations set an aggregate annual compensation limit for SES employees; for agencies with certified appraisal systems, the limit in 2006 was \$212,100. For agencies without certified systems, the limit was \$183,500. Amounts in excess of the annual limit can be rolled over for payment in the following calendar year. According to AHRC, CDC has provisional certification for 2007.

Table 6-1
CDC SES Comparisons Over Time
CY 2004–CY 2006

CY	% Top Rated	Bonuses %	Average CDC Bonus as % of Average Government Bonus	Top Aggregate SES Pay For CY	Lowest SES Aggregate Pay For CY
2006	62.5 %	94% ⁴⁸	99.5%	\$277,536	\$131,313
2005	53.6%	81%	95 %	\$253,111	\$122,608
2004	50%	62%	96.4%	\$203,000	\$135,396

For these variables, from 2001 to 2003, when agency SES employees were under a pass/fail appraisal system, AHRC was only able to provide the percent of SES employees who received bonuses. For this small number of employees, the percentage ranged from a low of 32 percent in CY 2003 to a high of 52 percent in CY 2001.⁴⁹ In earlier years, with the CDC number of SES members varying from 21 to 25 members, the percentage of those employees receiving bonuses varied widely, from a low of 39 percent in CY 1999 to a high of 83 percent in CY 2000. From CY 1996 through CY 1998, the percentage ranged from 57 to 65 percent. In CY 2006, 94 percent received a bonus compared to 86.2 percent of HHS SES employees and 67.2 percent of SES members across the government.

According to OPM, the average performance award granted to SES members across the federal government ranged from \$13,734 in 2004 to \$13,814 in 2005 and down slightly to \$13,292 in 2006. According to the Congressional Budget Office, the average 2005 SES bonus was the equivalent of 9.4 percent of base pay. For 2004 through 2006, CDC bonuses ranged from 5 to 12 percent, with the average bonus amount equal to or slightly lower than the federal average. In CY 2004, CDC bonuses were \$488 lower than the federal average. In CY 2005, CDC bonuses were \$679 lower than the federal average. In CY 2006, CDC bonuses averaged \$30 less than the government-wide average.

In addition to annual performance bonuses, one percent of career SES employees across government are eligible for Distinguished Presidential Rank Awards of 35 percent of base pay. Five percent of career SESers are eligible to receive Meritorious Presidential Rank awards of 20 percent of base pay. According to OPM data, the government spent \$10 million to recognize more than 300 SES awardees in FY 2003 and again in FY 2004.⁵⁰ Criteria for this highest recognition require sustained accomplishment, nomination by the agency head, recommendation by the OPM director, with assistance from outside panels, and selection by the President. In 2006, the President recognized two CDC SES employees with Distinguished Rank awards and

⁴⁸ CDC records reflect bonuses for CY 2006 for 29 of 31 SES employees. Dr. Gerberding, a non-career SES, is technically an employee of the Department of Health and Human Services, and ineligible for career bonuses.

⁴⁹ Bonuses are earned based on performance through the FY, but paid at the end of the CY, or in some cases rolled over to the next calendar year.

⁵⁰ In FY 2003, government-wide, there were 332 recipients; in FY 2004, there were 348. See Barr, Stephen, "OPM Reports Increase in Spending on Performance Bonuses," *Washington Post*, March 15, 2005, Page B02,

two with Meritorious Rank awards. In 2005, he recognized one CDC SES employee as Distinguished and two as Meritorious. An executive cannot receive the same rank award within four fiscal years following receipt of that award.

Based on the above data, the Panel learned the following about the SES at CDC:

- **For CDC's relatively small cadre of SES officials, the dollar value of their bonuses generally were in line with or slightly lower than those across government.**
- **The number of SES employees receiving bonuses at CDC has varied widely over the last eight years.** The percentage of CDC executives receiving bonuses has been generally in line with the departmental average.
- **Over the last two years (2005 and 2006), the percentage of CDC SES officials earning the top performance rating and the percentage receiving bonuses has exceeded the government average.** The percentage receiving top ratings and percentage receiving bonuses at CDC was higher than the departmental average in 2006 and below the departmental average in 2005.

Appendix N compares CDC senior-level pay beyond the SES with the National Institutes of Health, and with other sectors.

INTERVIEWS WITH SENIOR-LEVEL MANAGERS

Academy-conducted focus groups provided insight on the desirability of structure and predictability in pay systems. Participants cited these characteristics and the public nature of governing rules as system strengths of the broadly known General Schedule. Seeking insights into lesser known and more complex senior-level pay plans, the study team conducted interviews with 27 senior-level managers to learn more about pay decisions and challenges for these types of positions. When asked about agency plans to improve senior-level pay administration, senior leaders said that future systems should include the following characteristics:

- clear and transparent processes and criteria for making pay decisions for researchers, scientists, and physicians
- equity and transparency in compensation-setting decision-making and information about such matters as how new-hire pay decisions are made, pay plans available, their features, and steps necessary to use them
- improved timeliness in pay decisions and processing recruitment and retention incentive requests, as well as requests for increasing pay for existing employees, which managers deemed to be more difficult
- pay equity between new hires and long-term CDC employees
- clear career paths for scientists, researchers, and physicians across the organization, including the ability to move high-performing, well-qualified researchers and scientists, who do not meet Title 38 or 42 criteria, into leadership positions

- clear understanding of the extent to which CDC will be able to rely on Commissioned Corps personnel in the future given current differences in compensation levels between the Corps and persons covered under Titles 38 and 42 and recent changes in the Corps, which have reduced its appeal

Strengthening Senior-Level Pay and Conversion Decisions

CDC historically has made SBRS, Title 42 Distinguished Consultant, and Title 38 pay decisions based largely on the rank-in-person concept. Between late 2006, when the ERB was dissolved, and Summer 2007, when the CPRS subgroups began to become operational, CDC did not have a formal governing structure in place to consider pay requests for senior-level employees or new hires; or requests for conversions between pay systems (for example, from the Commissioned Corps to civilian positions). CDC has made such pay decisions on a case-by-case basis for about a year, pending the start-up of its CPRS subgroups. The CPRS subgroups, established to replace the ERB, phased in to operation beginning in the summer of 2007. Even when the ERB existed, however, CDC did not have a comprehensive set of criteria for setting pay or determining pay increases for persons in Titles 38 or 42 or for determining which pay plans or compensation ranges were appropriate for its various leadership positions. (As discussed in Chapter VII, both NIH and VHA have recognized the need to consider both the individual's qualifications and the position in determining pay.) A notable exception is the agency's strategic use of SES positions for its newly created Chief Management Officer positions.

In many ways, this situation is understandable. CDC received increased compensation limits under Titles 38 and 42 in 2007. Given its desire to put these enhanced authorities to use to meet its critical recruitment and retention needs, it has been making senior-level pay decisions on a case-by-case basis. Nevertheless, CDC managers have expressed concerns about the agency's lack of clear and transparent policies, procedures, or processes for senior-level pay decisions. As one manager explained, individual managers in some units have had to pay highly qualified recruits significantly more than existing employees in comparable positions. This had led to internal inequity.

Using standard compensation modeling techniques, CDC typically would make these decisions by considering the following:

- nature of the job
- level and span of responsibility compared to other senior-level positions
- level of complexity compared to other senior-level positions
- commonality among various positions being filled
- qualification requirements
- market rate compensation for expertise required

Although there were some significant differences in compensation at all organizational levels reviewed, many of the wide variations occurred at the division director level. These positions

were occupied by persons in each of CDC's senior-level pay plans and by GS employees. After evaluating these and other leadership jobs, CDC should be in an enhanced position to make and justify fact-based decisions on compensation, relying on the above factors, including any required specialties commanding high market rates.

Increasing Human Capital Support

CDC managers emphasized that they needed timely decisions and support on compensation matters, such as determining eligibility for Title 42, compensation offers during recruitment, or requests for pay increases or retention bonuses. CDC has a bifurcated human capital system. CDC's Office of Workforce and Career Development is not staffed to provide the full suite of human capital strategic services, such as workforce planning, policies, and procedures, and management advice. HHS' AHRC performs an operational human resources role, but has been understaffed as a result of ceiling limitations and attrition.

In this context, managers expressed concerns that CDC lacks a robust human capital capability to provide practical support for senior-level pay decisions. Managers said they needed additional information and assistance. While noting the exceptional help and service provided by some AHRC staff members, they expressed concerns about limited staffing within this office. Although a CDC employee recently was selected as AHRC's director and AHRC is increasing its capacity, it is unclear whether these steps will fully meet CDC's transaction processing needs. It also is unclear how CDC will fully meet its strategic human capital needs without expanding the Office of Workforce and Career Development, or a comparable internal organizational unit.

Some managers expressed concerns that CDC is applying Title 42 eligibility criteria too rigidly:

- One CDC senior leader expressed concern about the lack of transparency and confusion that surrounded the use of Title 42. This individual said ten people would provide ten different answers about who is eligible, how you get in, and how pay is determined. This individual was concerned that CDC may be applying the eligibility criteria more stringently than other HHS components.
- The leader of another CDC component expressed the need for information and a structured, efficient process for getting pay increases greater than 6 percent for Title 42 employees. The leader said that, for a recent case, the process was cumbersome, inefficient, and took entirely too much effort and time.
- Another CDC component official reported experiencing similar difficulties in getting approval for increased pay for a highly-qualified individual also being recruited by another HHS component. It was difficult for this manager to understand how another HHS component could pay more than CDC was willing to pay.
- The head of another CDC component said he could eventually offer candidates competitive compensation, but that the process was too difficult and too protracted. Some organizations have had to deal with multiple vacancies unfilled for up to a year and longer. According to this official, the internal process is not clear; no body exists to review compensation requests for new hires; and the amount of time it takes to get requests approved, decisions made, and hiring actions processed is not acceptable. This

individual, like others, was also concerned about CDC's need to establish a policy and process for obtaining approval for salary increases above 6 percent for Title 42 employees.

Promoting Pay Equity between New Hires and Long-Term Employees

New employees coming into CDC under Titles 38 and 42 often earn much more than long-time employees who occupy positions at comparable levels. For example, the agency recently hired a senior-level employee at a compensation level about \$150,000 higher than the compensation levels for two other civilian employees occupying positions at a comparable level. Managers said it is easier to determine how to set pay for new people coming in because they can document much higher salaries. It is more difficult for existing employees unless they have an outside job offer. HHS guidance allows for an annual increase of greater than 6 percent if performance clearly warrants and all pay increases are fully documented and justified. Although CDC recently established a compensation subcommittee and subgroups to address this issue, it does not yet have established criteria or processes for handling such requests. Thus, it has been unable to make significant strides in bridging the pay gap between the higher pay of some new hires and the typically lower pay of long time CDC senior managers and scientists. This situation could lead highly marketable people to look for jobs elsewhere.

Some managers raised concerns about the inability to get SES slots⁵¹ for division directors and difficulties in qualifying GS division directors, who may not have had time to publish as required for Title 42.

Establishing Career Paths for Researchers, Scientists, and Physicians

CDC managers expressed concerns that the agency does not have clear career paths for researchers, scientists, or physicians—including those in Titles 38 and 42—to advance in all of its units. Career progression appears to be largely left to individual units and managers, leading to inequities across CDC in how Title 38 and 42 employees advance. When recruiting individuals into Titles 38 and 42, some managers said they were unable to tell them how they would be able to move up in the organization. As noted above, some managers were also unclear about the rules for giving pay increases larger than called for in HHS Title 38 and Title 42 guidance when they believe such increases are appropriate.

In addition, a number of CDC's top managers noted what they believe to be a gap in CDC's multiple pay authorities within its program units. They expressed concern about not being able to move highly-qualified, high-performing researchers and scientists, who are not physicians and do not meet the publication or other requirements associated with Title 42, into senior level positions. According to the managers, they typically cannot obtain SES slots for programmatic positions within the national centers, such as at the division director level where there is only one SES incumbent. They have no other vehicle beyond the GS-15 level or the Corps. For example, one CDC senior manager pointed to a case in which the national center had been trying for 18 months to get a significant pay increase for an exceptional GS-15 health scientist, who did not qualify for Title 42. It is also important to note that, although one national center position is held

⁵¹ OPM has responsibility for allocating SES slots to HHS, and HHS in turn allocates slots to its operating divisions.

by a person receiving Title 38 physician pay, Title 38 physician pay is only available within HHS to physicians or dentists who are at the GS-15 level or below. Thus, while CDC could pay an employee up to \$400,000 annually under Title 38 by using a combination of GS-15 pay, market pay, and/or other pay, such as performance-based pay, and put this person in any senior organizational position, the person could not be at a higher “grade” level than GS-15.

At a broader level, the Panel heard from numerous employees concerned about how to increase pay for researchers and scientists beyond the GS-14 level who do not want to go into management. For example, as one CDC employee told the Panel, “There should be more upward mobility beyond GS-13 including higher steps if someone wants to continue doing science but not supervise or manage others.” Another said, “I’m a GS-15, step 10, and I’ve hit the glass ceiling. Title 42 consultancies at CDC are awarded based on where you are located in the administrative chart rather than for scientific achievement.”

One potential way to deal with this dilemma is to request HHS and OPM approval to use Senior Level/Senior Technical (SL/ST) authority for positions at CDC. According to OPM, HHS had 16 SL/ST employees,⁵² but none at CDC as of mid-2007. However, managers with whom the Panel spoke were generally unaware of the authority potentially available for SL/ST positions. These positions require the allocation of slots from OPM. Both SL and ST positions typically require that less than 25 percent of an incumbent’s time be dedicated to supervisory/managerial duties.

- SLs are non-executive positions above GS-15. For example, an SL position might be appropriate for a senior attorney in a highly specialized field, or for a high-level special assistant. SL positions are in the competitive service unless excepted by statute or regulation.
- STs are for high-level research and development in the physical, biological, medical or engineering sciences, or a closely related field and are in the competitive service. These positions involve systematic investigation of theory, experimentation, or simulation of experiments; applications of scientific method; or exercise of creativity and critical judgment. Typical ST incumbents have authored fundamental research/scientific papers that are widely used and cited, have received significant honors, and are sought as an advisor or consultant on scientific and technical problems that extend beyond their specialty.

In addition, CDC could request “critical pay” authority for “hard-to-fill” positions. Like most federal agencies, CDC does not currently use the critical pay authority, which, with OPM/OMB approval, provides for salaries up to \$186,000 (Level I of the Executive Schedule) for hard-to-fill positions. In rare circumstances, the head of an agency can seek approval by the President for pay at a higher rate, based on information and data that justify that rate. An underutilized

⁵²The Federal Comparability Act of 1990 (FEPCA) established SL positions to replace GS-16, 17, and 18. ST positions were established separately. As of March 2007, there were 573 SL employees and 355 ST employees government-wide. Pay for these positions is between 120 percent of the GS-15/1 and Executive Schedule IV. Employees receive locality pay and are eligible for Presidential Rank awards. Base pay and locality pay for these employees is capped at Executive Schedule III.

flexibility, OPM proposed in April 2007 a new framework to encourage agencies to take advantage of this option designed to offer higher pay for positions critical to an agency's mission and requiring specific, high-level expertise in the scientific, technical, professional, or administrative fields.

Another potential senior-level pay authority available to CDC is section 210(g) of Title 42 for professional, scientific, and executive positions requiring the services of specially qualified scientific, professional, and administrative personnel. Pay for these positions (numbering 179 in total) is above the GS-15 level, with two positions up to the Executive Level II schedule rate. Twelve of these Public Health Service positions are designated for the National Center for Health Statistics (NCHS), a CDC component. There are an additional 30 such positions designated for HHS, but with unspecified location. According to AHRC, CDC has not explored the feasibility of seeking approval from HHS or OPM to use this authority. After assessing its jobs and its needs for senior-level positions, CDC could explore the use of this authority for NCHS to the extent needed and request authority from HHS and OPM for some or all of the remaining 30 positions not designated for another HHS component. In addition, CDC could also explore with HHS and other HHS components seeking a legislative reallocation or increase in total slots.

Future Role of the Commissioned Corps Officers

CDC's 845 Commissioned Corps officers comprise about 10 percent of its total workforce and serve in essentially all of its major components. About 340 of the total number of Commissioned Corps officers assigned to CDC are considered senior-level by virtue of their rank (0-6 level and above); 17 serve in leadership positions at the division director level or above. Commissioned Corps senior leaders are assignees to CDC, not employees and therefore are evaluated under a PHS appraisal system separate from any used for CDC employees.

Corps officers typically work side-by-side with CDC's civilian employees in a team environment, but operate under significantly different pay and cash awards programs, with different personnel policies compared to CDC's civilian employees. Although Corps officers' compensation levels can often match SES compensation levels, especially considering the non-salary benefits available to the Corps, they are significantly lower than the maximum compensation available under Titles 38 and 42. In addition, Corps officers are not eligible for cash awards as are CDC's career civilian employees. According to CDC's top managers, some Corps compensation policies create disincentives for physicians to remain in the Corps above the 06 level and for remaining in the Corps after 20 and 25 years of service.

During the Panel's study, CDC's managers raised other issues related to the Corps' ability to continue to attract and retain qualified people and to CDC's ability to rely on the Corps in the future. These issues include recent changes to Corps policies, relating to such areas as deployment and uniforms, which could discourage Corps officers from staying or prospective Corps members from joining. As CDC maps out its optimal pay plan pattern for its senior leadership positions, it must consider how best to utilize Corps members in this dynamic environment and the extent to which it will be able to rely on the Corps in the future for senior leaders.

SENIOR-LEVEL PAY PRACTICES IN OTHER AGENCIES

In its effective practice research (detailed in Chapter VII), the Panel noted some methods used by other federal agencies to address senior-level pay issues. NIH, the Environmental Protection Agency (EPA), and the Veterans Health Administration have developed clear criteria and formal structures and processes for making Title 38 and/or Title 42 compensation decisions. They have made the criteria, structures, and processes available to employees and others. In addition, EPA cascades its organizational performance evaluation throughout the various components and uses the results to assess the performance of and make compensation decisions for all of its senior executives. This linkage between results and compensation adds rationality and transparency to the pay setting process.

INFORMING THE RECOMMENDATIONS

The research, analysis, and insights presented in this chapter will serve as the basis for the Panel recommendations in the area of senior-level pay. Consistent with the agency's commitment to core principles, the Panel will address in its recommendations the need for CDC to take appropriate and timely action to ensure consistency and equity in compensation across pay plans. The Panel believes that CDC could benefit from considering adapting to its needs and situation the types of pay models used by NIH and VHA for their employees under Titles 38 or 42; and cascading HHS' organizational performance assessment to its components and using the results in rating and compensating employees holding leadership positions regardless of pay plan.

Although the Panel believes that CDC's establishment of the CPRS and its subgroups puts CDC in a good position to address many of these senior-level pay challenges, many implementation details need to be worked out. CDC and AHRC need to be able to effectively support the CPRS and its subgroups, particularly relative to effective, appropriate, and consistent job evaluations and implementation of policies and criteria on matters such as pay setting, increases, and bonuses; recruitment and retention; attaining internal pay equity; and conversions from one pay plan to another. The Panel will also address this need for integrated and strategic human capital support in its recommendations.

CHAPTER VII

WHAT THE PANEL LEARNED FROM OTHER AGENCIES

CDC asked the Academy to identify effective monetary award and senior-level pay practices in other federal agencies that it could usefully adapt to its own circumstances. This chapter provides an overview of practices at three science-based federal agencies:

- **The National Institutes of Health (NIH)**, like CDC, is an operating division within the U.S. Department of Health and Human Services. As the lead federal agency conducting medical research, it invests more than \$28 billion annually to prevent disease, identify effective treatments, and develop cures for common and rare diseases.
- **The Veterans Health Administration (VHA)** has more than 90 percent of the 200,000 civil servants in the U.S. Department of Veterans Affairs. VHA runs the nation's largest integrated health care system, providing in-patient care to nearly 5 million patients—and outpatient care to 54 million patients—in 2006.
- **The U.S. Environmental Protection Agency (EPA)** protects human health and safeguards the natural environment of air, water, and land through federal research, monitoring, standard-setting, and enforcement activities.

The Panel believes that these agencies have some useful awards and senior-level pay practices worthy of CDC's consideration. The following sections summarize these practices, which are presented topically.

SENIOR-LEVEL PAY APPROACHES

The Panel identified effective senior-level pay practices at each of these agencies. CDC already has adopted a variant of VHA's Title 38 pay tables.

Title 42 Pay Model at NIH

In 2002, the NIH Director established the Title 42 Pay Model out of concern that the agency had been implementing this authority without a formal plan to ensure equity and consistency. The model is intended to provide a flexible salary system to support scientists managing and conducting scientific research; promote salary comparability with the private sector; and ensure consistency in the salaries of similarly qualified scientists performing similar work.

Pay ranges are established each year for four categories:⁵³

1. Intramural (basic)

⁵³ The Title 42 Pay Model establishes four categories, but the 2007 Title 42 Pay Ranges do not appear to include senior scientific leaders (described in the model as "IC Scientific Directors, IC Deputy Directors, OD Associate Directors, [and] OD Office Heads reporting directly to NIH Director").

2. Intramural (clinical)
3. Extramural
4. Senior Scientific Leaders

Positions within the Intramural and Extramural categories are identified and placed into a band, which is further divided into three tiers. Within the broad pay range established for each band, NIH has established narrower ranges for each tier. Most important, it has established specific criteria for placement in each tier. In determining the initial and subsequent pay adjustments, NIH considers the following factors:

- complexity of the program or projects and problems solved, as well as the difficulty and originality in work performed
- productivity and impact on the scientific community
- recognition within the scientific community
- specific clinical or other highly technical skills of benefit to NIH in their designated function
- breadth and depth of required knowledge
- mentoring
- decision-making authority, independence, or freedom to act
- resource management
- influence of the position within the institute or center (IC) and NIH
- importance and frequency of interactions with internal/external stakeholders

Not all Title 42 personnel are senior-level officials at NIH; many are entry-level professionals who work as Research Fellows. For senior scientific leaders, the NIH model clearly establishes that they must:

- Report through an IC Director.
- Manage large independent organizations of national significance.
- Provide advice directly to the NIH and HHS.
- Testify before Congress.
- Supervise supervisors.
- Regularly participate in multiple IC and/or NIH, departmental, or nation-wide committee activities.
- Demonstrate specialized expertise through peer-reviewed publications; make expert presentations to national audiences; or authorize highly specialized and technical documents representing state of the art science/administration.

These individuals are chosen for their strong clinical, scientific, and technical skills, as well as strong leadership skills.

Useful Website Communications

NIH has established a pay website that provides detailed information to employees at all levels, including:

- *Base pay rates*, which currently contain information on 2007 pay scales and links to information back to 1998
- *Title 5 (General Schedule and Wage Grade)*, the pay systems for the vast majority of NIH employees
- *Senior, Executive, and Scientific*, the employment system for positions above GS-15 that involve executive management and high-level policy-making
- *Title 38 Information Center*, which documents these special salary rates and includes historical information on Physician Special Pay, the predecessor supplementary pay system for Title 5 physicians and dentists receiving Title 38 pay at NIH
- *Title 42*, which includes information on the Title 42 Pay Model and establishes NIH policy and procedures for determining initial pay and performance-based adjustments for Title 42 staff, as well as the pay ranges for individuals so classified. It also includes information on the IC Director/NIH Deputy Director Compensation Model; Senior Biological Research Service; outstanding peer-recognized scientists who may be paid from GS-15 step 1 to Executive Level I; and Clinical Research Support (Title 42 excepted service employment system for those engaged in direct or indirect clinical research patient care services).
- *Premium pay*, which covers a variety of payments in addition to an employee's rate of basic pay for approved overtime, call-back, night, holiday, or Sunday work, and authorized Saturday work and on-call duty
- *Commissioned Corps pay scale*

The pay website also links to information on the NIH intranet for current comparability increases for employees whose pay is administratively determined, as well as compensation data for M.D. faculty and Ph.D. faculty.

Title 42 Pay Practices at EPA

In 2006, EPA was authorized to make up to five Title 42 appointments per fiscal year from 2006 to 2011. It has established a comprehensive set of policies and tools to govern the implementation of this authority, including a Title 42 Operations Manual and various forms and worksheets. EPA also established a pay range. The bottom of the range is defined as the maximum pay rate of the tenth step for a GS-15 (including locality pay) and the top is the maximum amount for a Title 42 position. Total compensation⁵⁴ for a Title 42 position cannot

⁵⁴ Total compensation includes annual pay, benefits, awards, and 3R incentive payments.

exceed \$275,000, with annual pay capped at \$250,000. When determining a Title 42 appointee's pay, EPA establishes "a rate necessary to recruit the candidate" and "recognize the individual's specific contributions as well as the duties, responsibilities, and complexity of the position. The annual pay should be set not only on the basis of the candidate's credentials or what he or she might command at other academic or private sector institutions, but should also reflect the position's responsibilities."⁵⁵

The bottom of the pay range is based on the candidate's compensation and pay demands for the position, as well as his/her current or most recent pay and non-pay compensation in a comparable position. Additional information also used, includes competing offers of employment and the average pay for similar positions taken from salary surveys of pertinent markets in academia and industry. EPA establishes the top of the pay range as "the amount equal to 6 percent of the bottom of the pay range."⁵⁶ The agency may pay a Title 42 appointee more than the top of the pay range as long as it does not exceed the statutory authorization, under certain specific position-related or candidate-related conditions.

The manual requires that the lead EPA official within the component hiring a Title 42 appointee be "responsible for setting initial annual pay consistently so that employees occupying the same type of positions with equivalent or similar education, experience, and accomplishments are compensated equitably."⁵⁷

Title 38 Pay Tables at VHA

VHA has two types of Title 38 positions:⁵⁸

- Title 38 positions include physicians, dentists, and chiropractors. All aspects of their employment are governed by Title 38 (hiring, advancing, employee relations) except for their benefits, which are governed by Title 5. Some of its senior positions, such as Directors of VHA Medical Centers, only can be filled by SES or Title 38. Other positions only can be filled by Title 38 personnel because they require a clinical specialty in a given discipline.
- Title 38 hybrid positions include psychologists, social workers, and medical technicians. They have Title 5 protections and entitlements. Further, they are appointed and advanced under Title 38, but paid under the General Schedule. Those filling hybrid Title 38 positions are usually equivalent to no higher than GS-15.

VHA has developed a series of pay tables that clearly establish pay ranges for employees. The first four tables contain four tiers: Staff Physician; Service chiefs, section chiefs, and other supervisory or program managers; Network-level program manager and/or network-level supervisory responsibility within the specialty; and national program responsibility or other assignment meeting the level of responsibility equivalent to the national level.

⁵⁵ EPA Title 42 Operations Manual, pp. 11-12.

⁵⁶ EPA Title 42 Operations Manual, p. 12.

⁵⁷ EPA Title 42 Operations Manual, p. 13.

⁵⁸ Within the Department of Veterans Affairs, only VHA has Title 38 authority.

Table 7-1
Veterans Health Administration Pay Tables

Pay Table 1	Specialty/Assignment	Pay Table 2	Specialty/Assignment
Tier 1: \$91,530 - 175,000 Tier 2: \$110,000 - 200,000 Tier 3: \$120,000 - 215,000 Tier 4: \$130,000 - 225,000	Allergy and Immunology Endocrinology Dentistry Geriatrics Infectious Diseases Internal Medicine/Primary Care / Family Practice/Admitting Physician Neurology Preventive Medicine Psychiatry Rheumatology All other specialties or assignments not requiring a specific specialty training or certification	Tier 1: \$91,530 - 200,000 Tier 2: \$115,000 - 215,000 Tier 3: \$130,000 - 225,000 Tier 4: \$140,000 - 235,000	Critical Care (board certified) Emergency Medicine Gynecology Hematology – Oncology Nephrology Pathology PM&R / SCI Pulmonary
Pay Table 3	Specialty/Assignment	Pay Table 4	Specialty/Assignment
Tier 1: \$91,530-245,000 Tier 2: \$120,000 - 265,000 Tier 3: \$135,000 - 275,000 Tier 4: \$145,000 - 285,000	Cardiology (Non-invasive) Dermatology (from Table 2) Gastroenterology (from Table 2) Nuclear Medicine (from Table 2) Ophthalmology (from Table 2) Oral Surgery (from Table 2) Otolaryngology	Tier 1: \$91,530 - 270,000 Tier 2: \$125,000 - 285,000 Tier 3: \$140,000 - 295,000 Tier 4: \$150,000 - 305,000	Anesthesiology Cardiology (Invasive) General Surgery (from Table 3) Plastic Surgery Radiology Therapeutic Radiology Urology (from Table 3) Vascular Surgery
Pay Table 5	Specialty/Assignment	Pay Table 6	Specialty/Assignment
Tier 1: \$150,000 - 260,000 Tier 2: \$145,000 - 240,000 Tier 3: \$140,000 - 220,000	VHA Chiefs of Staff – Tier assignments are based on published facility complexity level	Tier 1: \$110,000 - 230,000 Tier 2: \$110,000 - 250,000	Tier 1 – All VACO physicians or dentists not otherwise defined Tier 2 – Chief Officers, Deputy Under Secretaries for Health; Medical Center Directors, Network Chief Medical Officers, Network Directors
Pay Table 7	Specialty/Assignment		
Tier 1: \$91,530 - 325,000 Tier 2: \$140,000 - 350,000	Cardio-Thoracic Surgery (from Table 4) Interventional Radiology (from Table 4) Neurosurgery (from Table 4) Orthopedic Surgery (from Table 4)		

As noted, CDC adopted a similar set of pay tables for its Title 38 employees in May 2006.

AWARDS PRACTICES

The Panel identified effective awards practices at NIH and EPA.

NIH Policy Manual and Honor Awards Handbook

NIH has established clear policies and criteria to govern its one-time monetary awards. Its Policy Manual establishes the guiding principles for recognition; establishes core program goals; defines eligibility for recognition; and explains processes for nominations, documentations, and approvals. It also establishes 12 guiding principles of recognition.⁵⁹ Further, the manual discusses various types of non-monetary recognition, including the NIH Director's Award (for individuals and groups whose "special efforts and contributions beyond regular duty requirements resulted in significant benefits to the programs or the people of the NIH and the fulfillment of the NIH mission"). The manual includes specific examples of activities that may qualify for various awards.

A separate NIH Honor Awards Handbook gives more detailed information about how to prepare and submit nominations for the agency's four major honor awards (NIH Director's Award, NIH Director's Award for Mentoring, HHS Secretary's Award for Distinguished Service, and Commissioned Officers Awards Program).

Awards Budget at EPA

Each year, EPA establishes a "cash award allocation," based on 1.5 percent of full-time equivalent (FTE) salary calculations, for awards not linked to the performance appraisal process. The Chief Financial Officer distributes funds as part of the annual allocation to each component early in the budget cycle. This allocation provides no additional funding, but designates that portion of the allocation which should be available for one-time incentives. EPA encourages managers to use the funds across the full span of the fiscal year to reward employees as close as possible to the time of their contribution. Funds are available for use as soon as distributed and tracked throughout the year. This budget, based on the actual salaries of unit employees, ensures the availability of proportional funding to reward deserving employees. This set-aside gives each senior manager a guide for what would typically be appropriate for a staff of a particular size, skill set, and salary levels. It also limits the amount of money that organization can spend on one-time awards. Units may spend more money on non-rating-based awards only when the agency head determines that a unit's performance, compared against established, quantifiable

⁵⁹ The twelve guiding principles are: (1) link recognition to NIH's and IC mission goals and objectives; (2) provide equity in the distribution of recognition; (3) give recognition for specific achievements; (4) involve coworkers, customers, and partners in recognition decisions; (5) give recognition in a timely manner; (6) emphasize group recognition; (7) emphasize non-monetary recognition when practicable; (8) get input from employees regarding the type of recognition they receive; (9) publicize recognition decisions; (10) provide flexibility for recognition decisions at the IC level; (11) incorporate funding for recognition into IC budget planning; (12) provide uniform training for managers and employees in effective use of recognition.

goals, justifies additional resources. Conversely, managers are not required to spend their full allocation if they determine that their unit's performance did not meet established goals and/or that the contributions of individuals within the unit did not merit use of the full amount budgeted.

Some EPA organizational components have instituted additional internal controls to increase employee confidence in the recognition program. For example, some require that the Presidential appointee leading an organization approve cumulative cash awards over \$2,500 for an individual employee, as well as QSIs and any additional awards to QSI recipients.

Awards Boards at EPA

Under a labor-management agreement negotiated at EPA headquarters in the 1990s, each Assistant Administrator⁶⁰ or equivalent⁶¹ must establish an Awards Board to do the following:

- Review and comment on the awards budget allocation for its office.
- Review awards processes to promote fairness and to prevent arbitrary and capricious procedures.
- Review nominations and make recommendations for bargaining unit employees for honor awards, monetary awards, and peer nominations.⁶²
- Recommend agency-level honor awards and Assistant Administrator-level (or equivalent) honor awards, monetary awards, and peer nominations.
- Provide oversight of award processes.

One-third of the members of each Awards Board are management representatives; the remaining representatives are from labor unions. Boards meet at least quarterly to review nominations for various awards. For monetary awards, the Board submits to management a prioritized list of individuals it recommends, along with a list of nominated individuals the Board does not recommend. For peer nominations, the Board submits a prioritized list of individuals recommended for monetary awards (with no dollar value specified) and a brief justification. For honor awards, the Board prioritizes the nominations for each award type and submits it to management. The Board may urge that individuals recommended for honor awards also be considered for monetary awards. Each quarter, management must provide the Board with a list of bargaining unit individuals who have received monetary awards not under the Board's jurisdiction (On-the-Spot awards and other below threshold awards, time-off awards, and QSIs).⁶³

⁶⁰ Assistant Administrators at EPA are Senate-confirmed Presidential appointees.

⁶¹ Equivalent positions include the Chief Financial Officer and the General Counsel.

⁶² The Awards Boards also cover non-bargaining unit employees when they are included in a team or group nomination with covered bargaining unit employees.

⁶³ "Informal non-monetary awards" are outside the Board's jurisdiction.

Online Awards Information at NIH

The NIH Office of Human Resources has a website with links to comprehensive information on a wide range of areas, including awards and pay. The awards website has information on the policies governing NIH's awards programs, as well as administrative procedures. It has links to PDF versions of the NIH Awards Handbook, the NIH Awards Nomination Form (for individual and group awards), and the NIH Employee Recognition and Awards Program Policy.

3R PRACTICES

Although HHS is second only to the U.S. Department of Defense in its use of recruitment, relocation, and retention (3R) incentives, CDC has made fairly limited use of these for its employees. In August 2007, *The Washington Post* reported concerns about the Food and Drug Administration's use of 3R incentives. The U.S. House Committee on Energy and Commerce analyzed the retention bonus data and concluded that these had gone disproportionately to senior officials already earning high salaries.⁶⁴

Because VHA has made extensive use of 3R incentives, the Panel asked if it had established criteria to ensure that these are granted in an equitable and transparent manner. The U.S. Department of Veterans Affairs (VA) has established a set of policies, procedures, and criteria to govern its use of recruitment, relocation, and retention incentives. On September 10, 2007, HHS issued similar guidance, with criteria explicitly linking the amount of an incentive payment with the length of a service agreement.⁶⁵ The guidance allows CDC to establish agency-specific criteria; the agency's Compensation and Performance Review Subcommittee is examining a proposed agency policy.

The Panel identified VA's policies as an effective practice prior to the issuance of HHS guidance and believes CDC and the subcommittee may find them useful as the agency settles on operating division mechanisms and criteria to ensure equity. VA policies mandate that the 3Rs are to be used to "appoint high quality employees in positions that are likely difficult to fill without such incentives." Title 5 employees are eligible for the 3Rs, along with Title 38 and Hybrid positions.⁶⁶ Administration heads, assistant secretaries, other key officials, deputy assistant secretaries, and facility directors "are responsible for the fair, equitable, and fiscally responsible administration" of the 3Rs. Human resources professionals are responsible for advising line management about 3R policies, procedures, and criteria.

The Department clearly states the eligibility requirements for each incentive. It also establishes that an official at a higher level than the one recommending the payment must authorize the 3R incentive. Recruitment and relocation incentives must be authorized before an employee enters on duty (they will not be approved retroactively after entry on duty). All VA officials are

⁶⁴ The Washington Post, *FDA's Retention Bonuses Rise to the Top: Critics Say Money Goes to Managers, Not Scientists Coveted by Drug Firms* (August 3, 2007).

⁶⁵ Payments up to 16 percent require a service agreement of 6 months; 16 to 25 percent, 1 year; 26 to 50 percent, 2 years; 51 to 75 percent, 3 years; 76 to 100 percent, 4 years.

⁶⁶ Based on an interview with VHA officials, the study team believes that the Department does not use Title 42.

required to carefully review and follow the mandatory procedures in this part before proceeding with an incentive.

Recruitment and Relocation Incentives

VA may authorize a recruitment or relocation incentive if the department otherwise would have difficulty recruiting candidates with the competencies required for the position. The Department establishes a number of key factors that must be considered in determining whether a position is likely to be difficult to fill in the absence of a recruitment or relocation incentive:

- availability and quality of candidates possessing the competencies required for the position, including the success of efforts within the previous six months to recruit candidates for similar positions—using indicators such as job acceptance rates, the proportion of positions filled, and the length of time to fill similar positions
- salaries typically paid outside the federal government for similar positions
- turnover within the previous six months in similar positions
- employment trends and labor-market factors that may affect the ability to recruit candidates for similar positions
- special or unique competencies required for the position
- efforts to use non-pay authorities, such as special training and work scheduling flexibilities, to resolve difficulties alone or in combination with a recruitment incentive
- desirability of the duties, work or organizational environment, or geographic location of the position
- other supporting factors, such as historical information on the occupations or types of positions VA has experienced difficulty in filling with high-quality candidates or geographic areas that traditionally have been considered not as desirable

These factors also are used to determine the incentive amount. Managers who request authorization to pay a recruitment or relocation incentive must fully document that they have considered these factors in their formal request.

In order to receive a recruitment or relocation incentive, employees must sign a Recruitment/Relocation Service Agreement and agree to complete a specified period of service in VA (if relocation incentive, service must be completed at a specific duty station), or with a successor agency in the event of transfer of function. The department provides a sample agreement in its policy document. The minimum service period required for a recruitment incentive is six months. The minimum service period required for a relocation incentive paid for a permanent relocation is six months and for a temporary relocation is 120 days. The maximum service period for both incentives is four years. Incentive recipients must complete the obligated service period or repay the incentive unless repayment is waived. The agreement includes the commencement and termination dates of the required service period. Except as provided, the required service must begin upon the commencement of service with VA and terminate on the last day of a pay period.

The policies establish service obligations, conditions under which a service agreement can be terminated, and repayment requirements. Employees must maintain at least a Fully Successful or equivalent rating of record to continue receiving the incentive.

Retention Incentives

Retention incentives may be used to retain employees with high or unique qualifications in positions that likely are difficult to fill or whose services are essential to a special VA need and are likely to leave federal service without an incentive. VA may authorize a recruitment or relocation incentive if, without one, the department would have difficulty retaining candidates with the competencies required for the position. The department establishes key factors that must be considered when determining whether a position is likely to be difficult to fill in the absence of a retention incentive:

- employment trends and labor market factors, such as the availability and quality of candidates in the labor market possessing the competencies required for the position and who, with minimal training, cost, or disruption of service to the public, could perform the full range of duties and responsibilities of the employee's position at the level performed by the employee
- success of efforts within the previous six months to recruit candidates and retain employees with competencies similar to those possessed by the employee for positions similar to the position held
- special or unique competencies required for the position
- efforts to use non-pay authorities to help retain the employee instead of or in addition to a retention incentive, such as special training and work scheduling flexibilities or improving working conditions
- the desirability of the duties, work or organizational environment, or geographic location of the position
- the extent to which the employee's departure would affect VA's ability to carry out an activity, perform a function, or complete a project that is essential (or critical) to VA's mission
- the salaries typically paid outside the federal government
- other supporting factors

In addition, the department requires that each supervisor must make a separate certification that an employee (or significant numbers of employees in a group, for a group authorization) is likely to leave federal service in the absence of an incentive. This certification can be made only when the supervisor is reasonably convinced that the employee is likely to leave. The certification may be based on the following:

- receipt by an employee (or a significant number of employees for group authorizations) of one or more bona fide offers of employment, as evidenced by a formal written job offer or affidavit signed by the employee providing the position

and salary offered, the name and location of the organization, and the prospective date of employment

- evidence of high demand in the private sector for the knowledge and skills possessed by the employee or group of employees and significant pay disparities between federal and non-federal salaries
- discussion with the employee about his or her career plans

FORMALIZED PROFESSIONAL DEVELOPMENT OPPORTUNITIES

As noted in the CDC review of award documentation, taking a temporary, high visibility assignment is a common route to receiving a Special Act award. EPA has established a Rotational/Developmental Assignment Program to informally advertise these positions, which are not required to be competed like permanent positions covered by civil service rules. The program, announced and evaluated annually, was established due to employee concerns about how temporary assignments were allocated. The program is not a formal mechanism for seeking a promotion, but it actively promotes workforce growth and development and enhances workforce knowledge of programs. EPA believes its developmental opportunity program helps employees enhance their knowledge, skills, and abilities in a targeted fashion and helps the agency cultivate a multi-functional staff capable of taking on future program challenges.

Through this program, EPA utilizes the diverse skills and talents of the workforce by providing employees with exposure to new, stimulating areas resulting in higher job satisfaction, motivation, and morale. Employees are given an opportunity to develop their competencies; supervisors can use it to encourage career development; and management receives short-term assistance on projects. EPA also has found that it promotes experience across the various offices and gives more employees the opportunity to volunteer for these high visibility assignments likely to lead to recognition and career advancement.

SCIENTIFIC ACHIEVEMENT AWARDS

EPA has established an agency-wide Scientific and Technological Achievement Award (STAA), one of the agency's most prestigious awards. Established in 1980, STAA recognizes significant scientific and technological achievements by EPA employees. The award is sponsored by the EPA Office of Research and Development, with scientific and technological evaluation being conducted by the EPA Science Advisory Board.

To be eligible for consideration, the nominated research must be published in a peer-reviewed journal, must initiate or revise a scientific principle or procedure, and must be recognized as a major achievement within its field of study. Publication date limits are set each year at the time of the formal announcement. In a recent award cycle, EPA established ten research categories under which a peer-reviewed paper could be nominated:

1. Control Systems and Technology
2. Ecological Research
3. Health Effects Research and Human Health Risk Assessment
4. Monitoring and Measurement Methods
5. Transport and Fate
6. Review Articles
7. Risk Management and Ecosystem Restoration
8. Integrated Risk Assessment
9. Social Sciences
10. Environmental Futures

Four levels of awards are available within each research category:

1. Level I award winners receive \$5,000, a congratulatory plaque, a letter of appreciation, and a certificate.
2. Level II winners receive \$2,500, a letter, and a certificate.
3. Level III winners receive \$1,000 and a certificate.
4. Honorable Mention winners receive a certificate.

In the case of co-authored publications, the monetary award is distributed according to the amount of total effort contributed by each author.

INFORMING THE RECOMMENDATIONS

The effective practices presented in this chapter will inform many of the Panel's awards and senior-level pay recommendations detailed in Chapter VIII. For example, the Panel believes that CDC, like EPA, should establish an awards budget and use awards boards. It also believes that CDC's senior-level pay programs could be strengthened by adopting a Title 42 Pay Model similar to NIH's and EPA's.

CHAPTER VIII

FINDINGS AND RECOMMENDATIONS

CDC asked the Academy to conduct an independent analysis of its monetary awards and senior-level compensation programs—including recruitment, relocation, and retention incentives—to inform management actions and ensure equity, transparency, and integrity within these programs. The Panel’s ten recommendations cover four major areas: (1) governing principles; (2) one-time awards of monetary value; (3) senior-level compensation; and (4) management system improvements. In addition, the Panel has identified specific actions it believes CDC will need to take to help ensure effective implementation. These actions are listed after the primary recommendation, as appropriate. The Panel’s findings and recommendations, summarized in Appendix O, are based on Panel and study team research and analysis, comparisons with other federal agencies, and the Panel’s collective expertise. The Panel believes that CDC’s timely implementation of these recommendations and associated action items will help the agency to strengthen these key programs, reinforce its results-oriented performance culture, and support its dedicated and talented workforce.

I. GOVERNING PRINCIPLES

The Panel believes that leadership at the highest levels is critical to managing compensation and recognition programs. Agency leaders set the organizational values and tone and communicate how they should be reflected in the accomplishment of agency goals and embodied in policies and procedures. The message that top CDC leadership communicates to its employees is the foundation upon which the effectiveness of the organization will rest.

CDC has taken several positive steps, including some to bolster its governance structure. Agency leaders have emphasized the need for pay and awards programs that are equitable, transparent, and demonstrate the highest degree of integrity. In Fall 2006, the Executive Leadership Board voted to establish a new standing committee, CPRS, to analyze current criteria and strengthen awards and pay processes. This group has created and staffed pay sub-groups to serve as the source for recommendations to senior officials and has worked closely with the Academy Panel and staff to help inform its actions.

The Panel finds, however, that CDC has not yet created operational definitions or established a comprehensive set of policies and procedures based on the above three principles. As a result, these positive concepts remain goals that do not yet translate to employee experiences.

The Panel also finds that the agency lacks comprehensive awards and pay manuals, a robust human capital web site, an agency-wide budgeting and tracking system for one time cash awards, and a plan for formal, periodic program evaluation. In order to move to a more strategic level, the Panel believes that the CPRS pay sub-groups will need to use position analysis to establish work-based criteria for data-driven decision-making and coordinate across pay plans to ensure consistent application of criteria for compensation, conversion, and awards.

Over the course of this project, the Panel and study team have conducted 16 focus groups, met with senior-level managers throughout the agency, and completed dozens of telephone interviews with randomly selected employees. Among the many questions asked were what an ideal incentive awards program at CDC would look like and how CDC could meet the challenges inherent in having a variety of senior-level pay plans. In evaluating these insights, the Panel members also used their considerable experience in managing public organizations, implementing human capital programs, and conducting academic research on public sector issues. As leaders advising leaders, the Panel offers the following recommendation for establishing a core set of principles from which all CDC actions should flow.

RECOMMENDATION 1: ESTABLISH GOVERNING PRINCIPLES

The Panel recommends that CDC establish five core governing principles, including its existing three, to strengthen its incentive awards and senior-level pay programs:

- 1. Equity**
- 2. Integrity**
- 3. Transparency**
- 4. Competitiveness**
- 5. Administrative Efficiency**

The two additional principles, recommended by the Panel, recognize the need to include market factors in agency decision-making criteria, as well as the need to use technology and process improvement to minimize administrative burden. As shown in Table 8-1, some of these principles have a slightly different application depending on whether the context is awards or senior-level pay.

Table 8-1
Application of Governing Principles

PRINCIPLE	INCENTIVE AWARDS	SENIOR-LEVEL PAY
<i>Equity</i>	<p>Employees are involved in design and implementation.</p> <p>The agency recognizes outstanding work/special contribution of employees in all grades, organizational units, and geographic locations.</p> <p>Awards are based on performance results and contributions to CDC's mission, are apolitical, and do not depend on personal connections.</p> <p>Comparable performance and accomplishments are similarly rewarded in all components of the agency. Proportional funding is set aside across the agency to facilitate this.</p>	<p>Individuals, with similar credentials/qualifications who perform similar work of comparable quality and bear similar organizational responsibilities, are—to the extent possible within the parameters of the various pay systems—compensated at roughly the same level.</p> <p>Career progression and salary progression are tied together in all pay systems.</p>
<i>Integrity</i>	<p>Individuals who make awards recommendations and decisions are knowledgeable.</p> <p>Awards processes minimize the potential for favoritism or abuse.</p> <p>The agency conducts periodic evaluations to assure that practices conform to policies.</p>	<p>Decisions to place employees in non-GS senior-level pay plans are based on objective work and qualification-based criteria.</p> <p>Employees understand that they must compete for advancement within pay plans and for conversion from one pay plan to another. Competition is based on merit, past performance, and qualifications for the position.</p> <p>The agency conducts periodic evaluations to assure that practices conform to policies.</p>

PRINCIPLE	INCENTIVE AWARDS	SENIOR-LEVEL PAY
<i>Transparency</i>	<p>The agency has established standards for how to earn each award.</p> <p>Supervisors and rank-and-file employees understand the awards system.</p> <p>The agency has the ability to track awards processing.</p> <p>The agency shares aggregate information on awards distribution.</p> <p>There is public celebration of awards recipients and their contributions</p>	<p>The agency has established pay bands, criteria, and career paths for each pay plan (Title 38, 42, SBRS. SES)⁶⁷.</p> <p>Employees understand criteria for placement in a particular pay plan.</p> <p>The agency relies on peer involvement in compensation decision review and recommendations.</p>
<i>Competitiveness</i>	<p>Awards are sufficient for retaining successful employees required for CDC's evolving missions.</p>	<p>Total compensation packages are sufficient to compete with other federal agencies.</p> <p>Total compensation packages are sufficient to compete with the private sector and universities.</p> <p>The agency uses recruitment, relocation, and recruitment tools in an objective, targeted fashion to meet demonstrated agency workforce/leadership needs and mission priorities expeditiously.</p>
<i>Administrative Efficiency</i>	<p>Documentation requirements are clear and provide sufficient basis for award and amount without being burdensome to initiator or reviewers.</p> <p>The agency uses technology to maximize consistency and understanding of requirements and expedite processing through such vehicles as on-line nomination and approval of forms.</p>	<p>Criteria and processing facilitate expeditious recruitment of senior-level officials.</p>

⁶⁷ In 2003, Congress established a new performance-based pay system for the SES (5 U.S.C. 5382). Instead of the previous six pay levels and across-the-board annual or locality pay adjustments, the new system establishes two ranges of rates and provides for paying SES members within their ranges based on their individual performance and/or contribution to the agency's performance.

PRINCIPLE	INCENTIVE AWARDS	SENIOR-LEVEL PAY
	<p>Reasonable timeframes are set and enforced for initiating, reviewing, approving and processing transactions.</p> <p>The agency makes timely monetary awards payments to recipients.</p>	

Upon formally adopting these principles, CDC should take the following specific actions:

- Communicate these principles to its employees.
- Include these principles in required supervisor and manager training.
- Commit to designing programs and practices around these principles.
- Incorporate these principles into policy documents and procedures.
- Conduct a regular evaluation of senior-level pay and awards programs based on these principles.
- Make necessary changes over time to assure the programs' conformity with these principles.

The Panel's remaining recommendations are intended to help CDC design and implement awards/senior-level pay programs that ensure equity, embody integrity and transparency, promote the agency's competitiveness with other federal agencies and other sectors, and ensure efficiency in its operations.

II. ONE-TIME CASH AWARDS

CDC employees have the opportunity to share in generous monetary awards programs. However, analysis of the agency's FY 2005 and FY 2006 per capita data shows significant pay plan, occupational, organizational, and geographic differences in the number of awards granted and dollars spent. A paucity of data from prior periods makes it impossible for the Panel to determine whether these recent patterns differ from the past. Likewise, given the scope of the recent reorganization, it was not possible for the Panel to trace organizational component trends more than a few years back. The Panel made a concerted effort to look at CDC-wide trend data and drew some conclusions from that effort, particularly in terms of overall spending and award rates.

The Panel's review of policies, procedures, and award documentation reveals that CDC could benefit from an improved awards program governance structure. The current structure leaves the agency vulnerable to perceptions—real or imagined—of a lack of fairness, equity, or integrity in awards program administration. Employee focus groups and individual interviews reflect such perceptions. Looking at one-time monetary awards for the broader workforce, the Panel offers the following recommendations.

RECOMMENDATION 2: IMPLEMENT A BUDGETARY AND ACCOUNTABILITY FRAMEWORK

The Panel recommends that CDC establish a budgetary and accountability framework for one-time awards.

Such a framework should include an established awards budget distributed throughout the organization based on a percentage of payroll by pay plan. This budget, which would provide guidance to managers and dollar-level limits, would increase management accountability, decrease variability across the organization, and imbue a “culture of possibility.”

While implementing this recommendation, CDC should also take the following actions:

- Track each organizational component’s and senior manager’s use of allocated awards funds throughout the year.
- Tie recognition of individual senior managers to the organizational performance of his/her unit and the attainment of quantifiable objectives or goals.
- Appropriately factor the use of rewards and recognition throughout the year in each manager’s annual performance assessment.
- Provide to the Director the management option of an incremental percentage increase in available awards funds based on organizational performance.

Establishing a budgetary set-aside for awards for CDC as a whole and for each component would promote organizational equity. This system would ensure that all employees, regardless of where they work or what duties they are assigned, have an opportunity to receive an award if they make a significant contribution or perform an exceptional service. Other agencies, such as EPA and the VHA, have used similar systems, some for more than a decade. For example, EPA sets aside 1.5 percent of each component’s salary projections, by pay plan, for awards that are not performance-rating derived. VHA solved a component organization awards imbalance problem by allocating a specified percent of payroll to recognize managerial contributions at each facility.⁶⁸

As noted in Chapter III, focus group and interview participants believed that there was significant variability in the number and amount spent on cash awards. Data presented in Chapter IV confirm this variability. The Panel believes that there may be valid explanations for some of these variations. For example, CDC underwent a significant organizational transformation in FY 2005 and FY 2006. In addition, incumbents in leadership positions typically have greater opportunity to make contributions of broader impact than those in positions of narrow responsibility or lower in the organizational chain. Managers also may be predisposed to reward GS employees with one-time monetary awards because this mechanism is

⁶⁸ This VHA program, the Executive Career Field Performance Management System, is for performance-derived awards related solely to the management accomplishments of covered individuals.

one of the few available to increase the total compensation of GS employees, most of whom cannot qualify for the new pay systems with opportunity for significantly higher compensation.

Regardless, the Panel believes that the existing variability cannot be totally explained and is not in the best interest of the organization. Focus group insights and data confirm that perceptions of variability mirror the reality. The variability in the distribution of CDC awards is verifiable. Focus group participants perceived significant imbalance between headquarters and field awards rates and dollar ranges. Data analysis showed that, with slightly more than 70 percent of the employees in 2006, Atlanta employees were recipients of 81 percent of total awards actions. Of actual awardees, the 78.5 percent who worked in Metropolitan Atlanta received 84.9 percent of the amounts actually awarded.

Many employees also believed that significant differences existed among organizational components, specifically that those with larger budgets and/or more proactive managers received more monetary recognition both in numbers of awards and dollar value. The data described in Chapter IV substantiated these differences.

There is variation by pay plan, as well. The Panel's review of one-time monetary awards of \$2,500 or higher showed that 92 percent of recipients in this random sample were GS employees. This finding is consistent with overall data analysis, which showed that GS employees accounting for 87.5 percent of the work force received 96.3 percent of all awards actions and 94.6 percent of awards funding in FY 2006. Analysis also showed that higher graded GS employees (GS 13-15) across CDC received larger one-time awards. This trend, according to Panel observations, is consistent with recognition patterns in the federal and private sector, where award amounts are typically related to a percentage of base pay.⁶⁹

Other findings support focus group perceptions that it is advantageous to be closer to those in charge and those who understand how to work through the bureaucratic processes. Forty-nine percent of high-dollar value awards recipients in the random sample were recognized for administrative contributions, such as those related to budget, information technology, or procurement.

Finally, focus group participants, interview respondents, and labor union officials noted wide disparities in award rates based on supervisory interest and know-how. They stated that there was no organizational incentive for supervisors to recognize employees. The Panel believes this missing accountability link is critical. It also found that CDC does not have a way to tie organizational performance to individual recognition below the operating division level. This is a serious disconnect in a results-oriented organization.

⁶⁹Administratively Determined and SES employees, who earn higher salaries than GS employees, also have the opportunity to earn substantial performance-rating based bonuses based on those salaries. As noted in Chapter IV, they receive fewer Special Act and other one-time monetary awards, but the value of awards for SES employees as a percent of base pay (like awards for GS-7, 9, and 15) is higher than for other employees.

RECOMMENDATION 3: ENHANCE EMPLOYEE COMMUNICATIONS

The Panel recommends that CDC provide complete information about its awards programs to all its employees. Doing so will provide transparency and a demonstrated commitment to the agency’s governing principles.

While implementing this recommendation, the Panel urges CDC to build on the progress it has made during the course of this study and take the following actions:

- Create an updated, comprehensive online awards manual that has clear delineations of eligibility by pay plan, information about frequency of the award, criteria, deadline and process for nomination and selection, type of recognition, and required documentation.
- Detail policies, procedures, and criteria consistent with the five governing principles.
- Publicize and celebrate all agency forms of recognition.
- Establish an awards webpage, with links to the agency manual and forms, pictures of recent recipients, posted aggregated statistical data for CDC, citations for individual accomplishments, and listings of group awards recipients.
- Share comparative awards data with employees, including number of awards per employee, dollars spent on awards as a percentage of base salary, and similar rates for the government as a whole, as well as for HHS and counterpart agencies.
- Share the results of awards program evaluations with employees.
- Share effective practices by establishing a mechanism through which CDC components can learn about each others’ awards programs.

As discussed in Chapter III, Academy-conducted focus groups and interviews, including those with management, union officials, and randomly sampled employees around the world, reflect different levels of knowledge and perceptions about CDC’s monetary awards systems. Although the level of knowledge among supervisors generally was greater than among non-supervisors, there was unevenness concerning knowledge about the availability and characteristics of various awards programs.

When asked to identify the characteristics of an ideal awards system, 70 focus group participants believed that such a system should be “transparent and understood.” More than 85 percent of interview respondents concurred that an ideal awards process would have these qualities. Comments included the need for cross-divisional transparency and supervisory concerns about lack of instruction or guidance on how to document contributions warranting recognition.

RECOMMENDATION 4: EXPAND THE USE OF INFORMATION TECHNOLOGY

The Panel recommends that CDC use modern information technology to communicate and manage its awards programs.

While implementing this recommendation, CDC should use its technological infrastructure to:

- Create a reliable, interactive data system linked to HHS human capital, agency payroll, and budget systems.
- Provide electronic access to all awards/incentive information.
- Facilitate more consistent management justification of awards by providing an online awards form. The form would prompt managers to provide information such as position of record, nature, extent, and value of contribution; whether the contribution is administrative or programmatic in focus, a one-time special act or continuing exceptional service; and a summary, in fifteen words or less, describing the contribution. Use of modern technology would help ensure that the submitting official has completed all required fields and enable routing for electronic signatures.
- Cost and track awards, including time-off and other forms of recognition with longer-term cost implications to the agency and the federal retirement computation.
- Provide each employee and assignee with an annual cost of total compensation, including benefits and all forms of recognition with cash value.
- Use awards data to regularly evaluate agency and component level recognition patterns, relationship to the attainment of quantifiable goals by those components, and significant changes or trends warranting senior management attention.

Based on its review of the governance structure, 200 award justifications, and interaction with departmental and agency officials, the Panel believes that agency programs and employees would benefit from increased use of technology. Nearly 80 percent of interview respondents stated that it was fairly or very important that monetary awards processes not impose excessive burdens. The review of award documentation, detailed in Chapter V, showed wide variability in the quality of award justifications; about half of the random sample had missing, incomplete, or conflicting information. The Panel believes that applying technology to the awards process will ease the administrative burden on managers, encourage them to recognize deserving employees on a timely basis, and provide decision-makers with more consistent and quality justifications.

RECOMMENDATION 5: STRENGTHEN, MONITOR, AND EVALUATE AWARDS PROGRAMS

The Panel recommends that CDC ensure that all its managers effectively and appropriately use, strengthen, monitor, and evaluate existing one-time award programs.

While implementing this recommendation, CDC should take the following specific actions:

- Enforce requirements that supervisors and managers receive training that includes the effective use of recognition.

- Involve employees in the development and administration of awards programs, such as through the expansion of awards boards,⁷⁰ particularly for higher dollar value Special Act or Service awards.
- Ensure that components have awards boards that meet minimum requirements and include management and labor representation, as appropriate, to review and nominate bargaining unit employees and provide oversight of awards processes. Boards could include representatives of occupational groups in organizational components without recognized bargaining units.
- Recognize, to the extent feasible, employee differences and preferences for recognition by tailoring awards to individual circumstances.
- Create opportunities for employees to recommend their peers and supervisors for awards.
- Make managers and employees aware of CDC's policy allowing the use of small dollar value gifts as awards to recognize special acts or superior performance.
- Periodically evaluate agency and component awards programs to assess compliance with policies and requirements, fairness and equity, and employee perceptions, and identify innovative or effective practices that can be shared throughout CDC.

Based upon Academy-conducted interviews and focus groups, the Panel concludes that CDC employees do not have a high level of confidence in or knowledge about the agency's monetary recognition program. Many CDC managers contacted also were unaware of the policy allowing the use of small dollar value gifts as awards. Such awards can be effective tools in quickly recognizing individuals and teams for superior performance and work above and beyond expectations.

At the same time, employee focus groups and interviews did indicate receptivity to local recognition programs and ceremonies and a broad understanding of the processes and criteria for local and agency honor awards and, in some locations, for local awards boards. Employees voiced appreciation for Time-Off and On-the-Spot awards, saying that they generally received them soon after the completion of their contribution. The agency should continue to use these tools and mirror the rigor found in agency honor awards guidance in CDC-wide guidance related to monetary recognition programs.

The Academy's review of award documentation showed that most high-dollar value Special Act/Service awards recognize administrative contributions (49 percent) or temporary management-oriented assignments (28 percent). In its effective practice research, detailed in Chapter VII, the study team identified a prestigious program that grants cash awards to agency staff in recognition of outstanding published scientific and technical papers. Such a competition would be consistent with CDC's criteria for appointment under Title 42 and broaden one-time monetary recognition beyond the current focus of most high-dollar value Special Act/Service awards. The Panel believes that added recognition for scientists not already paid at the upper

⁷⁰ A study team review of CDC component practices revealed that some organizational components use awards boards for local decision-making.

levels of Titles 38 and 42 would help lessen the difference between those in the upper salary ranges and those in more traditional ranges. Other agencies, such as the National Oceanic and Atmospheric Administration, award top-performing units extra resources for such items as lab equipment and training in recognition of meeting or exceeding established goals.

III. SENIOR-LEVEL COMPENSATION

CDC has added flexibilities of alternative pay systems—most notably, Titles 38 and 42—which offer the opportunity for pay levels well beyond the General Schedule and Senior Executive Service ranges along with varying benefits and job security. These flexibilities, however, present some significant management challenges. Primary among them are the need to provide a governance structure and accompanying implementation plan which simultaneously promote equity, integrity, transparency, and market competitiveness. Thus, CDC must strive to match the work-at-hand with the flexibilities available while ensuring that it discharges its evolving responsibilities to the citizens of the United States and remains one of the preeminent science-based organizations in the world. Because its strength as an organization is dependent on the renowned expertise of its staff, CDC also must ensure that current and prospective employees find it a rewarding place to work.

CDC asked the Academy to review senior-level pay administration, policies and procedures, including those related to base pay-setting, supplemental pay, and the use of bonuses and allowances. Given the amount of time and data that were available, the Panel looked at CDC's policies, procedures, and governance structures for its use of pay authorities under Titles 38 and 42 to determine whether they promoted integrity, equity, and transparency and whether they were consistent with practices of other federal science-based agencies having similar pay flexibilities. The Panel also reviewed CDC's use of pay authorities in filling various senior-level positions and its use of supplemental pay and bonuses and allowances for senior-level employees to identify imbalances or patterns that might indicate operational or other concerns.

As part of this process, the Panel compared benefits for the various senior-level pay plans and examined aggregate compensation for all SES employees and others employed by CDC in leadership positions at the division director level and above, including members of the Commissioned Corps. The Panel has shared this leadership mapping process with CDC and believes that it will be useful as the agency strives to determine equitable, optimal pay plan patterns in future placements.

The Panel also examined CDC's use of SES members, who, while relatively sparse in number—topping out at 32 in 2006—have significant visibility in key management positions throughout the Coordinating Centers and critical infrastructure functions. As detailed in Chapter VI, the Panel compared CDC's use of bonuses, performance awards, and number of employees selected for Presidential Rank Awards with rates across government and in other HHS operating divisions. The Panel noted variability over the years, particularly in the number of SES employees receiving the top performance ratings. Based on its examination of HHS' SES framework, the Panel believes that CDC can enhance the administration of senior-level pay programs by cascading HHS' organizational performance evaluations throughout its

organization. Using these results as the foundation for assessing performance and making compensation decisions for all of its senior-level employees, regardless of pay plan, will add rationality and transparency to the pay program. .

Although the Panel wanted to determine how well CDC's various authorities helped it attract and retain highly qualified staff, sufficient, systematic recruitment and retention data were not readily available to conduct this evaluation. The Panel did not assess the pay and allowances for Commissioned Corps officers. It did, however, observe that these positions were used to fill senior-level positions and looked at the pay and allowances for senior-level Corps officers and their civilian counterparts who appeared to serve in comparable positions in the organization.

Based upon its review, analysis, and comparative practice research, the Panel offers the following recommendations with regard to senior-level compensation.

RECOMMENDATION 6: DEVELOP AND USE TRANSPARENT AND WORK-BASED CRITERIA FOR SENIOR-LEVEL PAY

The Panel recommends that CDC establish a transparent framework and work-based criteria for senior-level pay and conversion across pay systems.

The Panel bases this recommendation on the premise that increased flexibility carries with it increased responsibility for data-driven, credible decision-making, especially in the public sector. To enhance the fairness, effectiveness, and efficiency of CDC's senior-level compensation program, agency leaders should develop a long-term, senior-level workforce strategy and accompanying governance structure consistent with the Strategic Human Capital Plan, as well as agency and national public health priorities. This strategy should identify which types of leadership positions warrant use of specific pay plan options and be based on which type of pay plan maximizes agency and individual performance. The Compensation and Performance Review Subcommittee pay plan subgroups should use this framework as the foundation for their detailed work.

While implementing this recommendation, CDC should take the following actions:

- Conduct a rigorous analysis of the work and systematic job evaluations that look at competencies required, complexity, scope of impact, program urgency, and pay for comparable work in other organizations and sectors.
- Based on this analysis, establish criteria for setting and adjusting pay for CDC's various senior-level positions—especially Title 42—including the portion of pay based on performance. For example, other federal science-based organizations have established pay ranges based on differing levels of responsibility and other factors.
- Determine optimal pay plan usage based upon this review and categorization of positions.
- Acknowledge that rank-in-person remains a core concept of CDC's senior-level pay system; communicate to senior-level CDC employees the analytic framework and the

fact that the agency must apply it in the context of organizational structure and a comparison of assigned responsibilities.

- For all leadership positions, link performance-derived pay, including bonuses and rank awards for SES members, to the performance of the organizational unit led by that individual. Cascade the HHS SCOPE evaluation of operating divisions throughout CDC to assess organizational accomplishment of assigned goals.
- Address concerns about disparities in the systems within the overall federal context as well as among CDC pay plans.
- Encourage the comparison of pay, benefits, and tenure for similar types of work and skills. Many SES and GS employees perform work similar to that in other federal agencies. Although GS pay may be lower than that offered by senior-level medical pay plans, the appropriate evaluation of fairness must consider marketplace demand, the analysis of the complexity, scope, and content of the individual's work, and, for on-board employees, performance.
- Document and communicate pay processes and criteria to senior-level employees and those who might aspire to this level.
- Establish operating procedures for hiring within each pay plan.
- Use subgroups/compensation boards, with overlapping membership, to recommend measures to ensure consistency across pay plans. Include responsibility for recommendations on pay conversions in their mandate.
- Use time-specific calls for nominations to handle senior-level pay/promotion/bonus recommendations and imbue an increased certainty of timing, competition, and transparency.
- Use the same process to apply agency-established criteria for recruitment, relocation, and retention incentives—all elements of total compensation—for senior-level employees.
- If CDC decides to delegate some of these types of decisions to component managers, require that they establish similar types of committees or boards to review recommendations.
- Clearly designate the official to whom these review board recommendations are made and in whom the final authority for approval is vested.

The Academy focus groups provide insight into the desirability of structure and predictability in pay systems. Participants cited these characteristics and the public nature of governing rules as GS system strengths. Based on meetings with CDC senior-level scientists and managers, the Panel finds a lack of objective senior-level pay criteria and processes and a general lack of knowledge among supervisors about how to advise subordinates about optimal career progression paths. In its review of practices at other agencies, the Panel noted the documentation of extensive materials related to special pay plans, criteria, and tiers within each pay plan, benefits, and award eligibility as well as operating instructions and manuals related to recruitment. All of these materials were available on the web and accessible by managers, employees, and potential recruits. The Panel believes that CDC, although hampered in its lack of

sufficient internal human capital support, must assume ownership of this issue and empower the Office of Workforce and Career Development to lead it in development of these policies and procedures.

RECOMMENDATION 7: EVALUATE SENIOR-LEVEL COMMISSIONED CORPS OFFICERS' ROLES

The Panel recommends that CDC evaluate the future role of senior-level Commissioned Corps officers in meeting its mission and factor the results into its human capital strategy.

While implementing this recommendation, CDC should take the following actions:

- Assess the role, function, and human capital policies for Commissioned Corps Officers, particularly as they relate to the optimal use of senior Corps officers at CDC.
- Identify Corps policies that enable the agency to most effectively meet its mission and work collaboratively to encourage and strengthen them.
- Identify policies that inhibit the maximum utilization of Corps officers by CDC and other agencies of the Public Health Service.
- Work with HHS and the Commissioned Corps to reexamine any policies that make it more difficult for CDC to make full use of the senior-level Corps officers in protecting national public health.

CDC finds great strength and expertise in its multisector workforce and leverages its ability to accomplish its mission through these diverse teams. Consistent with the Panel's recommendation that CDC create a work-based human capital strategy, the Panel recommends that it look broadly at its available senior-level talent and include Commissioned Corps assignees in its long-range assessment of how to most strategically staff key leadership positions. Although the Corps was not the focus of this study, the Panel could not help but note the Corps' strategic role and importance in helping CDC carry out its mission.

As detailed in Chapter VI, 344 Commissioned Corps officers are considered, by virtue of rank, senior-level equivalents, and 17 serve in leadership positions at the division director level or above. Corps officers typically work side-by-side with CDC's civilian employees in a team environment, but operate under significantly different pay and cash awards programs, with different personnel policies—including those for pay and awards—compared to those for CDC's civilian employees. As CDC maps out optimal pay plan patterns for its senior leadership positions, it must consider how best to utilize Corps members and the extent to which it will be able to rely on the Corps in the future for senior leaders. The Panel believes that explaining and comparing benefits across all pay systems, including the Corps, and establishing clear policies and procedures for persons desiring to convert from one CDC pay plan to another will help to dispel misperceptions and contribute to the continuing health of the institution.

RECOMMENDATION 8: OBTAIN AND UTILIZE UNUSED PAY AUTHORITIES

The Panel recommends that CDC obtain authority to utilize unused pay authorities, including the possible use of critical pay, Senior Level (SL)/Senior Technical (ST) positions, and Section 210(g) of Title 42.

As noted in Chapter VI, CDC does not use the critical pay authority,⁷¹ which, with OPM/OMB approval, provides for salaries up to \$186,000 (Level I of the Executive Schedule) for hard-to-fill positions. It also does not use three other personnel systems for positions classified above GS-15: the Senior Level (SL) system, established by the Federal Employees Comparability Act of 1990 (FEPCA) to replace GS-16, 17, and 18 of the General Schedule; the Scientific/Professional (ST) system, often referred to as Senior Technical; or Section 210(g) of Title 42. The nature of the work determines which system is appropriate. SL/ST positions require the allocation of slots from OPM. The Panel believes that these pay systems are well suited to CDC's mission and workforce needs and would fill gaps in career paths for expert scientists potentially under-compensated at the GS-15 level.

While implementing this recommendation, CDC should take the following actions:

- Establish objective, transparent criteria for each of these authorities to ensure equity and avoid intra-agency morale issues.
- Based on experiences over the longer term and subject to implementation of the Panel's recommendations, determine whether the current patchwork of multiple pay systems for senior-level employees meets agency needs, or whether they should be replaced with a new pay system for mission-direct workers.

In seeking critical pay authority, CDC should define "criticality" specifically, establish the minimum duration for how long a position must be vacant before it can be deemed hard-to-fill, determine the minimum duration of agency need for the position sufficient to warrant a critical pay request, and assess the availability of qualified experts in the national market.

Similarly, CDC should consider a summit with FDA, NIH, and departmental officials to explore common challenges with existing senior-level pay systems and potential remedies. The Panel believes that CDC should pursue establishment of a substitute senior-level pay system only if it can demonstrate that the current configuration cannot adequately meet agency long-term needs and after it has fully implemented the Panel's recommendations.

IV. MANAGEMENT SYSTEM IMPROVEMENTS

This study has focused primarily on monetary awards and senior-level compensation, but neither can be discussed effectively without consideration of CDC's strategic human capital program. In 2007, the agency's Office of Workforce and Career Development (OWCD) developed an

⁷¹ As of December 2004, OPM reported seven employees receiving critical pay. Three were at DOD, under its own authority. NASA, the National Transportation Safety Administration, and HHS each had one.

updated Strategic Human Capital Plan which focuses on the need to link goals to performance management, anticipate workforce requirements at all levels, and ensure leadership continuity. The strategy's goals include promoting communication, coordination, and budgeting, and emphasize the collection of empirical data to facilitate continuous improvement.

Over the course of this study, the Panel identified overarching human capital and systems issues consistent with the new strategic plan's goals and emphases and directly relevant to recognition and compensation systems and overall public administration challenges. Thus, the Panel offers these additional recommended enhancements.

RECOMMENDATION 9: STRENGTHEN HUMAN CAPITAL MANAGEMENT

The Panel recommends that CDC work with HHS to evaluate both the strategic and operational components of its existing human capital management function. This evaluation should identify changes needed to ensure that CDC has the human capital capability to sufficiently address the multisector character of its workforce; the complexity of its mission; and the development and implementation of the human capital policies necessary to recruit and retain a world-class workforce. The evaluation should determine the sufficiency of the current servicing arrangement through HHS' Atlanta Human Resources Center (AHRC) to support an organization of CDC's size and complexity and give serious consideration to the reintegration of the strategic human capital function and human resources operations within CDC.

As the Panel studied the agency's award and compensation issues, it was struck by the extensive management agenda facing CDC. The Panel identified the following as critical human capital management requirements warranting agency investment in this function:

- interlinking of budget, payroll, and human capital systems
- increased data-based evaluation of human capital programs
- establishment of formal career paths for scientists and researchers
- position evaluations to serve as framework for senior-level pay usage
- transparent criteria for pay and awards
- awards manual
- exit and entrance surveys
- establishment of a systematized rotational assignment and development program for employees

The Panel believes it is imperative that CDC have a robust human capital management presence capable of integrating the use of the collective pay plans and explaining and appreciating differences. Likewise, the agency recognition program is a microcosmic reflection of the human capital complexities that arise with a multi-pay-plan workforce. For example, CDC cannot always reward all of its group and team members comparably due to their CDC employment status or lack thereof (contractors, grantees, Commissioned Corps, etc.). The Panel members

have noted varying degrees of structure imposed by component organizations in their internal awards processes. They believe this lack of consistency has contributed to CDC employee concerns about the equity and fairness of the monetary awards program and the integrity of its administration. Academy-conducted focus groups reflect similar sentiments.

Top CDC managers also express concern about the agency's apparent difficulty in recruiting, retaining, and advancing scientists and researchers, a lack of knowledge about existing compensation flexibilities, and the insufficient amount of in-house help and support in the human capital management arena.

Within this context, HHS' decision to consolidate and centralize the human resources function has resulted in critical limitations and disconnects that hamper CDC in the effective accomplishment of its mission and in the strategic and tactical management of its multisector, multi-dimensional workforce. Although CDC managers believe that AHRC staff who are assisting them are doing a good job, understaffing and attrition within AHRC have exacerbated further that organization's abilities to provide a full range of services and have left AHRC as primarily a personnel processing operation. Although AHRC is seeking to increase its FY 2008 numbers from 94 FTE to approximately 113 FTE, this is significantly lower than the 200 FTE that provided human resources support to CDC in 2002.

As a result, CDC has had to fill in the strategic and policy gaps. CDC's Office of Career and Workforce Development is working to fill these critical voids, but it has not yet had the capacity⁷² to do this as quickly or thoroughly as necessary; the division of ownership between policy and implementation is an awkward one, particularly for achieving a comprehensive approach to management accountability. Although the Panel was not tasked with conducting a detailed evaluation of AHRC, it believes that an agency-specific function with dedicated resources could help remedy these problems and provide CDC with a more robust internal human capital capability. The Panel notes that NIH has its own human capital/human resources operations, so there is a departmental precedent for an agency to have this internal capability. Thus, the Panel suggests that CDC re-examine the strategic and tactical capacity needed to achieve a systematic, comprehensive, effective, and efficient approach to human capital management.

Many human capital needs identified by the Panel, such as the establishment of a systematized rotational assignment and development program (discussed in detail in Chapter VII), require a strong human capital function. Such a rotational assignment program would increase transparency and employee trust by opening opportunities for personal and professional development. As demonstrated in the review of award documentation, these opportunities in turn provide an edge in the competition for recognition. Increased support to management in recruitment, advancement, and retention programs pays great dividends, but it requires an up-front agency investment. The Panel believes that such an investment is warranted at CDC and should be a priority in future agency budget requests.

⁷² Current HHS policy prohibits CDC from employing individuals in human resource management job series. Should OWCD increase its human capital expertise, CDC would have to secure an exemption from this HHS policy. NIH is not so restricted.

RECOMMENDATION 10: INTEGRATE DATA SYSTEMS

The Panel recommends that CDC integrate its data systems to enhance the management and implementation of its awards and compensation programs. CDC needs interoperable data systems that provide sufficient and consistent information necessary to manage human resources effectively. CDC should ensure that its new systems are compatible with those adopted by HHS.

In addition to being an organization with responsibility, accountability, and sufficient staffing for human capital/human resources management, CDC needs to have adequate data and information to help it plan, manage, and oversee its human capital programs. The Panel believes that CDC must rigorously collect, maintain, and analyze relevant, consistent workforce data, just as it tracks public health data in support of its mission.

While implementing this recommendation, CDC should take the following actions:

- Make a financial investment in revamping current systems to ensure data quality and consistency required for credible reporting and evaluation of progress in the broad spectrum of management programs.
- Demonstrate a commitment on the part of agency leadership to move beyond the historical predisposition against centralized reporting and tracking.
- Link agency budget and payroll systems to increase their allocation and tracking capabilities.
- Coordinate the data and definitions used in different payroll and human capital systems to ensure a reasonable level of consistency of information.
- Automate CDC component-level organizational charts and senior-level staffing patterns/contact information to provide ready access via the internet and intranet.

As noted in Chapter VII, chief financial officers at other federal agencies use systematic budget tracking systems as powerful management tools. For example, they allocate awards budgets to the various organizational components based on a percentage of payroll, by pay plan. Officials use these systems to track award usage throughout the year and issue reports to accountable managers and agency leadership for use in the performance evaluation of senior employees. This information is vital to an agency striving to achieve organizational equity and increase managerial accountability for recognition. The capability is readily transferable and equally important to any number of management programs—Individual Learning Accounts, for example—about which agency leadership should have data on which to base decisions about program effectiveness, cost, and consistency.

During this study, the Panel found CDC’s historical workforce data to have significant gaps and inconsistencies; to some extent, the agency was hampered by its lack of an internal human capital function, conversion to PeopleSoft, and a multiplicity of systems operating under varying sets of requirements and sometimes contradictory definitions. These systems need to be married, harmonious, and maintained to be effective management tools. AHRC and OWCD rely on

individual record systems, including ones for earnings, payroll of actual dollars received, and authorized pay levels and rollover pay, including allowances of varying duration. Some information is contained in the agency's Workforce Information Zone (WIZ). Disparities among these information systems create inconsistencies that may hamper evaluation efforts. For example, in its evaluation of senior-level pay, the study team received information about individual aggregate compensation that was not always consistent among the various data systems.

CDC also lacks quantitative and qualitative data as to why people come to work there and why they leave. Consequently, the agency well may be applying solutions to problems it does not have and leaving real problems unaddressed. CDC has access to HHS' entrance and exit survey tool, available on CDC's intranet, but has made limited use of its capability. The agency has discussed increased use of this tool since 2005 but has not yet done so, depriving the organization of information that could provide insight into its human capital management and add credibility to attrition projections and analyses conducted by the Office of Workforce and Career Development.

Given CDC's growth in the past decade, both in terms of workforce size and budget, the Panel believes it is important that the agency increase its investment in and commitment to a more integrated and complete data system. Doing so will provide CDC with the factual information it needs to understand and manage its talented workforce.

ACADEMY PANEL AND STAFF

PANEL

John J. Callahan*—*Chair*. Director, Health Systems Management Programs, University of Baltimore. Former Assistant Secretary for Management and Budget, and Chief Financial Officer, U.S. Department of Health and Human Services; Acting Commissioner, U.S. Social Security Administration. Former positions with the U.S. Senate: Chief of Staff to Senator Jim Sasser; Deputy Staff Director, Senate Budget Committee; Staff Director, Senate Governmental Affairs Subcommittee on Government Efficiency, Federalism, and the District of Columbia; Staff Director, Governmental Affairs Subcommittee on Intergovernmental Relations; Director of Federal-State Relations; Executive Director, Legislators' Education Action Project, National Conference of State Legislatures.

Diane M. Disney*—Chancellor and Professor of Management, Penn State Great Valley School of Graduate Professional Studies, and former Dean of Commonwealth College, Pennsylvania State University. Former Deputy Assistant Secretary of Defense (Civilian Personnel Policy), U.S. Department of Defense. Former positions with the University of Rhode Island: Associate Professor of Management; Director, Research Center in Business and Economics; Principal Investigator, Rhode Island 2000 Labor Market Research Projects. Former Adjunct Faculty and Manager, Ford Foundation Project on Employer Benefits and the Future of the Social Protection Program, Heller School, Brandeis University; Rhode Island Research Associate, The Urban Institute.

George E. Hardy, Jr., MD, MPH—*Centers for Disease Control and Prevention Representative*. Public Health Practice Consultant; Chair, Dean's Advisory Council and Professorial Lecturer, School of Public Health, The George Washington University. Former Executive Director, Association of State and Territorial Health Officials; Executive Director, International Life Sciences Institute; Assistant Surgeon General, U.S. Public Health Service; Assistant Director, Centers for Disease Control and Prevention; Professional Staff, Subcommittee on Health and the Environment, U.S. House of Representatives; Director, Jefferson County Department of Health, Birmingham, Alabama; U.S. Representative to World Health Assembly, World Health Organization and Pan American Health Organization; board-certified in general preventive medicine and public health.

Curtis J. Smith*—Malcolm R. Meyers Distinguished Chair in Public Service, Wilson Center for Leadership, Hampden-Sydney College; Adjunct Faculty, School of Public and Environmental Affairs, Indiana University. Former Director, Federal Executive Institute. Former positions with the U.S. Office of Personnel Management: Associate Director for Retirement and Insurance; Associate Director for Career Entry; Policy Advisor to the Director; Senior Budget Examiner for Personnel, the U.S. Office of Management and Budget.

* *Academy Fellow*

Robert L. Trachtenberg*—Consultant. Former Chief Operating Officer, American Psychiatric Association; Executive Director, National Association of Private Psychiatric Hospitals; Deputy Administrator, Alcohol, Drug Abuse, and Mental Health Administration, Public Health Service, U.S. Department of Health and Human Services; Associate Commissioner for Hearings and Appeals, Social Security Administration; Deputy Assistant Secretary for Grants and Procurement, U.S. Department of Health, Education and Welfare.

Charles W. Washington*—Former Dean, School of Arts and Sciences, Clark Atlanta University; Professor of Public Administration, Florida Atlantic University; Chair and Director, John C. Stennis Institute of Government, Mississippi State University; Associate Dean and Professor, School of Government and Business Administration, George Washington University.

Victor Zafra*—International Consultant; Former Resident Budget Advisor to the Ministries of Finance in Sri Lanka, Romania, Ukraine, and the Serb Republic, U.S. Department of the Treasury; Vice President for Business Affairs, Arizona State University; Vice Chancellor for Administration and Human Resources, University of Illinois at Chicago; Acting Director, Bureau of Medical Devices, FDA; various positions with the U.S. Office of Management and Budget, including: Branch Chief, Financing Branch and Health Programs Branch, Senior Budget Examiner, and Senior Legislative Analyst.

STAFF

William J. Gadsby*—Vice President for Academy Studies, National Academy of Public Administration. Former Director, Management Studies Program, National Academy of Public Administration. Former positions with U.S. General Accounting Office: Senior Executive Service; Director, Government Business Operations Issues; Director, Federal Management Issues; Director, Intergovernmental and Management Issues. Former Assistant Director, Financial Management Branch, U.S. Office of Management and Budget.

Alethea Long-Green—Program Area Director, HR Director for Academy Studies, National Academy of Public Administration. Former Director of Human Capital Planning and Management, U.S. Department of Commerce; Director of Human Resources, and Chief, Workforce Effectiveness Division, U.S. Patent and Trademark Office; President, Strategic Technical Resources, Inc.; Vice President, Tech International, Inc.; Consultant with various contractors to the Department of Defense.

Laurie J. May—Project Director, National Academy of Public Administration. Former Director, Organizational Management and Integrity Staff, U.S. Environmental Protection Agency. At EPA, Ms. May served as senior program management official, with organizational leadership and policy direction responsibilities for a full range of management issues, including financial integrity, fraud prevention, ethics, human capital, and organizational management. She also served as a confidential management advisor to numerous Presidential appointees. Recent Academy projects include work at the U.S. Patent and Trademark Office, as well as project direction of studies at the National Institutes of Health and National Aeronautics and Space

Administration. Ms. May is a Phi Beta Kappa graduate of Duke University and a recipient of EPA's Award for Excellence in Management.

Gerald Barkdoll—Senior Advisor, National Academy of Public Administration; Senior Analyst TREE (Theoretically Retired Ex-Executive); Adjunct Faculty, Doctoral Program, University of Baltimore; Founder, Balanced Scorecard Interest Group. Former Associate Commissioner for Planning and Evaluation, Food and Drug Administration; Distinguished Practitioner in Residence and Director, Washington Center, University of Southern California; Senior Consultant, Public Service of New Mexico; Controller and Chief Financial Officer, The Englander Company; Private Consultant.

Bernard Ungar—Senior Advisor, National Academy of Public Administration. Former positions with U.S. General Accounting Office: Director, Physical Infrastructure Issues; Member, Senior Executive Service; Director, Federal Human Resource Management Issues; Director, Federal Statistical Issues; Director, Quality Management Group. Mr. Ungar returned to GAO to assist it in monitoring construction of the U.S. Capitol Visitor Center, the completion of which he is now responsible, as CVC Project Executive, Office of the Architect of the Capitol.

Harry Meyers—Senior Statistical Analyst, National Academy of Public Administration. Former Program Coordinator, U.S. Census Bureau. Former positions with U.S. Office of Management and Budget: Chief, Treasury Branch; Chief, Commerce and Justice Branch; Deputy Associate Director, Special Studies Division, Economics and Government. Former Senior Analyst, President's Commission on Housing; Financial Economist, Office of the Secretary, U.S. Department of the Treasury; Assistant Professor of Economics, Rensselaer Polytechnic Institute.

Joseph P. Mitchell, III—Senior Research Analyst, National Academy of Public Administration. Project staff on prior Academy studies of airport security, Federal Bureau of Investigation, National Marine Fisheries Service, U.S. Patent and Trademark Office, wildfire mitigation, National Aeronautics and Space Administration, and National Institutes of Health. Adjunct Professor, Center for Public Administration and Public Policy, Virginia Polytechnic Institute and State University.

Peta-Gaye Bookall—Research Associate, National Academy of Public Administration. Former Intern, Jamaica Social Investment Fund, Jamaica; Fellow, StartingBloc® Institute for Social Innovation. B.A. in Economics, minor in International Relations, Mount Holyoke College.

Élan Martin—Research Associate, National Academy of Public Administration. Formerly: Assistant Project Manager for hydrogen and alternative fuels projects at Sparber & Associates, Inc.; Americorps Team Leader; Research Intern at the American Cancer Society; Research and Administrative Intern for Congressman Mark Udall (CO-2). Masters of Public Policy, Public Health focus at The George Washington University, 2007. B.A. in Political Science from The George Washington University, 2006.

Martha S. Ditmeyer, Senior Administrative Specialist-Staff for a wide range of Academy studies. Former staff positions at the Massachusetts Institute of Technology, Cambridge, MA and the Communication Satellite Corporation, Washington, DC and Geneva, Switzerland.

INDIVIDUALS CONTACTED OR INTERVIEWED

The following individuals participated in focus groups or interviews; provided information on effective practices; or offered expert assistance. The Panel acknowledges their contribution to this study.

CENTERS FOR DISEASE CONTROL AND PREVENTION

Ed Ades, Microbiologist

Heinz Ahlers, Technical Evaluation Branch Chief

Clinton Alverson, Mathematical Statistician

Alfred Amendola, Supervisory Safety Engineer

Robert Anderson, Chief, Mortality Statistics Branch

Ileana Arias, Director, National Center for Injury Prevention and Control

Lynn Austin, Chief of Staff

Stephanie Bailey, Co-Chair, Compensation and Performance Review Subcommittee, and Chief, Office of Public Health

Shailendra Banerjee, Mathematical Statistician

David Bang, Health Communications Fellow

Lawrence Barker, Science Officer

John Bartels, Mechanical Engineer

Charlene Beach, Public Health Analyst

Paul Beatty, Behavioral Scientist

Rich Besser, Director, Coordinating Office for Terrorism, Preparedness, and Emergency Response

Donald Betts, Lead Public Health Analyst

Kristin Birkness, Microbiologist

Eunice Bishop, Health Communications Specialist

Audriene Bishop-Cline, Awards Manager

Stephen Blount, Co-Chair, Compensation and Performance Review Subcommittee, and Director, Coordinating Office for Global Health

Moirra Booth, Public Health Supervisor

Julietta Borbon, Emergency Response Specialist

Joseph Bowman, Research Chemist

Ivey Braddock, Public Health Analyst

Floy Brandt, Laboratory Science Planner

Mary Brandt, Research Microbiologist

Darrin Brown, Public Health Advisor

Kristin Brusuelas, Public Health Advisor

Linda Burrow, Secretary

Vicki Burt, Supervisory Mathematical Statistician

Alyce Burton, Public Affairs Specialist

Gilbert Camacho, Director, Office of Dispute Resolution and EEO

Virgil Cassini, Team Leader

Robert Castellan, Expert/Physician

Ken Castro, Director, Division of Tuberculosis Elimination

Eleanor Cawthorne, Public Health Advisor
George Chandler, Director, Building and Facilities Office
Alex Charleston, Public Health Analyst
Bob Chatfield, Office of Workforce and Career Development Officer
Madhulika Chaudhary-Webb, Research Chemist
Jieru Chen, Mathematical Statistician
Adele Childress, Health Scientist
Bernice Clark, Program Operations Assistant
Ralph Coates, Associate Director for Science
Christopher Coffey, Chief, Laboratory Research Branch, Division of Respiratory Disease Studies
Mitchell Cohen, Director, Coordinating Center for Infectious Diseases
Jay Colinet, Sections Manager
Janet Collins, Director, National Center for Chronic Disease Prevention and Health Promotion
John Columbia, Contracting Officer
Mike Commodore, Engineering Technician
David Conrad, Budget Analyst
Douglas Cook, Lead Health Informatics Specialist
Candace Cosgrove, Computer Scientist
Ann Cronin, Associate Director for Management and Operations
Robert Curlee, Deputy Director, Financial Management Office
Herman Dennis, Program Assistant
Sandra DeShields, Workforce Development and Strategic Analyst
Gregory Deye, Research Physicist
Carlton Duncan, Deputy Chief Operating Officer
Mark Eberhard, Director, Division of Parasitic Diseases
Gary Edgar, Supervisory Public Health Advisor
Rhea Ernst, Office Automation Assistant
Henry Falk, Director, Coordinating Center for Environmental Health and Injury Prevention
Cynthia Farrier, Graphic Specialist
Kevin Fenton, Director, National Center for HIV/AIDS, Viral Hepatitis, STDs and TB Prevention
Mary Fernandez, Deputy Director for Management
Mary Fields, Hardware/Software Engineer
Lois Fingerhut, Special Assistant Injury Epidemiology
Denise Freeman, Lead Public Health Advisor
Judy Froelich, Biologist
Kathy Gallagher, Associate Director of Planning and Partnerships
Chris Gersic, Statistical Assistant
Bill Gimson, Chief Operating Officer
Kari Gloppen, Health Scientist
Nicole Goggins, Program Analyst
Deborah Gould, Health Education Specialist
Eric Grafman, Lead Communications Information Archival Specialist
Cheryl Graves, Policy Specialist
Linnet Griffiths, Team Leader

Qiuping Gu, Senior Service Fellow
Anissa Ham, Program Analyst
Theresa Hardy, Management and Program Analyst
Olivia Harris, Environmental Health Scientist
Austin Hayes, Team Leader, Commissioned Corps Personnel Team
Jeff Hayes, Maintenance Manager
Andy Heetderks, Team Leader
Rosemarie Henson, Deputy Director, National Center for Chronic Disease Prevention and Health Promotion
Rosalind Highsmith, Staff Assistant
Andrias Hojgaard, Microbiologist
Cynthia Holloway, Leadership Coordination Team
Annie Holmes, Administrative Staff Specialist
Corrine Homer, Management and Program Analyst
Ed Hunter, Deputy Director, CDC Washington
Anthony Iannacchione, Senior Scientist
Taran Jefferies, Public Health Advisor
Albert Johnson, AFGE Local 2883
Alison Johnson, Deputy Director, National Center for Birth Defects and Developmental Disabilities
Cliff Johnson, Director, Division of Health Examination Statistics
Joanne Jones, Occupational and Safety Health Manager
Juanita Jones, Management Analyst
Vijia Karra, Branch Chief
Judy Kenny, Director, Information Technology Services Office
Rima Khabbaz, Director, National Center of Infectious Diseases
Tamara Kicera, Public Health Advisor
Rebecca Klenda, Office Automation Assistant
Rosemarie Kobau, Public Health Advisor
Robert Koedam, Safety and Occupational Health Manager
Glen Koops, Director Field Service Office
Judy Kruger, Senior Service Fellow
Darwin Labarthe, Director, Division for Heart Disease and Stroke Prevention
Patricia Laber, Computer Specialist
Crayton Lankford, Chief Management Officer, Coordinating Center for Global Health
Karen Larson, Environmental Health Scientist
Lori Laubacher, Public Health Advisor
James Lee, Supervisory Public Health Advisor
Thedford Lee, Director, Workforce Relations
Jennifer Lehman, Epidemiologist
Dennis Lenaway, Director, Office of Standards and Emerging Issues in Practice
Erica Lowe, Program Analyst
Steve Luby, Medical Officer
Dennis Lynch, Deputy Branch Chief
William Maas, Distinguished Consultant
Reshma Mahendra, Public Health Advisor

Laura Mallett, Lead Research Scientist
Terrence Manning, President AFGE Local 2883
Denise Martin, Select Agent Program
Stacey Mattison, Deputy Public Health Analyst
Malinda McCarthy, Prevention Specialist
Richard McCarthy, Public Health Advisor
Arvis McCormick, Secretary
Mike McGeehin, Director, Division of Environmental Hazards and Health Effects
William McHarg, IT Project Manager
James Mercy, Behavioral Scientist
Frank Meyers, Public Health Advisor
Diane Miller, Head, Chronic Stress Laboratory
Kathleen Mitchell, Health Communications Specialist
Marguerite Mitchell, Management and Program Analyst
Roger Morey, Biologist
Marty Mortensen, Medical Officer, Division of Laboratory Sciences, National Center for Environmental Health
Bill Mosher, Project Officer, National Survey of Family Growth
Winnie Moyers, Biologist
Patricia Mueller, Research Chemist
Rebecca Mullenax, Purchasing Agent
Cindy Mytrysak, Logistics Management Specialist, President AFGE Local 1916
Pam Nazario, IT Specialist
Victor Negron, Lead Public Health Advisor
Diana Nicholson, Workload Supervisor
Dagny Olivares, Health Communications Specialist
Otilio Oyervides, Public Health Advisor
Marilyn Palmer, Health Communications Specialist
Chris Pan, Research Safety Engineer
Jean Patel, Supervisory Microbiologist
Donna Pfirman, President, AFGE Local 3840
Joe Piesman, Chief Entomology and Ecology
Tanja Popovic, Chief Science Officer
Diane Porter, Deputy Director for Management, National Institute for Occupational Safety and Health
Stephanie Pratt, Research Health Scientist
Willie Pruitt, Health Scientist
Jill Raufus, Workload Supervisor
Maria Rivera-Trudeau, Health Communications Specialist
John Roehrig, Research Microbiologist
Dwight Rogers, Supervisory General Supply Specialist
Cathy Rotunda, Information Specialist
Edward Rouse, Emergency Response Specialist
Lavon Rutherford, Health Physicist
Michael Sadagursky, Management Officer, National Center for Health Statistics
Eric Sampson, Director, Division of Laboratory Sciences

Tom Savage, Lead IT Specialist
Susan Schappert, Survey Statistician
Jeannine Schiller, Health Statistician
Patty Schleiff, Statistician
Thomas Schmid, Evaluation Specialist
Anne Schuchat, Director, National Center for Immunization and Respiratory Diseases
James Seligman, Chief Information Officer
Brenda Shepherd, Committee Management Specialist
Iris Shimizu, Mathematical Statistician
Sharon Silver, Epidemiologist
Thomas Sinks, Deputy Director, National Center for Environmental Health
Denzil Slaughter, Deputy Director, Health Effects Laboratory Division
Alex Smith, Supervisory Research Physical Scientist
Steven Solomon, Director, Coordinating Center for Health Information and Service
Gerlinda Somerville, Extramural Program Manager
Ed Sondik, Director, National Center for Health Statistics
Daniel Stier, Public Health Analyst
Steven Sviat, Microbiologist
Stephen Tadoulini, Chief, Rock Safety Engineering Branch
Fred Tenover, Research Microbiologist
Allison Tepper, Epidemiologist
Steven Thacker, Director, Office of Workforce and Career Development
Ed Thimons, Branch Chief
Lisa Thomas, Supervisory Statistical Assistant
Debbie Thompson, Program Operations Assistant
Cathy Tinney-Zara, President, AFGE Local 3430
Kathleen Toomey, Director, Coordinating Center for Health Promotion
Mike Tropauer Internal Controls Officer
Brenda Upshaw, Biologist
Chuck Urban, Video Production
Valayudhan Vallyathan, Team Leader
Susan Van Duyne, Microbiologist
Gregory Wagner, Medical Officer
Theresa Walker-Mason Ethics Program Manager
Kathleen Waters, Computer Specialist
Jeff Welsh, Deputy Director, Pittsburgh Research Laboratory
Carolyn West, Training Services Division
Sheila West, Management Analyst
Melinda Wharton, Deputy Director, National Center for Immunization and Respiratory Diseases
Toni Whistler, Visiting Senior Service Fellow
Thomas Wierzba, Medical Officer/Epidemiologist
Pam Wilson, AFGE Local 2883
Robert Wirtz, Distinguished Consultant
Katherine Wolff, Microbiologist
Adam Wolkon, Public Health Advisor

Elaine Wood, International Program Coordinator
Pamela Woodard, Contracts Specialist
Robert Young, Chief, Administrative Operations Activity, National Center for Health Statistics
Hatice Zahran, Environmental Health Scientist
Carolyn Zanis, Medical Technologist
Ziqing Zhuang, General Engineer
Emily Zielinski-Gutierrez, Behavioral Scientist
Jeanne Zimmer, Physical Science Technician

CONSUMER HEALTHCARE PRODUCTS ASSOCIATION

Linda Suydam, President

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Michael Capps, Associate Deputy Assistant Secretary

ATLANTA HUMAN RESOURCES CENTER

Jeff Adair, Director of Strategic Programs
Billene Henderson, Incentive Programs
Vanessa Palmere, HR Specialist
Nancy Peterson, HR Specialist
Med Sohani, IT Specialist

U.S. ENVIRONMENTAL PROTECTION AGENCY

Lora Culver, Director, Organizational, Management, and Integrity Staff
Valerie Green, Office of the Chief Financial Officer
Susan Smith, Team Leader, Executive Policy, Office of Human Resources
Kecia Thornton, Management Analyst

NATIONAL INSTITUTES OF HEALTH

Mimi Blitz, Senior Level Pay Plan Specialist
Marvin Lee, Chief, Special Programs Branch, Office of Human Resources
Nancy Nacev, Senior Level Pay Plan Specialist

NATIONAL SCIENCE FOUNDATION

Christine Cataldo, Chief, Executive Personnel and Employee Development

U.S. OFFICE OF PERSONNEL MANAGEMENT

Barbara Colchao, Manager, Performance Management Group
Jeanne Jacobson, Chief, Pay Administration Group
Nikki Johnson, HR Specialist
Donald Lockley, Workforce Information and Planning Group

VETERANS HEALTH ADMINISTRATION

Lawrence Bifareti, HR Officer
Brian McVeigh, Director, Workforce Planning and Organization Development
George Neureither, HR Consultant

INCENTIVE CATEGORIES AND DEFINITIONS

INCENTIVE CATEGORY AND DEFINITIONS	ELIGIBILITY								
	Presidential Appointee	PA with retained SES Rights ¹	Career SES	Non- Career SES ²	GS	GP/GR with Title 38	AD with Title 42 (Excepted Appoint- ment)	SBRS (Excepted Appoint- ment)	PHS Commis- sioned Corps
I. MONETARY AWARDS BASED ON PERFORMANCE RATINGS									
QUALITY STEP INCREASES (QSIs) consist of an additional within-grade salary increase (about 3 percent of basic pay) granted to General Schedule employees to reward exceptional sustained performance. To be eligible, a federal employee must have received the highest summary level rating used by the performance appraisal program. CDC's highest rating is Exceptional. They must also meet previously established criteria; be paid below step 10 of their grade; and not have received a QSI within the preceding 52 consecutive calendar weeks. Within CDC, employees can receive a QSI no more than once every two years. A QSI increases the employee's rate of basic pay permanently and helps them progress through the pay system more rapidly. Many agencies do not cost-out these awards or budget them. Within the government, they are typically referred to as "the gift that keeps on giving." They are among the costliest of employee awards because they are a permanent increase to base pay, are received as part of the employee's regular pay check, are considered in determining the dollar value (or step) of subsequent promotions, add to the retirement computation, and increase Thrift Savings Plan government expenses.	No	No	No	No	Yes ³	Yes	No	Yes	No

¹ Information regarding eligibility for Presidential appointee and non-career positions is provided by the Academy without CDC verification, as CDC has no employees under these types of appointments. Likewise, CDC does not currently have any Senior Leadership (SL) or Senior Technical (ST) positions.

² The current CDC Director is a non-career Senior Executive Service member. Technically, she is an employee of the Department of Health and Human Services and not of CDC. Any awards approved for the Director would be approved by HHS.

³ Employees with Exceptional ratings have the option of a QSI or a lump sum performance award. The Executive Officer at CDC makes the final determination each year on the percentage for lump sum awards for Exceptional and Fully Successful. In 2007, those rated as Exceptional received 4 percent and those rated Fully Successful received 2 percent.

APPENDIX C

INCENTIVE CATEGORY AND DEFINITIONS	ELIGIBILITY								
	Presidential Appointee	PA with retained SES Rights ¹	Career SES	Non-Career SES ²	GS	GP/GR with Title 38	AD with Title 42 (Excepted Appointment)	SBRS (Excepted Appointment)	PHS Commissioned Corps
<p>PERFORMANCE AWARDS are cash awards based solely on employees' ratings of record, which are performance ratings assigned at the end of the appraisal period for performance over the entire period. Employees must receive a rating of record of Fully Successful or better to be eligible. Performance awards are lump-sum payments and do not increase the employee's rate of basic pay.</p> <p>PHS officers are eligible for performance awards under a separate DHHS system and set of procedures.</p>	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
<p>II. MONETARY AWARDS AVAILABLE ONLY TO SENIOR EXECUTIVE SERVICE In addition to eligibility for Special Act or Service Awards and relocation, recruitment, and retention awards, career SES members are eligible for the following:</p>									
<p>RANK AWARDS Each year, the President recognizes and celebrates a small group of career SES employees with the President's Rank award for exceptional long-term accomplishments. Beginning with awards granted in 2003, eligibility for these awards was extended to those in career Senior Leadership (SL) and Senior Technical (ST) positions. There are two categories of rank awards:</p> <ul style="list-style-type: none"> • Distinguished Rank: recipients receive a lump-sum payment of 35 percent of their basic pay. • Meritorious Rank: recipients receive 20 percent of base pay. <p>Award winners for both categories of recognition are chosen through a rigorous selection process. They are nominated by agency heads, evaluated by boards of private citizens, and approved by the President. Evaluation criteria focus on leadership and results.</p>	No	Yes	Yes	No	No	No	No	No	No

APPENDIX C

INCENTIVE CATEGORY AND DEFINITIONS	ELIGIBILITY								
	Presidential Appointee	PA with retained SES Rights ¹	Career SES	Non-Career SES ²	GS	GP/GR with Title 38	AD with Title 42 (Excepted Appointment)	SBRS (Excepted Appointment)	PHS Commissioned Corps
<p>BONUSES</p> <p>Based upon annual appraisal results, career SES members and Presidential appointees who have elected to retain their SES benefits are eligible for lump sum cash bonuses. These performance bonuses, typically paid in December of each year, are calculated based on a percentage of base pay, with maximum percentages.</p> <p>Within HHS, the Secretary sets an annual percentage maximum. According to HHS policy, only those SES members with ratings of Fully Successful or Exceptional may be considered for a performance bonus. However, all exceptional SES members must be allotted performance bonuses before any Fully Successful SES member can receive one.</p>	No	Yes	Yes	No	No	No	No	No	No
III. MONETARY AWARDS FOR SPECIFIC CONTRIBUTIONS OUTSIDE THE PERFORMANCE RATING PROCESS									
<p>SPECIAL ACT OR SERVICE AWARDS are lump-sum cash awards granted to recognize specific accomplishments by individuals or groups of employees that are in the public interest and that have exceeded normal job requirements. Special act or service awards are limited in amount and can be authorized by first-line supervisors. Among the types of special act awards are the following:</p>									⁴
<ul style="list-style-type: none"> • Individual Awards are given to individual employees who have made contributions that exceeded normal job requirements. 	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No

⁴ As noted earlier, PHS lump sum awards are under a separate set of DHHS policies and procedures different than those governing awards for non-military CDC employees.

APPENDIX C

INCENTIVE CATEGORY AND DEFINITIONS	ELIGIBILITY								
	Presidential Appointee	PA with retained SES Rights ¹	Career SES	Non- Career SES ²	GS	GP/GR with Title 38	AD with Title 42 (Excepted Appoint- ment)	SBRS (Excepted Appoint- ment)	PHS Commi- sioned Corps
<ul style="list-style-type: none"> Group Awards are lump-sum cash awards granted to the members of groups that have achieved specific accomplishments. The dollar value can be split evenly among members or can be varying amounts based on contribution. 	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
<ul style="list-style-type: none"> On-the-Spot Awards are a kind of Special Act or Service award involving minimal paperwork and approval time to provide immediate recognition for individual employees who perform short-term quality acts or service in an exceptional manner. The dollar value of these awards is typically limited by a dollar cap (within CDC \$500). A primary purpose of this award is to provide timely positive feedback. 	No	No	No	No	Yes	Yes	Yes	Yes	No
SUGGESTION & INVENTION AWARDS recognize ideas or inventions that improve operations and services to the public and contribute directly to the economy or efficiency of Government operations. Individual employees or groups may submit suggestions inventions. Participation is open to all employees, as defined by Title 5, USC 2105. Non-employees, such as retirees, contractors, and customers, are also eligible, but only for non-monetary recognition. PHS officers are also eligible for cash awards for scientific achievements.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

APPENDIX C

INCENTIVE CATEGORY AND DEFINITIONS	ELIGIBILITY								
	Presidential Appointee	PA with retained SES Rights ¹	Career SES	Non-Career SES ²	GS	GP/GR with Title 38	AD with Title 42 (Excepted Appointment)	SBRS (Excepted Appointment)	PHS Commissioned Corps
TIME-OFF AWARDS are time off from work that is granted to employees (individuals or groups) without loss of pay or charge to leave. All CDC civilian employees are eligible. It is categorized as administrative leave. Time-off awards can recognize the same type of achievements as do cash awards. Time-off awards cannot be converted to cash. (Within CDC, time off must be scheduled within 120 days of the effective date of receipt and limited to 80 hours for one employee during a leave year. The minimum amount is one half of an employee's regular work day, while the maximum per contribution is one full work day, up to ten hours. Under the new PMAP, employees can elect to take part of their lump sum award as time off and have from one year from the effective date of the action to use their hours. They can elect up to 40 hours of that lump sum amount in equivalent time-off.)	No ⁵	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
TRAVEL SAVINGS INCENTIVE Known within CDC as the Frequent Flyer Award Program, employees receive a cash award of 50 percent of savings on airfare for using frequent flyer miles earned during official travel for subsequent official travel. This program, authorized under 5 U.S.C. 5707, provides under Title 41, Section 301-1.2 for eligibility for all employees of an agency, "regardless of status or rank," including those who are employed intermittently, serve without pay, or are invitational travelers. Since Commissioned Corps officers are not agency employees, they are not technically covered by this CDC program.	No ⁶	No	Yes	Yes	Yes	Yes	Yes	Yes	No

⁵ Because Presidential appointees neither earn nor use leave and are considered to be on call 24 hours a day, this awards option is not appropriate for them.

⁶ According to OPM, Presidential appointees, including those retaining SES rights, would be barred from accepting this form of gain-sharing by 5USC 4509.

INCENTIVE CATEGORY AND DEFINITIONS	ELIGIBILITY								
	Presidential Appointee	PA with retained SES Rights ¹	Career SES	Non-Career SES ²	GS	GP/GR with Title 38	AD with Title 42 (Excepted Appointment)	SBRS (Excepted Appointment)	PHS Commissioned Corps
IV. OTHER MONETARY INCENTIVES/ALLOWANCES: THE THREE R'S Effective May 1, 2005, the federal government provided for enhanced authorities and flexibility in the strategic use of these three kinds of bonuses, and particularly to help the government recruit and maintain a high quality workforce.									
RECRUITMENT An agency may pay a recruitment incentive under 5 U.S.C. 5733 and 5 CFR part 575, subpart A, to an employee newly appointed to a position that is likely to be difficult to fill in the absence of an incentive. The employee must sign an agreement to fulfill a period of service with the agency to receive this incentive. This incentive may not be paid to Presidential appointees, agency heads, non-career SES members, or excepted service employees in policy roles. An agency may target groups of similar positions that have been difficult to fill in the past or are likely to be difficult to fill in the future. A recruitment incentive may not exceed 25 percent of the employee's annual rate of basic pay in effect at the beginning of the service period multiplied by the number of years in the service period, not to exceed four years. With OPM approval, this cap may be increased to 50 percent (based on critical agency need), as long as the total incentive does not exceed 100 percent of the employee's annual rate of basic pay. See 5 CFR 575.109 (c).	No	No	Yes	No	Yes	Yes	Yes	Yes	No

APPENDIX C

INCENTIVE CATEGORY AND DEFINITIONS	ELIGIBILITY								
	Presidential Appointee	PA with retained SES Rights ¹	Career SES	Non-Career SES ²	GS	GP/GR with Title 38	AD with Title 42 (Excepted Appointment)	SBRS (Excepted Appointment)	PHS Commissioned Corps
RETENTION A retention incentive is an incentive an agency may pay to a current employee if the agency determines that unusually high or unique qualifications of the employee or a special need of the agency for the employee's services makes it essential to retain the employee and the employee would be likely to leave the federal service in the absence of a retention incentive. See 5 CFR 575.301. A retention incentive may be paid only when the employee's rating of record is at least Fully Successful. Presidential appointees, non-career SES members, and excepted service employees in policy roles are NOT eligible for these incentives. An agency must establish a single retention incentive rate for each individual or group of employees, expressed as a percentage of each employee's rate of basic pay, not to exceed 25 percent (for an individual) or 10 percent (for a group or category of employees). With OPM approval, this cap may be increased to as much as 50 percent.	No	No	Yes	No	Yes	Yes	Yes	No	No
RELOCATION An agency may pay a relocation incentive under 5 U.S.C. 5753 and 5 CFR part 575, subpart B, to a current employee who must relocate to accept a position in a different geographic area (at least 50 or more miles from the current position) that is likely to be difficult to fill in the absence of an incentive. The employee must sign an agreement to fulfill a period of service with the agency to receive this incentive and must have a rating of record of at least Fully Successful. The categories of eligible employees are similar to those eligible for recruitment. The same cap applies to relocation incentives that applies to recruitment incentives. If an employee receives both, the cap applies to the total of the two types of incentive payments.	No	No	Yes	No	Yes	Yes	Yes	Yes	No

INCENTIVE CATEGORY AND DEFINITIONS	ELIGIBILITY								
	Presidential Appointee	PA with retained SES Rights ¹	Career SES	Non-Career SES ²	GS	GP/GR with Title 38	AD with Title 42 (Excepted Appointment)	SBRS (Excepted Appointment)	PHS Commissioned Corps
<p>V. HONOR AWARDS</p> <p>Federal agencies have the authority to implement non-monetary incentives to motivate and reward employees. While Phase I of this study is focused on monetary incentives, honor awards should not be overlooked or undervalued as motivation for high performance. Examples of honor awards are employee medals, certificates, plaques, trophies, and other tangible incentives that have an award or honor connotation. Most federal agencies have annual ceremonies to celebrate the highest levels of honorary recognition and a separate honor award review and approval process. These may provide transferable insights to monetary award programs.</p> <p>CDC has an annual awards program for CDC and ATSDR employees, including civil service employees and service fellows. Some award categories are open to Commissioned Corps Officers as well. Other categories include contract personnel, regular fellows, and guest researchers in their eligibility criteria. There is also a separate group of awards open only to Commissioned Corps Officers and presented at a variety of agency and departmental ceremonies.</p>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

FOCUS GROUP INSIGHTS ON NON-MONETARY AWARDS

As noted in Chapter III, non-monetary awards were not the focus of this study. Yet focus group participants moved back and forth in their discussions between monetary and non-monetary award systems. They noted that non-monetary award processes have characteristics that make them potentially well-suited to the CDC situation. Among them:

- CDC work is done by a multisector work force (GS, Corps, contractors, fellows, and the like). Members of some of these groups are not eligible for monetary awards.
- CDC is organizationally and geographically dispersed; local award and recognition activities are valued because they reflect local functions, disciplines, and values.
- CDC can independently establish new non-monetary award programs that can be effective in achieving specific organizational objectives.⁷

Although there were fewer total recorded comments for non-monetary awards, there were some clusters of comments that occurred often enough to signal their importance. The topic areas for these clusters were similar to those associated with monetary awards. Below are three non-monetary topic areas with representative comments.

Results Are Public

Focus group participants said the results of an ideal honor awards process would be made public. Since public recognition is at the foundation of honor and other non-monetary awards, it is not surprising that group participants mentioned this topic.

I would like public recognitions that are thoughtful. It makes a person feel good and motivates them and others.

Public recognition is important. In our division, we send out recognition of publications or awards via e-mail and post them on a physical bulletin board.

It is really nice to receive an e-mail that says "thank you" or "good job." It is almost as good as money.

Equitable and Fair

An ideal award process would be equitable and fair. Participants expressed comments on this topic during discussions of an ideal process and how current non-monetary award processes do not correspond to their ideal.

⁷ For research results on how cash and non-cash programs can be used to achieve specific objectives, such as improving team work, reinforcing organizational values/culture, and increasing employee loyalty, see *Awards Selection Study Phase I: Preliminary Insights From Managers*, Forum for People Performance and Management, Northwestern University, December 2003.

The awards seem to go more to people in administrative jobs who may be more familiar with the award processes and have more time to complete the necessary paperwork.

Awards are very biased towards epidemiology and response because those are the things CDC is known for. It isn't because they try harder; it is just their job. Those who are in the lab and holding down the fort are overlooked. The eligibility is not equal.

There is a rumor that the NCHS Director's Awards are going to be discontinued. They must be kept. They are awarded by people who understand our work

Motivating

An ideal honor awards process would motivate. Awards must be of value to the individual recipients. In many instances, the group participants did not make a strong differentiation between monetary and non-monetary awards. For example, a number of discussions touched on cash awards, time-off, Quality Step Increases, attendance at professional conferences, travel funds to support Individual Learning Accounts (ILA), certificates, letters of commendation, “trophies,” use of ILA funds to reimburse college debts, public acknowledgement at regular or special meetings, employee of the month awards, and unique initiatives implemented by individual supervisors and managers.⁸

I got a monetary award, but would have preferred the recognition from my peers—for my boss and coworkers to know about my accomplishments and capabilities.

I have a whole drawer full of plaques but, at my farewell party, I ran into my branch chief in the hall who put his hand on my shoulder and said, “You have really done a good job here.” That meant more to me than the plaques.

The awards should have a professional meaning—the nomination process is well received even if you don't win.

⁸The concept of highly individualized but valued awards is described in Howard Risher's *1001 Ways to Reward Employees*. They include peer recognition activities, gifts, fun celebrations, trophies, field trips, outstanding employee awards, group team awards, and anniversary celebrations. The message is that the extent of non-monetary awards is only limited by the creativity and energy of managers and management.

METHODOLOGY FOR ANALYZING CDC AWARDS DATA

The study team received the initial set of files from HHS⁹ on May 18, 2007; a follow up transmission on June 1 from the agency contained additional information. This second set of data files contained the core analytical data used in the study. The email transmission consisted of three Excel spreadsheets, each covering fiscal years 2002 - 2006 and FY 2007 through May. These included:

- Records of awards and bonuses actions for all recipients;
- All executive salaries, including base pay, additions, bonuses and awards;
- A listing of all employees as of the end of each fiscal year.

All files contained organizational, occupational, and demographic data for each individual. The Excel files were exported to a MS ACCESS database, as the latter more readily facilitated the types of querying and data organization needed for this analysis.

- | | |
|----------------------------|----------------|
| • Awards & Bonuses Actions | 76,948 records |
| • All_Employees | 62,376 records |
| • Executive_Salary_Actions | 5,579 records |

Other files supplied by CDC included: (1) a table of all organization codes in the entire DHHS, down to the branch level; (2) a table of earnings codes; and (3) a listing of DHHS job series classified as Mission Direct and Mission Support. These spreadsheets were also imported into the ACCESS data base.

For each of the principal files, the fields were checked for consistency across years and were found to be consistent. The fields for each file are shown in Table E-1.

⁹ All of the personnel data used in this study are maintained by the Department of Health and Human Services, Atlanta Human Resources Center. Center staff acted in cooperation with and on behalf of the Centers for Disease Control and Prevention in providing it to the project team. In the analysis, the data provider is referred to as HHS and the data as CDC data.

Table E-1
Fields in CDC Data Provided to the Academy

Employee Identifiers

Awards and Bonus Actions	Executive Salary Actions	All Employees at End of Year
Eff_Date	Eff_Date	Eff_Date
NOA_Code	NOA_Code	
NOA_Code_Desc	NOA_Code_Desc	
CAN_Code		
Awrd_oth_pay	Awrd_oth_pay	
Awrd_Goal_Amt		
ERNCD		
Deptid	Deptid	Deptid
Admin_Descr	Admin_Descr	Admin_Descr
PayPlan	PayPlan	PayPlan
PayPlan_Desc	PayPlan_Desc	PayPlan_Desc
Series	Series	Series
Grade	Grade	Grade
GVT_STEP	GVT_STEP	GVT_STEP
Title	Title	Title
Educ_Level	Educ_Level	Educ_Level
Educ_Level_Descr	Educ_Level_Descr	Educ_Level_Descr
BIRTHDATE	BIRTHDATE	BIRTHDATE
emplid	emplid	emplid
Gender	Gender	Gender
Ethnicity	Ethnicity	Ethnicity
Ethnicity_Des	Ethnicity_Des	Ethnicity_Des
SCD	SCD	SCD
HHSEOD	HHSEOD	HHSEOD
YearsIn	YearsIn	YearsIn
Age	Age	Age
AppType	AppType	AppType
Geo_Location	Geo_Location	Geo_Location
REVIEW_RATING	REVIEW_RATING	Received_Reward_Bonus
Status	Status	Status
	Salary	

The project team had requested a unique identifier for each individual in order to associate individuals with specific awards and with multiple awards, and in order to identify individuals not receiving awards in particular years. The study team had asked that the identifier not be commonly used or sensitive, such as a Social Security number. For this project, HHS/CDC created a special identifier called “emplid.” The study team verified that emplid is unique for each employee over the 2002-2007 period and across all organizational units by comparing SCD (Service Computation Date), gender, and ethnicity. No multiple values for any of these were found for the same emplid; therefore, emplid is a unique employee identifier over time.

The study team also verified that the emplid identified the same employees in all three files by matching SCD, Gender, and Ethnicity for each emplid across files. The team selected all unique records for emplid, SCD, Gender and Ethnicity in the All Employee table and compared these to the Awards Actions table and the Executive Salaries table.

Organizational Breakouts and Codes

There were 1,239 different organizational codes in the All_Employees_EOY data. As a result of at least one reorganization in 2005 and other changes, there were multiple codes for the same organizational units. Our guidance from CDC was to examine organizational comparisons at a high level, including the Office of the Director, the Coordinating Centers, and each of the CDC National Centers, for a total of nineteen different classifications. To do so, it was necessary to create a unique organizational code that would include each of the overlapping codes. CDC provided additional code classification information to Academy staff, and this was incorporated into the bridge table below. There are twenty categories instead of nineteen, as an OTHER category contains two program offices that were dissolved in 2006 and whose functions were distributed to other organizations.

Table E-2
Codes for High-Level CDC Organizational Units

Academy Code	HIGH LEVEL CDC ORGANIZATIONAL STRUCTURE	CDC Codes				
OD	OFFICE OF THE DIRECTOR	HCA		CA		
NIOSH	NATIONAL INSTITUTE FOR OCCUPATIONAL SAFETY & HEALTH	HCC		CC		
COGH	COORDINATING OFFICE FOR GLOBAL HEALTH	HCAB		CW	HCW	
COTPER	COORDINATING OFFICE FOR TERRORISM PREPAREDNESS & EMERGENCY RESPONSE			CGA	HCGA	
CCEHIP	COORDINATING CENTER FOR ENVIRONMENTAL HEALTH AND INJURY PREVENTION			CTA	HCTA	
NCEH	NATIONAL CENTER FOR ENVIRONMENTAL HEALTH	HCN		CTB	HCTB	
ATSDR	AGENCY FOR TOXIC SUBSTANCES AND DISEASE REGISTRY	HTB			JAA	
NCIPC	NATIONAL CENTER FOR INJURY PREVENTION AND CONTROL	HCE		CTC	HCTC	
CCHIS	COORDINATING CENTER FOR HEALTH INFORMATION AND SERVICE			CPA	HCPA	
NCHM	NATIONAL CENTER FOR HEALTH MARKETING			CPB	HCPB	
NCHS	NATIONAL CENTER FOR HEALTH STATISTICS	HCS		CPC	HCPC	
NCPHI	NATIONAL CENTER FOR PUBLIC HEALTH INFORMATICS			CPE	HCPE	
CCHP	COORDINATING CENTER FOR HEALTH PROMOTION	HCU		CUA	HCUA	
NCBDDD	NATIONAL CENTER ON BIRTH DEFECTS AND DEVELOPMENTAL DISABILITIES	HCF		CUB	HCUB	
NCCDPHP	NATIONAL CENTER FOR CHRONIC DISEASE PREVENTION AND HEALTH PROMOTION	HCL		CUC	HCUC	
NOPHG	NATIONAL OFFICE OF PUBLIC HEALTH GENOMICS	HCAK		CUE	HCUE	
CCID	COORDINATING CENTER FOR INFECTIOUS DISEASES	HCV		CVA	HCVA	
NCHVSTP	NATIONAL CENTER FOR HIV/AIDS, VIRAL HEPATITIS, STD, & TB PREVENTION	HCK	HCVB	CWJ	HCVJ	CVB
NCID	NATIONAL CENTER FOR INFECTIOUS DISEASES	HCR	HCVB	CVH	HCVH	CVC
				CVK	HCVK	
NIP	NATIONAL IMMUNIZATION PROGRAM	HCH	HCVB	CVG	HCVG	CVE
OTHER	Epidemiology Program Office	HCB				
	Public Health Practices Program Office	HCH				

Notes:

1. OTHER category includes two offices abolished in a 2005 reorganization. Staff was distributed to a number of offices with other organization codes.
2. The NAPA codes are not tree structured. Each code is mutually exclusive; employment in Academy coded units should sum to the total CDC employment.

Source: CDC and Academy calculations.

Awards Actions and Codes

Another special classification system was needed to identify awards actions. Table E-3 shows all awards and bonuses Nature of Action (NOA) codes and the frequency of their occurrences in the data. One problem is that for the years 2002-2006, Special Act or Service awards and On-the-Spot cash awards were grouped together with ratings-based performance awards (NOA code 840). Another, minor problem is that Retention bonuses were collected under two different Nature of Action codes (810 and 827).

Table E-3
Nature of Action Codes and Occurrences by Fiscal Year

NOA_Code	NOA_Code_Desc	2002	2003	2004	2005	2006	2007	All Years
810	Chg in Differential	10	17	24	58	12		121
815	Recruitment Bonus	11	20	18	15	8	3	75
816	Relocation Bonus	4	4	4	5	2	13	32
827	Retention Incentive					36	22	58
840	Individual Cash Award RB Ratings-Based	1,508	8,855	5,202	8,833	9,096	3,808	37,302
841	Group Award - Ch 45	365	1,108	1,182	866	1,101	318	4,940
842	Individual Suggest/Invent	3	18	7	22	94	73	217
843	Group Suggest/Invent		30	5	20	11		66
845	Travel Savings Incent			1				1
846	Individual Time Off	16	94	65	56	102	475	808
847	Group Time Off	23	67	129	556	567	200	1,542
849	Individual Cash Award NRB Not Ratings-Based						659	659
878	Presidential Rank Award	1			4	3		8
879	SES Performance Award			7	2	24		33
892	Irreg Perf Pay	638	78	210	756	778	586	3,046
894	Gen Adj	4,186	849	801	8,068	7,037	7,099	28,040
	All Actions	6,765	11,140	7,655	19,261	18,871	13,256	76,948

Source: CDC Data, Academy staff calculations

The study team used an algorithm developed by CDC staff to identify the Special Act or Service and On-the-Spot awards. From the database table of award actions, all NOA code 840 actions were selected (this included Special Act or Service, On-the-Spot, and Ratings-Based Performance awards). The team identified those actions for which the amounts awarded were evenly divided by \$50 and classified these as a Special Act/Service award if it was over \$500 (because Ratings-Based Performance awards are a percentage of salary, they are generally not evenly divisible by \$50). We assumed that any evenly divisible amount of \$500 or lower was an On-the-Spot cash award. Each award action was uniquely identified by a specific type, as shown in Table E-4.

Table E-4
CDC Award Actions by Award Type and Fiscal Year

Award Type	2002	2003	2004	2005	2006	2007	All Years
PerformanceQSI	638	78	210	756	778	586	3,046
PerformanceCash	3	5,548	2,332	5,611	5,806	3,049	22,349
SESPresRank	1	0	0	4	3	0	8
SESPerformance	0	0	7	2	24	0	33
SpecialActOrService	634	1,244	1,209	1,747	1,837	1,095	7,766
GroupAward	365	1,108	1,182	866	1,101	318	4,940
OnTheSpot	871	2,063	1,661	1,475	1,453	323	7,846
IndivSuggestInvent	3	18	7	22	94	73	217
GroupSuggestInvent	0	30	5	20	11	0	66
IndividualTimeOff	16	94	65	56	102	475	808
GroupTimeOff	23	67	129	556	567	200	1,542
TravelSavingsIncentive	0	0	1	0	0	0	1
RecruitmentBonus	11	20	18	15	8	3	75
RetentionIncentive	10	17	24	58	48	22	179
RelocationBonus	4	4	4	5	2	13	32
All Award Types	2,579	10,291	6,854	11,193	11,834	6,157	48,908

Age, Years of Service, and Fiscal Year

The first two were extracted from data provided by HHS – (1) Date of birth, and (2) Service Computation Date (SCD), respectively. Fiscal years were obtained from the original Excel files, which were organized by year.

- Job Series.** In the data, each employee was associated with a four digit occupational code, representing job series according to the Office of Personnel Management classification system, but the code descriptors in the data varied widely. Under the OPM system, job series are groups of occupations having core commonalities (for example, nature of work and educational background), but permitting different levels of responsibility and oversight. In the datasets describing CDC employees and awardees, the same job series frequently had a variety of descriptors, and for some job series there were dozens. It was not unusual to find “different” jobs, where the differences were in the spelling of the titles or the abbreviations used. In order to standardize and work with just the core series, we used the OPM Handbook of Occupational Groups and Families to associate a single core occupation with each job series code. For CDC, this covered 196 different occupational series. We further collected occupational series into the broad OPM job groups (GS) and families (WG). This collection of occupations, broadly similar in scope or function, made it easier to examine the distribution of awards by occupation.
- Mission Direct-Support Occupations.** With occupational series standardized, we next distinguished between job series that are support vs. series that are direct using a Department of Health and Human Services file of identifiers supplied to us by the Centers for Disease Control and Prevention. We applied these definitions to the All

Employees file and were able to account for all but 14 records. Manual inspection of these identified each occupation as support.

Table E-5
CDC Direct and Support Employees
FY 2002 – FY 2007

Type of Occupation	2002	2003	2004	2005	2006	2007
Direct	3,431	3,801	4,247	4,618	4,935	5,218
Support	2,340	2,353	2,320	2,373	2,476	2,627
Unknown	-	-	-	1	5	-
All Employees	5,771	6,154	6,567	6,992	7,416	7,845

Source: Department of Health and Human Services, Centers for Disease Control and Prevention; Academy tabulations.

End of Year Employees

The data provided to the Academy identified individuals in the workforce who had left the Centers for Disease Control and Prevention during the year, and included awards to those individuals. Including these individuals in the analysis would have resulted in a duplication of the workforce totals, since employees who leave CDC during the year were ordinarily replaced. In addition, the Panel was more interested in identifying and analyzing awards to individuals who would remain in the workforce. The analysis, therefore, was limited to individuals identified in the CDC data as active at the end of the fiscal year. The pattern of attrition during 2005 and 2006 for Special Act or Service (including suggestion/invention as described below), Group, and On-The-Spot awards is shown in the table below. The total number of employees receiving these awards is somewhat smaller, due to multiple awards to individuals, as discussed below.

Table E-6
Awards to Employees Separated During FY

	2005			2006			2005-2006		
	Active at EOY	Separated	Total	Active at EOY	Separated	Total	Active at EOY	Separated	Total
Special Act or Service	1,608	161	1,769	1,837	94	1,931	3,445	255	3,700
Group	804	82	886	1,043	69	1,112	1,847	151	1,998
On The Spot	1,316	159	1,475	1,352	101	1,453	2,668	260	2,928
Total	3,728	402	4,130	4,232	264	4,496	7,960	666	8,626

Source: Department of Health and Human Services, Centers for Disease Control and Prevention, and Academy tabulations.

Distribution of Awards

With the database built, checked, and adjusted for the purpose of this analysis, the study team looked at distribution of the number of awards and amounts of awards by characteristics of interest.

The awards included Special Act or Service, Group, On-the-Spot, Individual Invention/Suggestion, and Group Invention/Suggestion awards. These have in common that they are one-time awards related to specific activities or events and have a recorded monetary value (as opposed to ratings-based performance awards, Quality Step Increases or time-off). For this analysis there were not enough Individual and Group Suggestion/Invention actions (see Table E-4) for separate analysis within the study period; these were aggregated with the respective Special Act or Service award classes. In addition the Academy was asked to focus the analysis on the years 2005 and 2006, perhaps because for the agency these are years of change and transition. Consistent with the CDC Awards Table E-6, there were 7,960 actions for Special Act or Service and On-the-Spot (including Invention/Suggestion) awards in the two years to employees who remained in the active work force at the end of the fiscal year.

Multiple Awards to Individuals

The total number of awards actions exceeded the number of individuals receiving awards during this period, as a number of individuals received more than one award. These are summarized in Table E-7 below.

Table E-7
Number of Employees Receiving Awards

2005	Actions	Employees
Special Acts of Service	1,608	1,299
Group	804	714
On The Spot	1,316	1,117
Total	3,728	3,130
2006		
Special Acts of Service	1,837	1,454
Group	1,043	893
On The Spot	1,352	1,147
Total	4,232	3,494
2005-2006		
Special Acts of Service	3,445	2,753
Group	1,847	1,607
On The Spot	2,668	2,264
Total	7,960	6,624

Source: Department of Health and Human Services, Centers for Disease Control and Prevention; Academy calculations.

The breakout of multiple awards to CDC employees in FY 2005 and 2006 is shown in Table E-8. While most employees only received one of each type of award, about 16.5 percent received more than one of the same type. In addition, 510 employees in 2005 (16.3%) and 561 in 2006 (16.1 percent) received more than one type of award.

Table E-8
Number of Awards per Employee

2005	1	2	3	4	>4	Total Employees
Special Acts of Service	1,031	231	33	4	0	1,299
Group	642	55	16	1	0	714
On The Spot	952	136	24	5	0	1,117
Total Employees	2,625	422	73	10	0	3,130
2006						
Special Acts of Service	1,167	234	45	5	3	1,454
Group	764	113	13	1	2	893
On The Spot	973	146	25	3	0	1,147
Total Actions	2,904	493	83	9	5	3,494
2005-2006						
Special Acts of Service	2,198	465	78	9	3	2,753
Group	1,406	168	29	2	2	1,607
On The Spot	1,925	282	49	8	0	2,264
Total Actions	5,529	915	156	19	5	6,624

Source: Centers for Disease Control and Academy calculations.

Table E-9
Employees Receiving Given Numbers of Awards
FY 2005 – FY 2006

Type of Occupation	2002	2003	2004	2005	2006	2007
Direct	3,431	3,801	4,247	4,618	4,935	5,218
Support	2,340	2,353	2,320	2,373	2,476	2,627
Unknown	-	-	-	1	5	6
All Employees	5,771	6,154	6,567	6,992	7,416	7,845

Source: Department of Health and Human Services, Centers for Disease Control and Prevention; Academy tabulations.

The analysis included splits by:

1. Organizational Unit
2. Occupation and Related Characteristics
3. Geographical Location
4. Demographic Characteristics

Building a Flat Data File

The data provided to the Academy came in two basic files, plus a few supplemental files, as described above. The two basic files contain FY and emplid as the joint link and duplicate organizational, demographic and occupational data. The all employees file contains no awards

data. The awards actions files contain a single record for each employee receiving an award, but no records for employees that do not receive an award of any type.

In order to use SPSS to analyze the data, it is necessary to have all of the data in a single flat file that includes both awards data and the background organizational, occupational, and demographic data. For each award received, we need the NOA code, NOA description, award type, date of the award action, and award amount. Because many employees receive multiple awards during the year, we have to allow enough fields to include all awards received by any employee. These fields will be null where no award was received. For the file that contained only Special Acts or Service awards, On-The-Spot cash awards, and Group awards, no individual received more than three awards.

All of the award data for the years 2005-2006 was written to a new file using a specially created program written in PowerBasic 3.0. All awards received by a single emplid were written to a single record with variables for up to three awards. This file was then linked to the All Employees file using emplid as the linking variable. Records for employees that did not receive awards contained blanks in the appropriate spaces. The result was a file that contained for each employee, organizational, occupational and demographic characteristics, and awards received, with one recorded for each employee each year. This file was used both for the SPSS statistical analyses, and also for the cross-tab and other data presented in the analytical tables.

OFFICE OF THE DIRECTOR ANALYSIS OF ORGANIZATIONAL COMPONENTS

The study team also conducted an analysis of the Special Act/Service, On-the-Spot, and Group Awards given by the major components of the Office of the Director. Compared to other organizations within CDC, the Office of the Director (OD) has the highest per capita rate of award actions, award recipients, and award amounts. With approximately 20 percent of the workforce, the Office of the Director accounted for 29 percent of award recipients and 34 percent of the total amount awarded in FY 2006. The Office of the Director, the National Center for Chronic Disease Prevention and Health Promotion, and the National Institute for Occupational Safety and Health in combination accounted for 45 percent of employees, but 55 percent of all award recipients. Since the Office of the Director is also the largest organizational unit at CDC, with its 1,506 employees constituting 20.3 percent of the workforce in FY 2006, the Panel decided it would be useful to conduct a separate analysis of the awards given by its major subcomponents.

The study team analyzed total award numbers and dollar amounts for each of the Office of Director's current ten major divisions:

- Office of the Director (Code CA)
- Office of the Chief Science Officer (Code CAS)
- Office of the Chief of Public Health Practice (Code CAR)
- Office of the Chief Operating Officer (Code CAJ)
- CDC Washington Office (Code CAO)

- Office of Strategy and Innovation (Code CAM)
- Office of Workforce and Career Development (CAL)
- Office of Enterprise Communication (Code CAU)
- Office of Chief of Staff (Code CAT)
- Office of Dispute Resolution and Equal Employment Opportunity (Code CAV)

Each of these offices has further subcomponents. AHRC assigns each employee within the OD's office to one of 202 organizational codes that sub-divide the divisions into a wide range of offices and functions. The 202 codes were collapsed into 10 major ones. Each CDC employee was classified as being in one of these ten divisions (ensuring that all employees of any subunits of a division are counted as being employed by that division). For example, an employee working for a subunit of the Chief Operating Officer (COO) was classified as a COO employee. The full list of AHRC codes correlated with the Academy's standardized organizational code is contained in Table E-10 at the end of this Appendix.

Differences between FY 05 and FY 06 should be interpreted with caution. As mentioned in other issue papers, CDC implemented a significant reorganization in FY 06. Eight of the ten divisions were found in both the FY 05 and FY 06 data:

- Director
- Chief Science Officer
- Chief Operating Officer
- CDC Washington Office
- Workforce and Career Development
- Enterprise Communication
- Dispute Resolution and Equal Employment Opportunity
- Office of the Chief of Public Health Practice

In FY 2005, separate codes did not exist for the Office of Strategy and Innovation or for the Office of Chief of Staff. The study team assumes that both of these offices existed in FY 2005, but did not have separate organizational codes.

Table E-10
OD Organizational Code Cross-Walk

AHRC Classification	Academy Org Code
Office of the Director (CA)	Director
Office of the Chief Operating Officer (CAJ)	Chief Operating Officer
Office of the Director (CAJ1)	Director
Administrative Services and Program Office (CAJ12)	Chief Operating Officer
Office of the Director (CAJC1)	Director
Design Engineering and Management Office (CAJCB)	Chief Operating Officer
Facilities Maintenance and Engineering Office (CAJCC)	Chief Operating Officer
Capital Improvements Management Office (CAJCD)	Chief Operating Officer
Real Property Management Office (CAJCE)	Chief Operating Officer
Office of the Director (CAJD1)	Chief Operating Officer
Operations Branch (CAJDB)	Chief Operating Officer
Network Technology Branch (CAJDC)	Chief Operating Officer
Customer Services Branch (CAJDD)	Chief Operating Officer
Financial Management Office (CAJE)	Chief Operating Officer
Office of the Director (CAJE1)	Chief Operating Officer
Accounting Branch (CAJEB)	Chief Operating Officer
Budget Execution Branch (CAJEC)	Chief Operating Officer
Budget Oversight and Analysis Activity (CAJEC2)	Chief Operating Officer
Budget Execution Services Activity (CAJEC3)	Chief Operating Officer
Financial Systems Branch (CAJED)	Chief Operating Officer
Financial Services Branch (CAJEE)	Chief Operating Officer
Cash Mgt. and Quality Control Section (CAJEE2)	Chief Operating Officer
Payment and Travel Services Section (CAJEE3)	Chief Operating Officer
Budget Formulation and Public Health Policy (CAJEG)	Chief Operating Officer
Management Analysis and Services Office (CAJG)	Chief Operating Officer
Office of the Director (CAJG1)	Director
Management Analysis and Policy Branch (CAJGB)	Chief Operating Officer
Management Information and Services Branch (CAJGC)	Chief Operating Officer
Office Automation Service Activity (CAJGC2)	Chief Operating Officer
Office of the Director (CAJH1)	Director
Materiel Management Activity (CAJH12)	Chief Operating Officer
Office of Policy, Oversight, and Evaluation (CAJHK)	Chief Operating Officer
Buildings and Facilities Contract Branch (CAJHL)	Chief Operating Officer
Acquisition and Assistance Branch I (CAJHM)	Chief Operating Officer
Acquisition and Assistance Branch II (CAJHN)	Chief Operating Officer
Acquisition and Assistance Branch III (CAJHP)	Chief Operating Officer
Acquisition and Assistance Branch IV (CAJHR)	Chief Operating Officer
Acquisition and Assistance Branch V, Field (CAJHS)	Chief Operating Officer
Acquisition and Assistance Branch VI (CAJHT)	Chief Operating Officer
Acquisitions and Assistance Branch VII, GL (CAJHU)	Chief Operating Officer
Acquisition and Assistance Branch VIII (CAJHV)	Chief Operating Officer

APPENDIX E

AHRC Classification	Academy Org Code
Office of Security and Emergency Preparedness (CAJJ)	Chief Operating Officer
Office of the Director (CAJJ1)	Director
Physical Security Operations Branch (CAJJB)	Chief Operating Officer
Personnel Suitability and Select Agent Com. (CAJJC)	Chief Operating Officer
Management Information and Services Office (CAJN)	Chief Operating Officer
Office of Health and Safety (CAJP)	Chief Operating Officer
Office of the Director (CAJP1)	Director
Office of the Director (CAL1)	Director
Management and Operations Activity (CAL13)	WF & Career Development
Strategic Workforce Activity (CAL14)	WF & Career Development
Epidemic Intelligence Service Branch (CALB)	WF & Career Development
Career Development Division (CALC)	WF & Career Development
Training and Curriculum Services Division (CALD)	WF & Career Development
Office of the Director (CALG1)	Director
Office of Strategy and Innovation (CAM)	Strategy & Innovation
Office of the Director (CAM1)	Director
Office of Minority Health and Health Dispa (CAMB)	Director
CDC Washington Office (CAQ)	CDC Washington
Office of Chief of Public Health Practice (CAR)	Public Health Practice
Office of the Chief Science Officer (CAS)	Chief Science Officer
Office of the Chief of Staff (CAT)	Chief of Staff
Office of the Director (CAU1)	Director
CDC Connects (CAU12)	Enterprise Communication
Division of Media Relations (CAUB)	Enterprise Communication
Division of Policy Analysis and Coordination (CAUC)	Enterprise Communication
Office of Equal Employment Opportunity (CAV)	Dispute Res & Equal Opp
Ofc Director (HCA)	Director
Ofc Hlth & Sfty (HCA1)	Director
Ofc Director (HCA11)	Director
External Activities (HCA112)	Director
Resource Management Acty (HCA113)	Director
Environmental, Health, and Safety Branch (HCA13)	Director
Lab Safety Branch (HCA15)	Director
Office of Program Planning and Evaluation (HCA4)	Director
Ofc Director (HCA541)	Director
Administration and Program Services Actvy (HCA5412)	Director
Large Systems Computing Br (HCA542)	Director
Computer Ctr. Sect. (HCA5422)	Director
Management Information Systems Branch (HCA543)	Director
Network Technology Branch (HCA544)	Director
CDC Information Center (HCA545)	Director
Procurement and Grants Office (HCA58)	Director
Ofc Director (HCA581)	Director

APPENDIX E

AHRC Classification	Academy Org Code
Cost Advisory Actvy (HCA5812)	Director
Contracts Mgt Branch, Pittsburgh (HCA583)	Director
Materiel Management Branch (HCA584)	Director
Stores & Personal Property Sect (HCA5842)	Director
Transportation Sect (HCA5843)	Director
Grants Mgtm Branch (HCA586)	Director
Contracts Mgt Act, Atlanta (HCA588)	Director
Office of the Chief (HCA5881)	Director
Services Section II (HCA5883)	Director
IT Section (HCA5885)	Director
Facilities, Construction, & Commodities (HCA5886)	Director
Construct & Facil Mgmt Br (HCA589)	Director
Intl Contracts & Grants Br (HCA58A)	Director
Ofc Dir (HCA591)	Director
Admiv Servs Actvy (HCA5912)	Director
Com Mgmt & Prgm Panels Actvy (HCA592)	Director
Mgmt Prcdrs Br (HCA594)	Director
Mgmt Anals Br (HCA597)	Director
Mgmt Servs Br (HCA598)	Director
Ofc Dir (HCA5A)	Director
Physl Scurty Actvy (HCA5A2)	Director
Cdc Wash Ofc (HCA6)	CDC Washington
Office of Women's Health (HCA7)	Director
National Vaccine Program Office (HCA8)	Director
Ofc of Equal Emplmt Opprtny (HCA9)	Dispute Res & Equal Opp
Office of Commuications (HCAA)	Enterprise Communication
Office of The Director (HCAA1)	Director
Division of Health Communications (HCAA2)	Enterprise Communication
Division of Media Relations (HCAA3)	Enterprise Communication
Financial Management Office (HCAC)	Chief Operating Officer
Office of The Director (HCAC1)	Chief Operating Officer
Financial Policy & Internal Quality Assu (HCAC12)	Chief Operating Officer
Accounting Branch (HCAC2)	Chief Operating Officer
Cincinnati Accounting Section (HCAC23)	Chief Operating Officer
Debt & Property Management Section (HCAC24)	Chief Operating Officer
General Ledger Section (HCAC25)	Chief Operating Officer
Budget Branch (HCAC3)	Chief Operating Officer
Congressional/legislative Branch (HCAC4)	Chief Operating Officer
Financial Systems Branch (HCAC5)	Chief Operating Officer
Financial Svcs Br (HCAC6)	Chief Operating Officer
Cash Mgmt & Qlty Cntrl Sect (HCAC62)	Chief Operating Officer
Pymnt & Trvl Svcs Sect (HCAC63)	Chief Operating Officer
Office of Management & Operations (HCAD)	Chief Operating Officer
Office of The Director (HCAD1)	Director

AHRC Classification	Academy Org Code
Physical Security Activity (HCAD12)	Chief Operating Officer
Facilities Planning & Management Office (HCAD2)	Chief Operating Officer
Office of The Director (HCAD21)	Chief Operating Officer
Real Property & Space Management Activity (HCAD212)	Chief Operating Officer
Design & Construction Management Office (HCAD22)	Chief Operating Officer
Facilities Engineering Office (HCAD23)	Chief Operating Officer
Facilities Planning & Project Management (HCAD24)	Chief Operating Officer
Office of the Director (HCAD31)	Director
Work Force Relations & Partnership Branch (HCAD32)	WF & Career Development
Organizational Development Branch (HCAD33)	WF & Career Development
Career Management Section (HCAD332)	WF & Career Development
Cdc Corporate University Section (HCAD333)	WF & Career Development
Field Operations Branch (HCAD34)	Chief Operating Officer
Operations Branch (HCAD35)	Chief Operating Officer
Commissioned Corps Section (HCAD352)	Chief Operating Officer
Central Staffing Section (HCAD356)	Chief Operating Officer
Technical Services Section (HCAD357)	Chief Operating Officer
Information Technology & Analysis Branch (HCAD36)	Chief Operating Officer
Outreach & Marketing Branch (HCAD37)	Chief Operating Officer
Security Emergency Planning Office (HCAD4)	Chief Operating Officer
Office of Science Policy & Technology Tr (HCAE)	Chief Science Officer
Office of Minority Health (HCAH)	Director
Office of the Executive Secretariat (HCAH)	Director
Office of the Chief Operating Officer (HCAJ)	Chief Operating Officer
Ofc of the Dir (HCAJ1)	Chief Operating Officer
Administrative Services & Programs Office (HCAJ12)	Chief Operating Officer
Financial Management Office (HCAJ2)	Chief Operating Officer
Ofc of the Dir (HCAJ1)	Chief Operating Officer
Fin Policy & Intrnl Quality Assurance Ac (HCAJ212)	Chief Operating Officer
Accounting Br (HCAJ22)	Chief Operating Officer
Cincinnati Accounting Sect (HCAJ222)	Chief Operating Officer
Debt & Property Mgmt Sect (HCAJ223)	Chief Operating Officer
General Ledger Sect (HCAJ224)	Chief Operating Officer
Budget Br (HCAJ23)	Chief Operating Officer
Financial Systems Br (HCAJ25)	Chief Operating Officer
Financial Svcs Br (HCAJ26)	Chief Operating Officer
Cash Mgmt & Quality Control Sect (HCAJ262)	Chief Operating Officer
Payment & Travel Svcs Sect (HCAJ263)	Chief Operating Officer
Facilities Planning & Mgmt Ofc (HCAJ3)	Chief Operating Officer
Ofc of the Dir (HCAJ1)	Chief Operating Officer
Real Property & Space Mgmt Act (HCAJ312)	Chief Operating Officer
Design & Construction Mgmt Ofc (HCAJ32)	Chief Operating Officer
Facilities Engineering Office (HCAD23)	Chief Operating Officer

APPENDIX E

AHRC Classification	Academy Org Code
Facilities Planning & Project Mgmt Ofc (HCAJ34)	Chief Operating Officer
Human Resources Mgmt Ofc (HCAJ4)	Chief Operating Officer
Information Resources Mgmt Ofc (HCAJ5)	Chief Operating Officer
Ofc of the Dir (HCAJ1)	Chief Operating Officer
Administrative & Program Svcs Act (HCAJ512)	Chief Operating Officer
Mgmt Information Systems Br (HCAJ53)	Chief Operating Officer
Cdc Information Ctr (HCAJ55)	Chief Operating Officer
Mgmt Analysis & Svcs Ofc (HCAJ6)	Chief Operating Officer
Ofc of the Dir (HCAJ1)	Chief Operating Officer
Committee Mgmt & Program Panels Act (HCAJ62)	Chief Operating Officer
Mgmt Procedures Br (HCAJ63)	Chief Operating Officer
Mgmt Analysis Br (HCAJ64)	Chief Operating Officer
Mgmt Svcs Br (HCAJ65)	Chief Operating Officer
Procurement & Grants Ofc (HCAJ7)	Chief Operating Officer
Ofc of the Dir (HCAJ71)	Chief Operating Officer
Acquisition & Assistance Field Br (HCAJ72)	Chief Operating Officer
Materiel Mgmt Br (HCAJ73)	Chief Operating Officer
Acquisition & Assistance Br A (HCAJ74)	Chief Operating Officer
Acquisition & Assistance Br B (HCAJ75)	Chief Operating Officer
Construction & Facilities Mgmt Br (HCAJ76)	Chief Operating Officer
International & Territories Acquisition (HCAJ77)	Chief Operating Officer
Office of Security & Emergency Preparedn (HCAJ8)	Chief Operating Officer
Information Technology Services Office (HCAJ9)	Chief Operating Officer
Network Technology Branch (HCAJDC)	Chief Operating Officer
Office of Genomics and Disease Prevention (HCAK)	Public Health Practice
Office of the Director (HCAL1)	Director
Management and Operations Activity (HCAL13)	WF & Career Development
Strategic Workforce Activity (HCAL14)	WF & Career Development
Career Development Division (HCALC)	WF & Career Development
Training and Curriculum Services Division (HCALD)	WF & Career Development
Office of the Chief Science Officer (HCAS)	Chief Science Officer

ADDITIONAL SUPPORTING TABLES

Table F-1
Distribution of Awards by Organizational Unit, FY 2005 and FY 2006

2005 CDC Organizational Unit	Employees		Award Actions		Award Reipients		Total Amount	
	Number	Percent	Number	Percent	Number	Percent	Amount	Percent
Office of the Director	1,383	19.8%	1,278	34.3%	783	30.2%	\$1,514,418	36.8%
National Center for Chronic Disease Prevention and Health Promotion	747	10.7%	521	14.0%	357	13.7%	\$653,100	15.9%
National Center for Occupational Safety and Health	1,010	14.4%	388	10.4%	299	11.5%	\$286,250	7.0%
National Center for HIV/AIDS, Viral Hepatitis, STD, and TB Prevention	983	14.1%	339	9.1%	257	9.9%	\$256,825	6.2%
National Center for Infectious Diseases	891	12.7%	236	6.3%	191	7.4%	\$235,225	5.7%
National Immunization Program	311	4.4%	226	6.1%	151	5.8%	\$254,250	6.2%
National Center for Environmental Health	327	4.7%	218	5.8%	159	6.1%	\$336,450	8.2%
National Center for Birth Defects and Development Disabilities	137	2.0%	124	5.3%	78	3.0%	\$192,975	4.7%
National Center for Health Statistics	420	6.0%	124	3.3%	96	3.7%	\$112,850	2.7%
Epidemiology and Public Health Practices Program Offices	207	3.0%	101	2.7%	87	3.4%	\$91,000	2.2%
Agency for Toxic Substances and Disease Registry	277	4.0%	76	2.0%	61	2.3%	\$65,925	1.6%
National Center for Injury Prevention and Control	136	1.9%	64	1.7%	54	2.1%	\$63,375	1.5%
Coordinating Office for Global Health	51	0.7%	33	0.9%	24	0.9%	\$51,450	1.3%
Coordinating Center for Environmental Health and Injury Prevention	0	0.0%	0	0	0	0	0	0
Coordinating Center for Health Information and Service	0	0.0%	0	0	0	0	0	0
Coordinating Center for Health Promotion	1	0.0%	-	-	-	-	-	-
Coordinating Center for Infectious Diseases	0	0.0%	0	0	0	0	0	0
Coordinating Office for Terrorism Preparedness and Emergency Response	111	1.6%	-	-	-	-	-	-
National Center for Health Marketing	0	0.0%	0	0	0	0	0	0
National Center for Public Health Informatics	0	0.0%	0	0	0	0	0	0
National Office of Public Health Genomics	0	0.0%	0	0	0	0	0	0
Total	6,992	100.0%	3,728	100.0%	2,597.0	100.0%	\$4,114,093	100.0%
2006								
Office of the Director	1,506	20.3%	1,364	32.9%	833	28.9%	\$1,485,881	33.9%
National Center for Chronic Disease Prevention and Health Promotion	742	10.0%	586	14.1%	401	13.9%	\$723,750	16.5%
National Institute for Occupational Safety and Health	1,040	14.0%	457	11.0%	349	12.1%	\$395,390	9.0%
National Center for HIV/AIDS, Viral Hepatitis, STD, and TB Prevention	1,000	13.5%	380	9.2%	289	10.0%	\$388,300	8.9%
National Center for Infectious Diseases	928	12.5%	336	8.1%	233	8.1%	\$278,750	6.4%
National Center for Health Statistics	432	5.8%	166	4.0%	128	4.4%	\$124,400	2.8%
National Immunization Program	284	3.8%	155	3.7%	102	3.5%	\$139,700	3.2%
National Center for Health Marketing	261	3.5%	136	3.3%	103	3.6%	\$152,350	3.5%
National Center on Birth Defects and Developmental Disabilities	138	1.9%	125	3.0%	87	3.0%	\$201,550	4.6%
Coordinating Office for Terrorism Preparedness and Emergency Response	131	1.8%	110	2.7%	88	3.0%	\$121,000	2.8%
National Center for Environmental Health	341	4.6%	97	2.3%	71	2.5%	\$72,900	1.7%
Agency for Toxic Substances and Disease Registry	269	3.6%	76	1.8%	66	2.3%	\$64,400	1.5%
National Center for Injury Prevention and Control	138	1.9%	62	1.5%	51	1.8%	\$83,850	1.9%
National Center for Public Health Informatics	99	1.3%	47	1.1%	42	1.5%	\$68,150	1.6%
Coordinating Office for Global Health	64	0.9%	25	0.6%	22	0.8%	\$28,750	0.7%
Coordinating Center for Infectious Diseases	9	0.1%	11	0.3%	8	0.3%	\$19,500	0.4%
Coordinating Center for Health Information and Service	10	0.1%	10	0.2%	7	0.2%	\$21,450	0.5%
National Office of Public Health Genomics	8	0.1%	4	0.1%	4	0.1%	\$5,000	0.1%
Coordinating Center for Environmental Health and Injury Prevention	13	0.2%	2	0.0%	2	0.1%	\$4,000	0.1%
Coordinating Center for Health Promotion	2	0.0%	1	0	1	0	\$500	0.0%
Epidemiology and Public Health Practices Program Offices	1	0.0%	-	-	-	-	-	-
Total	7,416	100.0%	4,150	100.0%	2,887	100.0%	\$4,379,571	100.0%

Note: Sorted by decreasing order of number of awards actions for each fiscal year.

Source: Department of Health and Human Services and the Centers for Disease Control and Prevention, with Academy calculations.

Note: While the total number of award actions in FY 2006 was 4,232 for employees active at the end of the fiscal year, CDC data provided valid organizational codes for 4,150 of these actions. This is true for all organizational analysis in FY 2006, as shown in Tables F-1 through F-6.

Table F-2
Distribution of Awards by Organizational Unit
FY 2005 and FY 2006

2005 CDC Organizational Unit	Employees	Award Actions		Award Recipients		Total Amount	
	Number	Number	Per Employee	Number	Per Employee	Amount	Per Employee
Office of the Director	1383	1,278	0.924	783	0.566	\$1,514,418	\$1,095
National Center on Birth Defects and Developmental Disabilities	137	124	0.905	78	0.569	\$192,975	\$1,409
National Immunization Program	311	226	0.727	151	0.486	\$254,250	\$818
National Center for Chronic Disease Prevention and Health Promotion	747	521	0.697	357	0.478	\$653,100	\$874
National Center for Environmental Health	327	218	0.667	159	0.486	\$336,450	\$1,029
Coordinating Office for Global Health	51	33	0.647	24	0.471	\$51,450	\$1,009
Epidemiology and Public Health Practices Program Offices	207	101	0.488	87	0.420	\$91,000	\$440
National Center for Injury Prevention and Control	136	64	0.471	54	0.397	\$63,375	\$466
National Institute for Occupational Safety and Health	1010	388	0.384	299	0.296	\$286,250	\$283
National Center for HIV/AIDS, Viral Hepatitis, STD, and TB Prevention	983	339	0.345	257	0.261	\$256,825	\$261
National Center for Health Statistics	420	124	0.295	96	0.229	\$112,850	\$269
Agency for Toxic Substances and Disease Registry	277	76	0.274	61	0.220	\$65,925	\$238
National Center for Infectious Diseases	891	236	0.265	191	0.214	\$235,225	\$264
Coordinating Center for Environmental Health and Injury Prevention	0	0	0	0	0	0	0
Coordinating Center for Health Information and Service	0	0	0	0	0	0	0
Coordinating Center for Health Promotion	1	-	-	-	-	-	-
Coordinating Center for Infectious Diseases	0	0	0	0	0	0	0
Coordinating Office for Terrorism Preparedness and Emergency Response	111	-	-	-	-	-	-
National Center for Health Marketing	0	0	0	0	0	0	0
National Center for Public Health Informatics	0	0	0	0	0	0	0
National Office of Public Health Genomics	0	0	0	0	0	0	0
Total	6,992	3,728	0.533	2,597	0.371	\$4,114,093	\$588
2006							
Coordinating Center for Infectious Diseases	9	11	1.222	8	0.889	\$19,500	\$2,167
Coordinating Center for Health Information and Service	10	10	1.000	7	0.700	\$21,450	\$2,145
National Center for Birth Defects and Development Disabilities	138	125	0.906	87	0.630	\$201,550	\$1,461
Office of the Director	1,506	1,364	0.906	833	0.553	\$1,485,881	\$987
Coordinating Office for Terrorism Preparedness and Emergency Response	131	110	0.840	88	0.672	\$121,000	\$924
National Center for Chronic Disease Prevention and Health Promotion	742	586	0.790	401	0.540	\$723,750	\$975
National Immunization Program	284	155	0.546	102	0.359	\$139,700	\$492
National Center for Health Marketing	261	136	0.521	103	0.395	\$152,350	\$584
Coordinating Center for Environmental Health and Injury Prevention	8	4	0.500	4	0.500	\$5,000	\$625
Coordinating Center for Health Promotion	2	1	0.500	1	0.500	\$500	\$250
National Center for Public Health Informatics	99	47	0.475	42	0.424	\$68,150	\$688
National Center for Injury Prevention and Control	138	62	0.449	51	0.370	\$83,850	\$608
National Institute for Occupational Safety and Health	1,040	457	0.439	349	0.336	\$395,390	\$380
Coordinating Office for Global Health	64	25	0.391	22	0.344	\$28,750	\$449
National Center for Health Statistics	432	166	0.384	128	0.296	\$124,400	\$288
National Center for HIV/AIDS, Viral Hepatitis, STD, and TB Prevention	1,000	380	0.380	289	0.289	\$388,300	\$388
National Center for Infectious Diseases	928	336	0.362	233	0.251	\$278,750	\$300
National Center for Environmental Health	341	97	0.284	71	0.208	\$72,900	\$214
Agency for Toxic Substances and Disease Registry	269	76	0.283	66	0.245	\$64,400	\$239
National Office of Public Health Genomics	13	2	0.154	2	0.154	\$4,000	\$308
Epidemiology and Public Health Practices Program Offices	1	0	0	0	0	0	0
Total	7,416	4,150	0.560	2,887	0.389	\$4,379,571	\$591

Note: Sorted by decreasing order of number of award actions per employee.

Source: Department of Health and Human Services and the Centers for Disease Control and Prevention, with Academy calculations.

Table F-3
Distribution of Special Act or Service Awards by Organizational Unit
FY 2005 and FY 2006

2005	Employees	Award Actions	Award Recipients	Total Amount			
CDC Organizational Unit	Number	Per Employee	Per Employee	Per Employee			
National Center for Environmental Health	327	165	0.505	136	0.416	\$301,950	\$923
National Center for Birth Defects and Development Disabilities	137	69	0.504	51	0.372	\$155,400	\$1,134
Office of the Director	1,383	649	0.469	484	0.350	\$1,165,250	\$843
National Center for Chronic Disease and Health Promotion	747	226	0.303	188	0.252	\$452,800	\$606
National Immunization Program	311	87	0.280	74	0.238	\$176,900	\$569
Coordinating Office for Global Health	51	13	0.255	13	0.255	\$33,800	\$663
National Center for Injury Prevention and Control	136	31	0.228	28	0.206	\$47,400	\$349
Epidemiology and Public Health Practices Program Offices	207	45	0.217	42	0.203	\$67,350	\$325
National Center for HIV/AIDS, Viral Hepatitis, STD, and TB Prevention	983	116	0.118	104	0.106	\$144,700	\$147
Agency for Toxic Substances and Disease Registry	277	25	0.090	24	0.087	\$40,100	\$145
National Institute for Occupational Safety and Health	1,010	87	0.086	78	0.077	\$166,750	\$165
National Center for Infectious Diseases	891	70	0.079	64	0.072	\$102,850	\$115
National Center for Health Statistics	420	25	0.060	24	0.057	\$60,400	\$144
Coordinating Center for Environmental Health and Injury Prevention	0	0	0	0	0	\$0	0
Coordinating Center for Health Information and Service	0	0	0	0	0	\$0	0
Coordinating Center for Health Promotion	1	-	-	-	-	-	-
Coordinating Center for Infectious Diseases	0	0	0	0	0	\$0	0
Coordinating Office for Terrorism Preparedness and Emergency Response	111	-	-	-	-	-	-
National Center for Health Marketing	0	0	0	0	0	\$0	0
National Center for Public Health Informatics	0	0	0	0	0	\$0	0
National Office for Public Health Genomics	0	0	0	0	0	\$0	0
All Organizations	6,992	1,608	0.230	1,310	0.187	\$2,915,650	\$417
2006							
Coordinating Center for Infectious Diseases	9	8	0.889	7	0.778	\$18,200	\$2,022
Coordinating Center for Health Information and Service	10	8	0.800	7	0.700	\$20,750	\$2,075
National Center for Birth Defects and Development Disabilities	138	75	0.543	65	0.471	\$166,250	\$1,205
Office of the Director	1,506	675	0.448	518	0.344	\$1,105,650	\$734
Coordinating Office for Terrorism Preparedness and Emergency Response	131	56	0.427	55	0.420	\$86,550	\$661
Coordinating Center for Environmental Health and Injury Prevention	8	3	0.375	3	0.375	\$4,500	\$563
National Center for Chronic Disease Prevention and Health Promotion	742	276	0.372	227	0.306	\$552,300	\$744
National Center for Public Health Informatics	99	35	0.354	30	0.303	\$61,500	\$621
National Center for Health Marketing	261	66	0.253	61	0.234	\$111,650	\$428
National Center for Injury Prevention and Control	138	29	0.210	24	0.174	\$69,200	\$501
National Center for Infectious Diseases	928	187	0.202	117	0.126	\$203,150	\$219
National Immunization Program	284	54	0.190	45	0.158	\$88,850	\$313
Coordinating Office for Global Health	64	10	0.156	8	0.125	\$19,750	\$309
National Center for HIV/AIDS, Viral Hepatitis, STD, and TB Prevention	1,000	156	0.156	126	0.126	\$283,900	\$284
National Office of Public Health Genomics	13	2	0.154	2	0.154	\$4,000	\$308
National Center for Environmental Health	341	40	0.117	38	0.111	\$50,850	\$149
National Institute for Occupational Safety and Health	1,040	103	0.099	95	0.091	\$218,750	\$210
Agency for Toxic Substances and Disease Registry	269	15	0.056	15	0.056	\$35,500	\$132
National Center for Health Statistics	432	16	0.037	14	0.032	\$43,300	\$100
Coordinating Center for Health Promotion	2	0	0	0	0	\$0	0
Epidemiology and Public Health Practices Program Offices ¹	1	0	0	0	0	\$0	0
All Organizations	7,416	1,814	0.245	1,457	0.196	\$3,144,600	\$424

Note: Sorted by decreasing order of number of award actions per employee.

1/ These Offices were eliminated in 2006 and their functions and staff distributed to other organizations within CDC. As a result, the number of awards given during the year is greater than the number of employees active at

Source: Department of Health and Human Services and the Centers for Disease Control and Prevention, with Academy calculations.

Table F-4
Distribution of Group Awards by Organizational Unit
FY 2005 and FY 2006

2005 CDC Organizational Unit	Employee	Award Actions		Award Recipients		Total Amount	
	Number	Number	Per Employee	Number	Per Employee	Amount	Per Employee
National Immunization Program	311	71	0.228	64	0.206	\$50,150	161
National Center for Chronic Disease and Health Promotion	747	154	0.206	129	0.173	\$135,200	181
Coordinating Office of Global Health	51	10	0.196	9	0.176	\$13,000	255
National Center on Birth Defects and Developmental Disabilities	137	24	0.175	23	0.166	\$24,075	176
Office of the Director	1,383	236	0.171	208	0.150	\$178,968	129
National Center for Injury Prevention and Control	136	15	0.110	14	0.103	\$7,825	58
National Center for HIV/AIDS, Viral Hepatitis, STD, and TB Prevention	983	89	0.091	75	0.076	\$53,975	55
National Center for Infectious Diseases	891	67	0.075	61	0.068	\$87,975	99
National Center for Health Statistics	420	30	0.071	29	0.069	\$21,550	51
National Institute for Occupational Safety and Health	1,010	64	0.063	59	0.058	\$32,000	32
Agency for Toxic Substances and Disease Registry	277	16	0.058	15	0.054	\$9,025	33
Epidemiology and Public Health Practices Program Offices	207	11	0.053	11	0.053	\$6,800	33
National Center for Environmental Health	327	17	0.052	17	0.052	\$17,250	53
Coordinating Center for Environmental Health and Injury Prevention	0	0	0	0	0	\$0	0
Coordinating Center for Health Information and Service	0	0	0	0	0	\$0	0
Coordinating Center for Health Promotion	1	-	-	-	-	-	-
Coordinating Center for Infectious Diseases	0	0	0	0	0	\$0	0
Coordinating Office for Terrorism Preparedness and Emergency Response	111	-	-	-	-	-	-
National Center for Health Marketing	0	0	0	0	0	\$0	0
National Center for Public Health Informatics	0	0	0	0	0	\$0	0
National Office of Public Health Genomics	0	0	0	0	0	0	0
All Organizations	6,992	804	0.115	714	0.102	\$637,793	91
2006							
Coordinating Center for Health Information and Service	10	3	0.300	3	0.300	\$1,300	130
Coordinating Center for Environmental Health and Injury Prevention	8	2	0.250	1	0.125	\$700	88
National Center for Health Marketing	261	58	0.222	49	0.188	\$35,650	137
Office of the Director	1,506	322	0.214	266	0.177	\$213,281	142
National Center for Birth Defects and Developmental Disabilities	138	29	0.210	24	0.174	\$25,950	188
National Center for Chronic Disease and Health Promotion	742	135	0.182	113	0.152	\$92,950	125
Coordinating Office for Terrorism Preparedness and Emergency Response	131	23	0.176	23	0.176	\$19,950	152
National Immunization Program	284	48	0.169	38	0.134	\$28,300	100
National Center for Health Statistics	432	62	0.144	54	0.125	\$44,100	102
National Institute for Occupational Safety and Health	1,040	130	0.125	118	0.113	\$83,340	81
Agency for Toxic Substances and Disease Registry	269	29	0.108	29	0.108	\$14,300	53
National Center for Injury Prevention and Control	138	14	0.101	14	0.101	\$6,700	49
National Center for HIV/AIDS, Viral Hepatitis, STD, and TB Prevention	1,000	80	0.080	76	0.076	\$44,450	44
Coordinating Office for Global Health	64	5	0.078	5	0.061	\$4,000	63
National Center for Public Health Informatics	99	6	0.061	6	0.050	\$3,900	39
National Center for Infectious Diseases	928	51	0.055	46	0.055	\$31,200	34
National Center for Environmental Health	341	17	0.050	13	0.038	\$5,750	17
Coordinating Center for Health Promotion	2	0	0	0	0	\$0	0
Coordinating Center for Infectious Diseases	9	0	0	0	0	\$0	0
National Office of Public Health Genomics	13	0	0	0	0	\$0	0
Epidemiology and Public Health Practices Program Offices	1	0	0	0	0	\$0	0
All Organizations	7,416	1,014	0.137	878	0.118	\$655,821	89
Note: Sorted by decreasing order of number of award actions per employee.							
1/ These Offices were eliminated in 2006 and their functions and staff distributed to other organizations within CDC. As a result, the number of awards given during the year is greater than the number of employees active at the end of the year, obviating their analysis.							

Source: Department of Health and Human Services and the Centers for Disease Control and Prevention, with Academy calculations.

Table F-5
Distribution of On-the-Spot Cash Awards by Organizational Unit
FY 2005 and FY 2006

2005	Employees	Award Actions	Award Recipients	Total Amount			
CDC Organizational Unit	Number	Number	Per Employee	Per Employee	Amount	Per Employee	
Office of the Director	1,383	393	0.284	321	0.232	\$170,200	\$123
National Institute for Occupational Safety and Health	1,010	237	0.235	195	0.193	\$87,500	\$87
National Center on Birth Defects and Developmental Disabilities	137	31	0.226	26	0.190	\$13,500	\$99
National Immunization Program	311	68	0.219	54	0.174	\$27,200	\$87
Epidemiology and Public Health Practices Program Offices	207	45	0.217	42	0.203	\$16,850	\$81
Coordinating Office for Global Health	51	10	0.196	9	0.176	\$4,650	\$91
National Center for Chronic Disease Prevention & Health Promotion	747	141	0.189	126	0.169	\$65,100	\$87
National Center for Health Statistics	420	69	0.164	62	0.148	\$30,900	\$74
National Center for HIV/AIDS, Viral Hepatitis, STD and TB Prevention	983	134	0.136	110	0.112	\$58,150	\$59
National Center for Injury and Prevention and Control	136	18	0.132	18	0.132	\$8,150	\$60
Agency for Toxic Substances and Disease Registry	277	35	0.126	28	0.101	\$16,800	\$61
National Center for Infectious Diseases	891	99	0.111	94	0.105	\$44,400	\$50
National Center For Environmental Health	327	36	0.100	33	0.101	\$17,250	\$53
Coordinating Center for Environmental Health and Injury Prevention	0	0	0	0	0	\$0	0
Coordinating Center for Health Information and Service	0	0	0	0	0	\$0	0
Coordinating Center for Health Promotion	1	-	-	-	-	-	-
Coordinating Center for Infectious Diseases	0	0	0	0	0	\$0	0
Coordinating Office for Terrorism Preparedness and Emergency Response	111	-	-	-	-	-	-
National Center for Health Marketing	0	0	0	0	0	\$0	0
National Center for Public Health Informatics	0	0	0	0	0	\$0	0
National Office of Public Health Genomics	0	0	0	0	0	\$0	0
All Organizations	6,992	1,316	0.188	1,118	0.160	\$560,650	\$80
2006							
Coordinating Center for Infectious Diseases	9	10	1.111	10	1.111	\$5,000	\$556
Office of the Director	1,506	367	0.244	289	0.192	\$166,950	\$111
Coordinating Office for Terrorism Preparedness and Emergency Response	131	31	0.237	28	0.214	\$14,500	\$111
National Center for Chronic Disease Prevention & Health Promotion	742	175	0.236	159	0.214	\$78,500	\$106
National Institute for Occupational Safety and Health	1,040	224	0.215	187	0.180	\$92,300	\$89
National Center for Health Statistics	432	88	0.204	73	0.169	\$37,000	\$86
National Immunization Program	284	53	0.187	48	0.169	\$22,550	\$79
National Center on Birth Defects and Developmental Disabilities	138	21	0.152	17	0.123	\$9,350	\$88
National Immunization Program	1,000	144	0.144	127	0.127	\$59,950	\$60
National Center for Public Health Informatics	138	19	0.138	17	0.123	\$7,950	\$58
National Center for Health Statistics	8	1	0.125	1	0.125	\$500	\$63
National Center For Environmental Health	269	32	0.119	31	0.115	\$14,600	\$54
National Center for Injury and Prevention and Control	341	40	0.117	34	0.1	\$16,300	\$48
Agency for Toxic Substances and Disease Registry	928	98	0.106	85	0.092	\$44,400	\$48
Coordinating Office for Global Health	10	1	0.100	1	0.1	\$500	\$50
Coordinating Center for Health Information and Service	99	6	0.061	6	0.061	\$2,750	\$28
Coordinating Center for Infectious Diseases	261	12	0.046	11	0.042	\$5,050	\$19
Coordinating Center for Environmental health and Injury Prevention	2	0	0	0	0	\$0	0
National Office of Public Health Genomics	64	0	0	0	0	\$0	0
Coordinating Center for Health Promotion	13	0	0	0	0	\$0	0
Epidemiology and Public Health Practices Program Offices	1	0	0	0	0	\$0	0
All Organizations	7,416	1,322	0.178	1,124	0.152	\$578,150	\$78
Note: Sorted by decreasing order of number of award actions per employee.							
If These Offices were eliminated in 2006 and their functions and staff distributed to other organizations within CDC. As a result, the number of awards given during the year is greater than the number of employees active at the end of the year, obviating their analysis.							

Source: Department of Health and Human Services and the Centers for Disease Control and Prevention, with Academy calculations.

Table F-6
Distribution of Awards Greater than \$1000 by Organization Unit
FY 2005 and FY 2006

2005	Employees		Award Actions		Award Recipients		Total Amount	
	Number	Percent	Number	Percent	Number	Percent	Amount	Percent
CDC Organizational Unit	1,383	19.8%	427	37.0%	334	34.4%	\$1,000,500	37.5%
Office of the Director	747	10.7%	183	15.8%	154	15.9%	\$443,950	16.7%
National Center for Chronic Disease Prevention & Health Promotion	327	4.7%	145	12.6%	129	13.3%	\$284,950	10.7%
National Center For Environmental Health	311	4.4%	64	5.5%	49	5.1%	\$166,150	6.2%
National Immunization Program	891	12.7%	63	5.5%	61	6.3%	\$136,450	5.1%
National Center for Infectious Diseases	137	2.0%	57	4.9%	43	4.4%	\$149,650	5.6%
National Center for HIV/AIDS, Viral Hepatitis, STD and TB Prevention	983	14.1%	57	4.9%	55	5.7%	\$104,400	3.9%
National Institute for Occupational Safety and Health	1,010	14.4%	57	4.9%	51	5.3%	\$151,050	5.7%
National Center for Health Statistics	420	6.0%	34	2.9%	30	3.1%	\$75,600	2.8%
Epidemiology and Public Health Practices Program Offices	207	3.0%	23	2.0%	21	2.2%	\$47,600	1.8%
National Center for Injury and Prevention and Control	136	1.9%	20	1.7%	19	2.0%	\$39,600	1.5%
Agency for Toxic Substances and Disease Registry	277	4.0%	13	1.1%	13	1.3%	\$29,900	1.1%
Coordinating Office for Global Health	51	0.7%	12	1.0%	11	1.1%	\$36,300	1.4%
Coordinating Center for Environmental health and Injury Prevention	0	0	0	0	0	0	\$0	0
Coordinating Center for Health Information and Service	0	0	0	0	0	0	\$0	0
Coordinating Center for Health Promotion	1	0.0%	-	-	-	-	-	-
Coordinating Center for Infectious Diseases	0	0	0	0	0	0	\$0	0
Coordinating Office for Terrorism Preparedness and Emergency Response	111	1.6%	-	-	-	-	-	-
National Center for Public Health Informatics	0	0	0	0	0	0	\$0	0
National Office of Public Health Genomics	0	0	0	0	0	0	\$0	0
Total	6,992	100.0%	1,155	100.0%	970	100.0%	\$2,666,100	100.0%
2006								
Office of the Director	1,506	20.3%	396	35.1%	330	33.7%	\$879,650	33.2%
National Center for Chronic Disease Prevention & Health Promotion	742	10.0%	193	17.1%	167	17.1%	\$477,550	18.0%
National Center for HIV/AIDS, Viral Hepatitis, STD and TB Prevention	1,000	13.5%	91	8.1%	78	8.0%	\$227,500	8.6%
National Institute for Occupational Safety and Health	1,040	14.0%	91	8.1%	84	8.6%	\$224,640	8.5%
National Center for Infectious Diseases	928	12.5%	64	5.7%	58	5.9%	\$149,700	5.7%
National Center for Birth Defects and Developmental Disabilities	138	1.9%	63	5.6%	54	5.5%	\$157,200	5.9%
Coordinating Office for Terrorism Preparedness and Emergency Response	131	1.8%	41	3.6%	40	4.1%	\$73,450	2.8%
National Center for Health Marketing	261	3.5%	39	3.5%	35	3.6%	\$89,700	3.4%
National Immunization Program	284	3.8%	34	3.0%	28	2.9%	\$74,150	2.8
National Center for Public Health Informatics	99	1.3%	27	2.4%	22	2.2%	\$54,500	2.1
National Center for Health Statistics	432	5.8%	22	2.0%	20	2.0%	\$55,300	2.1
National Center For Environmental Health	341	4.6%	16	1.4%	16	1.6%	\$32,950	1.2
National Center for Injury and Prevention and Control	138	1.9%	16	1.4%	14	1.4%	\$57,450	2.2
Agency for Toxic Substances and Disease Registry	269	3.6%	11	1.0%	11	1.1%	\$33,000	1.2
Coordinating Office for Global Health	64	0.9%	8	0.7%	7	0.7%	\$19,000	0.7
Coordinating Center for Health Information and Service	10	0.1%	7	0.6%	7	0.7%	\$20,000	0.8
Coordinating Center for Infectious Diseases	9	0.1%	5	0.4%	4	0.4%	\$15,500	0.6
Coordinating Center for Environmental health and Injury Prevention	8	0.1%	2	0.2%	2	0.2%	\$3,500	0.1
National Office of Public Health Genomics	13	0.2%	2	0.2%	2	0.2%	\$4,000	0.2
Coordinating Center for Health Promotion	2	0.0%	0	0	0	0	\$0	0
Epidemiology and Public Health Practices Program Offices	1	0.0%	0	0	0	0	\$0	0
Total	7,416	100.0%	1,128	100.0%	979	100.0%	\$2,648,690	100.0%

Table F-7
Distribution of Awards by Occupational Group
FY 2005

	Employees		Award Actions		Award Recipients		Total Amount	
	Number	Percent	Number	Percent	Number	Percent	Amount	Percent
Medical, Hospital, Dental and Public Health Group	2,520	36.0%	1,031	27.7%	762	29.3%	\$1,391,600	33.8%
General Administration, Clerical, Office Services Group	1,176	16.8%	1,046	28.1%	678	26.1%	\$933,412	22.7%
Information Technology Group	389	5.6%	300	8.0%	194	7.5%	\$293,204	7.1%
Information and Arts Group	309	4.4%	223	6.0%	148	5.7%	\$227,950	5.5%
Business and Industry Group	193	2.8%	228	6.1%	143	5.5%	\$371,452	9.0%
Biological Sciences Group	212	3.0%	229	6.1%	138	5.3%	\$220,350	5.4%
Mathematics and Statistics Group	630	9.0%	122	3.3%	94	3.6%	\$115,475	2.8%
Education Group	343	4.9%	98	2.6%	86	3.3%	\$93,750	2.3%
Physical Sciences Group	194	2.8%	117	3.1%	84	3.2%	\$108,700	2.6%
Engineering and Architecture Group	283	4.0%	81	2.2%	65	2.5%	\$99,050	2.3%
Social Science, Psychology and Welfare Group	269	3.8%	66	1.8%	57	2.2%	\$51,650	2.6%
Miscellaneous Group	192	2.7%	62	1.7%	53	2.0%	\$79,500	2.4%
Library and Archives Group	67	1.0%	28	0.8%	17	0.7%	\$29,550	1.3%
General Legal and Kindred Administration Group	40	0.6%	21	0.6%	17	0.7%	\$29,300	1.9%
Human Resources Management and Industrial Relations Group	19	0.3%	17	0.5%	12	0.5%	\$17,100	0.7%
Veterinary Medicine Science Group	16	0.2%	14	0.4%	9	0.3%	\$14,750	0.7%
Supply Group	19	0.3%	7	0.2%	7	0.3%	\$5,000	0.4%
General Maintenance & Operations Work Family	15	0.2%	6	0.2%	6	0.2%	\$7,100	0.4%
Equipment, Facilities, and Services Group	23	0.3%	6	0.2%	6	0.2%	\$2,750	0.1%
Quality Assurance, Inspection, and Grading Group	6	0.1%	5	0.1%	4	0.2%	\$1,650	0.2%
Transportation Group	6	0.1%	5	0.1%	4	0.2%	\$2,300	0.1%
Warehousing & Stock Handling Family	6	0.1%	6	0.2%	3	0.1%	\$5,400	0.1%
Electrical Installatoin & Maintenance Family	4	0.1%	3	0.1%	3	0.1%	\$1,150	0.0%
General Equipment Maintenance Family	7	0.1%	2	0.1%	2	0.1%	\$300	0.0%
Investigation Group	4	0.1%	2	0.1%	2	0.1%	\$1,000	0.0%
Plumbing & Pipefitting Family	1	0.0%	1	0.0%	1	0.0%	\$10,000	0.2%
Transportation/Mobile Equipment Operation Family	4	0.1%	1	0.0%	1	0.0%	\$150	0.0%
Equipment Installation and Maintenance Family	3	0.0%	1	0.0%	1	0.0%	\$500	0.0%
Instrument Work Family	1	0.0%	0	0	0	0	0	0
General Services & Support Work Family	13	0.2%	0	0	0	0	0	0
Metal Working Family	3	0.0%	0	0	0	0	0	0
Painting & Paperhanging Family	3	0.0%	0	0	0	0	0	0
Wood Work Family	2	0.0%	0	0	0	0	0	0
Plant and Animal Work Family	9	0.1%	0	0	0	0	0	0
Miscellaneous Occupations Family	3	0.0%	0	0	0	0	0	0
Industrial Equipment Maintenance Family	7	0.1%	0	0	0	0	0	0
Unknown	1	0.0%	-	-	-	-	-	-
All Occupations	6,992	100.0%	3,728	100.0%	2,597	100.0%	\$4,114,093	100.0%

Source: Department of Health and Human Services and the Centers for Disease Control and Prevention, with Academy calculations

Table F-8
Distribution of Awards by Occupational Group
FY 2006

	Employees		Award Actions		Award Recipients		Total Amount	
	Number	Percent	Number	Percent	Number	Percent	Amount	Percent
Medical, Hospital, Dental and Public Health Group	2,761	37.3%	1,067	25.2%	838	28.9%	\$1,385,100	31.1%
General Administration, Clerical, Office Services Group	1,252	16.9%	1,262	29.8%	759	26.2%	\$1,180,615	26.5%
Information and Arts Group	325	4.4%	271	6.4%	183	6.3%	\$293,525	6.6%
Business and Industry Group	230	3.1%	315	7.4%	178	6.1%	\$276,949	6.2%
Information Technology Group	398	5.4%	218	5.2%	164	5.7%	\$268,950	6.0%
Accounting and Budget Group	207	2.8%	238	5.6%	145	5.0%	\$316,150	7.1%
Biological Sciences Group	646	8.7%	171	4.0%	116	4.0%	\$101,100	2.3%
Education Group	180	2.4%	150	3.5%	104	3.6%	\$142,750	3.2%
Engineering and Architecture Group	296	4.0%	131	3.1%	92	3.2%	\$123,775	2.8%
Mathematics and Statistics Group	348	4.7%	94	2.2%	77	2.7%	\$77,600	1.7%
Physical Sciences Group	294	4.0%	97	2.3%	75	2.6%	\$90,275	2.0%
Social Science, Psychology and Welfare Group	205	2.8%	77	1.8%	64	2.2%	\$77,375	1.7%
Miscellaneous Group	75	1.0%	53	1.3%	38	1.3%	\$43,350	1.0%
Library and Archives Group	38	0.5%	22	0.5%	18	0.6%	\$21,700	0.5%
Human Resources Management and Industrial Relations Group	15	0.2%	12	0.3%	9	0.3%	\$11,900	0.3%
Supply Group	18	0.2%	6	0.1%	6	0.2%	\$5,550	0.1%
General Legal and Kindred Administrative Group	19	0.3%	5	0.1%	5	0.2%	\$7,357	0.2%
Equipment, Facilities, and Services Group	6	0.1%	12	0.3%	5	0.2%	\$7,200	0.2%
Wood Work Family	5	0.1%	10	0.2%	5	0.2%	\$10,750	0.2%
Transportation Group	7	0.1%	6	0.1%	3	0.1%	\$5,250	0.1%
Veterinary Medical Science Group	19	0.3%	2	0.0%	2	0.1%	\$1,750	0.0%
Quality Assurance, Inspection, and Grading Group	5	0.1%	2	0.0%	2	0.1%	\$2,000	0.0%
General Services & Support Work Family	13	0.2%	2	0.0%	2	0.1%	\$500	0.0%
Painting & Paperhanging Family*	0	0.0%	2	0.0%	2	0.1%	\$800	0.0%
General Equipment Maintenance Family	4	0.1%	2	0.0%	2	0.1%	\$1,000	0.0%
Instrument Work Family	1	0.0%	2	0.0%	1	0.0%	\$350	0.0%
Metal Working Family	6	0.1%	1	0.0%	1	0.0%	\$250	0.0%
Transportation/Mobile Equipment Operation Family	3	0.0%	2	0.0%	1	0.0%	\$850	0.0%
Investigation Group	1	0.0%	0	0.0%	0	0.0%	0	0.0%
Equipment Installation & Maintenance Family	1	0.0%	0	0.0%	0	0.0%	0	0.0%
Electrical Installation & Maintenance Family	2	0.0%	0	0.0%	0	0.0%	0	0.0%
Planning & Pipefitting Family	2	0.0%	0	0.0%	0	0.0%	0	0.0%
General Maintenance & Operations Family	19	0.0%	0	0.0%	0	0.0%	0	0.0%
Plant and Animal Work Family	3	0.0%	0	0.0%	0	0.0%	0	0.0%
Miscellaneous Occupations Family	3	0.0%	0	0.0%	0	0.0%	0	0.0%
Industrial Equipment Maintenance Family	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Warehousing & Stock Handling Family	4	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	5	0.0%	-	-	-	-	-	-
All Occupations	7,416	100.0%	4,232	100.0%	2,897	100.0%	\$4,454,721	100.0%

* Two employees apparently were misclassified in 2006, appearing in the Equipment, Facilities and Services Group, and not in the Painting and Paperhanging Family.

Source: Department of Health and Human Services and the Centers for Disease Control and Prevention, with Academy calculations

Note: FY 2006 award actions include actions for all employees active at the end of the fiscal year, regardless of whether or not CDC provided a valid organizational code for these employees. This is true for FY 2006 numbers shown in Tables F-8 through F-10.

Table F-9
Distribution of Awards by Pay Grade of Recipients
FY 2005 and FY 2006

Grade	Employees		Award Actions		Award Recipients		Total Amount	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
2005								
2	2	0.0%	3	0.1%	2	0.1%	\$700	0.0%
3	9	0.1%	5	0.1%	5	0.2%	\$1,500	0.0%
4	21	0.3%	5	0.1%	5	0.2%	\$4,700	0.1%
5	71	1.0%	49	1.3%	38	1.4%	\$23,600	0.6%
6	85	1.2%	66	1.8%	43	1.6%	\$36,350	0.9%
7	393	5.6%	272	7.3%	201	7.5%	\$163,487	4.0%
8	92	1.3%	55	1.5%	44	1.6%	\$35,004	0.9%
9	465	6.7%	295	7.9%	220	8.2%	\$203,104	4.9%
10	66	0.9%	21	0.6%	17	0.1%	\$15,000	0.4%
11	657	9.4%	336	9.0%	248	9.3%	\$260,429	6.3%
12	1,064	15.2%	558	15.0%	339	14.9%	\$477,237	11.6%
13	1,939	27.7%	1,071	28.7%	769	28.8%	\$1,216,741	29.6%
14	1,193	17.1%	671	18.0%	457	17.1%	\$980,137	23.8%
15	372	5.3%	231	6.2%	147	5.5%	\$536,204	13.0%
Ungraded	562	8.0%	90	2.4%	77	2.9%	\$159,850	3.9%
Unknown	1	0.0%	-	-	-	-	-	-
Total	6,992	100.0%	3,728	100.0%	2,672	100.0%	\$4,114,093	100.0%
2006								
2	0	0	0	0	0	0	0	0
3	24	0.3%	8	0.2%	8	0.3%	\$5,050	0.1%
4	41	0.6%	15	0.4%	9	0.3%	\$5,900	0.1%
5	73	1.0%	38	0.9%	28	0.9%	\$16,750	0.4%
6	73	1.0%	41	1.0%	30	1.0%	\$22,000	0.5%
7	375	5.1%	300	7.1%	197	6.7%	\$189,900	4.3%
8	86	1.2%	74	1.7%	50	1.7%	\$48,950	1.1%
9	447	6.0%	342	8.1%	229	7.8%	\$247,325	5.6%
10	73	1.0%	22	0.5%	16	0.5%	\$18,750	0.4%
11	677	9.1%	367	8.7%	261	8.8%	\$276,240	6.2%
12	1,076	14.5%	661	15.6%	436	14.8%	\$545,175	12.2%
13	2,005	27.1%	1,252	29.6%	907	30.7%	\$1,309,524	29.4%
14	1,296	17.5%	743	17.6%	535	18.1%	\$1,093,357	24.5%
15	441	6.0%	273	6.5%	164	5.6%	\$515,350	11.6%
Ungraded	724	9.8%	96	2.3%	83	2.8%	\$160,450	3.6%
Unknown	5	0.0%	-	-	-	-	-	-
Total	7,416	100.0%	4,232	100.0%	2,953	100.0%	\$4,454,721	100.0%

Table F-10
Distribution of Awards by Ethnicity of Recipients
FY 2005 and FY 2006

Ethnicity	Employees		Award Actions		Award Recipients		Total Amount	
	Number	Percent	Number	Percent	Number	Percent	Amount	Percent
2005								
American Indian/Alaskan Native	28	0.4%	10	0.3%	8	0.3%	\$6,200	0.2%
Asian or Pacific Islander	420	6.0%	122	3.3%	95	3.7%	\$112,554	2.7%
Black, not of Hispanic origin	1,787	25.6%	1,159	31.1%	791	30.7%	\$1,105,323	26.9%
Hispanic	243	3.5%	112	3.0%	81	3.1%	\$112,300	2.7%
White, not of Hispanic origin	4,511	64.5%	2,325	62.4%	1,602	62.2%	\$2,777,716	67.5%
Hawaiian	0	0	0	0	0	0	0	0
Vietnamese	0	0	0	0	0	0	0	0
All Other Asian or Pacific Is.	1	0.0%	0	0.0%	0	0.0%	0	0.0%
Other	1	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	1	0.0%	-	-	-	-	-	-
All Employees	6,992	100.0%	3,728	100.0%	2,577	100.0%	\$4,114,093	100.0%
2006								
American Indian/Alaskan Native	32	0.4%	12	0.3%	11	0.4%	\$8,150	0.2%
Asian or Pacific Islander	472	6.4%	126	3.0%	92	3.2%	\$122,350	2.7%
Black, not of Hispanic origin	1886	25.4%	1,402	33.1%	908	31.5%	\$1,310,638	29.4%
Hispanic	260	3.5%	122	2.9%	89	3.1%	\$139,850	3.1%
White, not of Hispanic origin	4759	64.2%	2,570	60.7%	1,782	61.8%	\$2,873,733	64.5%
Hawaiian	0	0	0	0	0	0	0	0
Vietnamese	0	0	0	0	0	0	0	0
All Other Asian or Pacific Is.	1	0.0%	0	0.0%	0	0.0%	\$0	0.0%
Other	1	0.0%	0	0.0%	0	0.0%	\$0	0.0%
Unknown	5	0.0%	-	-	-	-	-	-
All Employees	7,416	100.0%	4,232	100.0%	2,882	100.0%	\$4,454,721	100.0%

Source: Department of Health and Human Services and the Centers for Disease Control and Prevention, with Academy calculations

ESTIMATED COSTS OF QSI AND TIME-OFF AWARDS

All CDC employees covered by the HHS Performance Management Appraisal Program (PMAP)¹⁰ with a year-end rating of “Fully Successful” or higher may be eligible for a performance award in cash or Quality Step Increase (QSI). An employee with an “Exceptional” rating automatically receives a cash performance award. Under HHS policy, employees with Exceptional ratings should receive a performance award of 2.5 percent to 5 percent of pay. Employees can convert the cash award to time-off not to exceed 40 hours per year, with any remaining balance to be received in cash.¹¹

Under the new PMAP, CDC is continuing its longstanding policy of providing top-rated employees the freedom to choose whether they wish to receive a lump-sum cash payment (including a partial payment in equivalent time-off) or a QSI, which provides an additional within-grade salary increase equivalent to approximately 3 percent of basic pay. Unlike a lump-sum cash payment, a QSI is a permanent increase in basic pay. Employees cannot get both types of awards in the same rating period, and CDC policy prohibits an employee from receiving a QSI for two consecutive rating periods. Employees who are in the tenth step of their grade are not eligible for a QSI.

Because many employees opt for the QSI, the Panel was interested in determining the minimum cost of QSIs in FY 2005 and 2006. OPM assumes that a QSI increases salary costs equivalent to 3 percent of an employee’s basic pay. The salary figures provided by AHRC to the study team include basic pay, upon which the QSI is based, as well as locality adjustments (OPM valuations of QSI include locality pay).

Table G-1 estimates the minimum additional salary costs incurred by CDC as a result of its QSIs. CDC awarded QSIs to 756 employees in FY 2005 and 778 employees in FY 2006. Based on the aggregate pay of QSI recipients still employed by CDC at the end of the fiscal year, the table shows the estimated annual cost to CDC. Salaries for employees who left at any point during the year after receiving a QSI were not available in the dataset provided to the Panel; thus, the estimated costs underestimate the actual cost.

¹⁰ This system excludes SES, Distinguished Consultants, SBRS, and Commissioned Officers. It includes most other CDC employees. Prior to implementation of PMAP for the 2006 performance cycle, employees receiving lump-sum cash awards received the same dollar amounts regardless of grade level.

¹¹ The CDC policy on Time-Off awards, last updated in 2002, predates this PMAP policy and reflects a limit of 10 hours per Time-Off award.

Table G-1
ESTIMATED COST OF QSI TO CDC

FY	# of Employees Receiving QSIs	Aggregate Pay of QSI Recipients Employed by CDC at Year End	Estimated Annual Cost to CDC
2005	756 ¹²	\$53,410,908	\$1,602,327
2006	778 ¹³	\$61,683,978	\$1,850,519
Total in both FYs	1,534	\$115,094,886	\$3,452,846

In addition to the estimate provided in Table G-1, CDC and the government incur other costs as a result of a QSI. For example, CDC's retirement contributions to the Thrift Savings Plan (TSP) increase based on their employee's basic pay. Federal agencies must match the first 3 percent of basic pay an employee contributes each pay period dollar-for-dollar; they must match 50 cents on the dollar for the next two percent of basic pay. When an employee's basic pay increases as a result of a QSI, the agency's required TSP match increases. In addition, the federal government's high-three retirement calculation ensures that employees who receive QSIs increase agency pension costs.

Preliminary information from FY 2007 indicates that CDC's conversion to PMAP may result in additional costs for QSIs. Under the new system, CDC has elected to give all employees rated "Exceptional" the option to choose between a QSI and a lump sum cash award of four percent. Prior to PMAP, only the top 10 percent of those receiving the highest performance rating had this option. Incomplete figures for FY 2007, provided to the study team in May 2007, showed that CDC already had awarded 574 QSIs at an estimated cost of \$1,509,150 for the year. In June 2007, AFGE Local 2883 reported that CDC had processed 959 QSIs (228 for supervisory personnel and 731 for non-supervisory personnel).

MONETARY VALUE OF TIME-OFF AWARDS

The use of time-off awards is not subject to many government-wide regulations. Thus, CDC has latitude in their use and provides both individual and group time-off awards. Individual time-off awards recognize individual achievements by granting employees time-off from work without loss of pay or charge to leave. Group time-off awards recognize group achievements by granting employees time-off from work without loss of pay or charge to leave.

OPM regulations published in 1995 gave agencies the flexibility to establish their own guidelines on how much time off is appropriate for various employee contributions. According to CDC documentation of the agency's time-off awards program, updated in 2002, CDC sets the following limits:

¹² Of the total number receiving QSIs in FY 2005, 695 employees remained active at CDC by year-end.

¹³ Of the total number receiving QSIs in FY 2006, 753 employees remained active at CDC by year-end.

- maximum amount of time off granted to an individual during a leave year: 80 hours;
- minimum amount of time allowable for a single contribution: one-half of employee's regular work day;
- maximum amount for a single contribution: one full work day up to ten hours.

As noted above, the agency often allows an employee granted a lump-sum cash award through PMAP the option to request that a portion of that award be in the form of time off.

As part of its study of CDC monetary awards, the Panel felt it important to present an estimate of the monetary value of these cash award alternatives. Table G-2 uses information provided by AHRC on the total number of individual and group time-off awards in FY 2005 and FY 2006.

Table G-2
CDC TIME-OFF AWARDS
FY 2005 AND FY 2006

FY	# of Individual Time-Off Awards Granted	Group Time-Off
2005	56	556
2006	102	567
Total in Both FYs	158	1123

Table G-2 shows that most of the time-off awards (90.8 percent in FY 2005 and 84.8 percent in FY 2006) were for groups. The study team assumes this is the case because many of CDC's critical programmatic activities are group-based projects.

The Panel noted that time-off awards have varying impacts on employee productivity depending on the type of work the employee performs; whether or not there are other employees qualified and available to the perform work; the time sensitive nature of one's duties; and an individual's own work habits in making up for time away. The Panel has not attempted to calculate possible loss of productivity due to the use of time-off awards.

Rather, the Panel has calculated the monetary cost of time-off awards to CDC as the current hourly wage times the number of hours granted. Employees receiving these awards can defer use of their vacation time and at the time of their resignation or retirement receive a cash pay out at their final and typically higher pay rate. General Schedule employees can receive payment for up to a maximum of 30 days (240 hours) of unused annual leave. SES employees generally are limited to payment for 90 days (720 hours).

AHRC provided the study team with time-off data and salary data for FY 2005 and 2006. These data were the basis for the Panel calculation. As nearly 10 percent of the awards data (either time-off hours or salary) were missing, the study team excluded these specific awards from its estimate, which is therefore conservative.

Table G-3
CDC TIME-OFF AWARD VALUE
FY 2005 AND FY 2006

Year	Average Value	Total Value
2005	\$151	\$79,526
2006	\$215	\$127,920
Total in Both FYs	\$185	\$207,446

For FY 2005 and 2006, the estimated monetary value of CDC-granted time-off awards was \$207,446. The average monetary value of a time-off award was \$185. Time-off awards are a small component of CDC's overall awards spending. Nonetheless, the data show that the awards have a hidden, usually unquantified cost to CDC, as well as longer term implications for future payouts.

RECRUITMENT, RELOCATION, AND RETENTION INCENTIVES

The Federal Employees Pay Comparability Act of 1990 authorized agencies to provide recruitment bonuses, relocation bonuses, and retention allowances—collectively referred to as the “3Rs.” The authorities provided in the 1990 Act and the Federal Workforce Flexibility Act of 2004 allow agencies to pay bonuses and allowances up to 25 percent of an employee’s basic pay, or up to 50 percent with the Office of Personnel Management’s (OPM) approval in specific circumstances:

- **Recruitment bonuses** are paid to assist in recruiting employees to positions that would be difficult to fill absent the bonus. The full amount of a recruitment bonus is paid as a lump-sum payment. Employees receiving recruitment bonuses must sign an agreement to fulfill a period of service with the agency to receive this incentive. This incentive may not be paid to Presidential appointees, non-career SES members, or excepted service employees. An agency may target groups of similar positions that have been difficult to fill in the past or are likely to be difficult to fill in the future.
- **Relocation bonuses** are paid to employees who must relocate to accept a difficult-to-fill position in a different commuting area. The full amount of a relocation bonus is paid as a lump-sum payment. The employee must sign an agreement to fulfill a period of service with the agency to receive this incentive and must have a rating of record of Fully Successful or higher.
- **Retention allowances** are paid to an employee if the unusually high or unique qualifications of the employee or a special need of the agency for the employee’s services makes it essential to retain the employee, and the agency determines that the employee would be likely to leave in the absence of such an allowance. Unlike recruitment and relocation bonuses, the retention allowance is not paid in a lump sum. Instead, it is paid twice a month, along with the basic pay, and included in the employee’s paycheck. A retention incentive may be paid only when the employee’s rating of record is Fully Successful or higher. Presidential appointees, non-career SES members, and excepted service employees are not eligible for these incentives. An agency must establish a single retention incentive rate for each individual or group of employees, expressed as a percentage of each employee’s rate of basic pay.

2007 OPM REPORT ON 3 R’S

OPM’s most recent 3R report, submitted to Congress in August 2007, found that 47 federal agencies, “paid 22,764 recruitment, relocation and retention incentives worth more than \$140 million” in Calendar Year 2006¹⁴. This marks a dramatic increase in the use of 3R incentives from the previous calendar year. The chart below shows both 2005¹⁵ and 2006 3R data:

¹⁴ U.S. Office of Personnel Management, *Recruitment, Relocation, and Retention Incentives: Calendar Year 2006, Report to the Congress*. (Washington, DC: August 2007).

¹⁵ U.S. Office of Personnel Management, *Recruitment, Relocation, and Retention Incentives: Calendar Year 2005, Report to the Congress*. (Washington, DC: August 2006).

Table H-1
Government-Wide 3R Utilization

Award	CY 2005		CY 2006	
Recruitment	2,037	\$17.8	3,952	\$32.9
Retention	2,882	\$21.6	17,803	\$95.9
Relocation	1,079	\$11.5	1,009	\$11.6
Totals	5,998	\$50.9	22,764	\$140.4

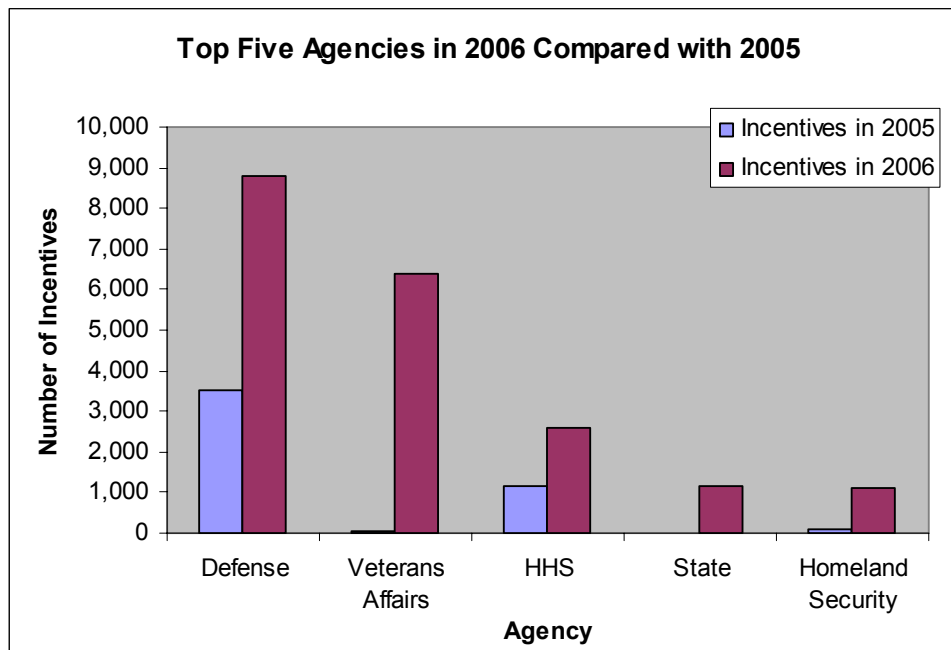
In 2006, the government-wide average value of a recruitment incentive was \$8,325, of a relocation incentive was \$11,530, and of a retention incentive was \$5,388.

The 13 agencies making the most extensive use of 3R incentives were (total number of incentives):

- Defense (8,785)
- Veterans Affairs (6,393)
- Health and Human Services (2,583)
- State (1,153)
- Homeland Security (1,130)
- Justice (584)
- Commerce (525)
- Treasury (351)
- Energy (285)
- Agriculture (223)
- Interior (138)
- Federal Energy Regulatory Commission (101)
- National Aeronautics and Space Administration (96)

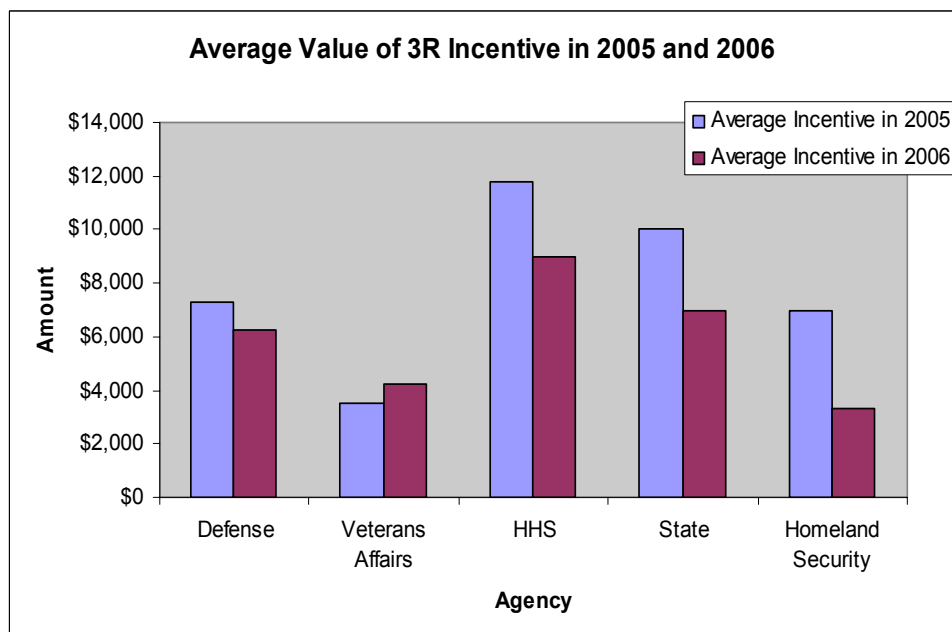
The top five agencies making the most extensive use of these incentives have changed since 2005:

Figure H-1
Agency Use of Incentives in 2005 and 2006



While Defense and HHS remain top users, Veterans Affairs went from 57 incentives in 2005 to over 6,000 in 2006. Additionally, Defense and HHS have more than doubled their use of these incentives in 2006. The biggest changes in the average value of the incentives were in HHS and State, both of which had lower incentive amounts in 2006 than in 2005.

Figure H-2
Value of 3R Incentives in 2005 and 2006



Nonetheless, HHS continues to give the highest value incentives, with the Department of State and the Department of Defense following close behind.

OPM reported that Health and Human Services managers were pleased with the department's 3R program:

Regional area offices have mentioned that recruitment, relocation, and retention incentives have improved their ability to recruit and retain employees who would have otherwise been lost to the private sector and noted that the incentives are highly effective in both recruiting and retaining staff in many of Health and Human Services' remote locations. They also provide a competitive edge in attracting and retaining more highly-qualified health professionals.

Because the OPM data on 3R utilization did not go below the departmental level, it is not possible to determine how CDC's use of recruitment, relocation, and retention incentives compares to that of another HHS operating division, such as the National Institutes of Health (NIH). The tables in this paper are based on CDC data provided by the Atlanta Human Resources Center (AHRC). The team understands that this payroll data reflects the amount employees were paid in the fiscal year for various incentives and awards, including the 3Rs.

Table H-2 shows that, relative to CDC's total employee population, it has made limited use of the 3Rs.¹⁶ The agency's use of recruitment bonuses has fallen over the past five years, especially when examined relative to total 3R utilization. In 2002, recruitment bonuses accounted for 44 percent of all 3R utilization (higher than retention incentives), but accounted for 14 percent of 3R utilization in 2006. At the same time, CDC's use of retention incentives has increased—peaking at 83 percent of all 3R award actions in FY 2006.

Table H-2
CDC 3R Award Actions by Fiscal Year

3R Incentive	2002	2003	2004	2005	2006	Total
Recruitment	11 (44%)	20 (49%)	18 (39%)	15 (19%)	8 (14%)	75 (26.2%)
Relocation	4 (16%)	4 (10%)	4 (9%)	5 (6%)	2 (3%)	32 (11.2%)
Retention	10 (40%)	17 (41%)	24 (52%)	58 (74%)	48 (83%)	179 (62.6%)
Total	25	41	46	78	58	248

¹⁶ As shown in the data analysis in Chapter IV, CDC had 6,992 employees at the end of FY 2006 and 7,416 at the end of FY 2007.

Table H-3 shows the total amount CDC spent for each 3R by Fiscal Year.

Table H-3
CDC 3R Amounts by Fiscal Year

	2002	2003	2004	2005	2006	TOTAL
Recruitment	\$195,295	\$306,975.60	\$291,311.50	\$377,680.30	\$195,027.33	\$1,366,290
Relocation	\$57,908	\$87,610	\$95,680	\$123,031.50	\$30,748	\$394,978
Retention¹⁷	No Data	No Data	No Data	No Data	\$52,741.08	\$52,741.08
Total	\$253,203	\$394,585.60	\$386,991.50	\$500,711.80	\$278,516.41	\$1,814,009

Table H-4 shows that the Office of the Director is the biggest user of 3R incentives. It accounted for approximately 20 percent of the total CDC workforce in FY 2005 and FY 2006, but over 30 percent of all 3R incentives provided to employees.

¹⁷ CDC provided no payroll data on the amount of retention bonuses paid except for FY 2006 numbers. The Panel believes that some of the 3R incentives may have been miscoded among the three categories. Employees receive retention incentives as part of their bi-weekly paychecks, rather than as lump sum payments; they may be initiated at varying points in the year. Relocation and recruitment bonuses are typically paid in lump sum.

Table H-4
CDC Organizational Breakdown of 3R Utilization, FY 2005 - 2007

FY		TYPE OF AWARD			TOTAL AWARDS
		Recruitment	Relocation	Retention	
2005	ATSDR	2	0	5	7
		13.3%	0%	8.6%	9.0%
	NCBDDD	1	1	0	2
		6.7%	20.0%	.0%	2.6%
	NCCDPHP	1	1	9	11
		6.7%	20.0%	15.5%	14.1%
	NCHS	1	0	7	8
		6.7%	0%	12.1%	10.3%
	NCHVSTP	1	1	0	2
		6.7%	20.0%	.0%	2.6%
	NCID	2	0	6	8
		13.3%	0%	10.3%	10.3%
	NCIPC	0	0	2	2
		.0%	0%	3.4%	2.6%
	NIOSH	0	0	3	3
		.0%	0%	5.2%	3.8%
	NIP	0	0	3	3
		0%	0%	5.2%	3.8%
	OD	6	2	20	28
		40.0%	40.0%	34.5%	35.9%
	OTHER	1	0	3	4
		6.7%	.0%	5.2%	5.1%
Total		15	5	58	78
		100.0%	100.0%	100.0%	100.0%
2006		1	0	0	1
		12.5%	.0%	.0%	1.7%
	ATSDR	0	0	1	1
		0%	0%	2.1%	1.7%
	NCCDPHP	1	0	10	11
		12.5%	.0%	20.8%	19.0%
	NCHS	1	0	4	5
		12.5%	.0%	8.3%	8.6%
	NCHVSTP	1	0	0	1
		12.5%	.0%	.0%	1.7%
	NCID	3	0	3	6
		37.5%	.0%	6.3%	10.3%
	NCIPC	0	0	2	2
		.0%	.0%	4.2%	3.4%
	NIOSH	1	0	3	4
		12.5%	.0%	6.3%	6.9%
	NIP	0	1	3	4
		.0%	50.0%	6.3%	6.9%
	NOPHG	0	0	1	1
		.0%	.0%	2.1%	1.7%

FY	TYPE OF AWARD			TOTAL AWARDS
	Recruitment	Relocation	Retention	
OD	0	1	19	20
	.0%	50.0%	39.6%	34.5%
OTHER	0	0	2	2
	.0%	.0%	4.2%	3.4%
Total	8	2	48	58
	100.0%	100.0%	100.0%	100.0%

Table H-5 breaks CDC's 3R utilization down by grade. It shows that, as a group, Senior Executive Service members and Administratively Determined personnel are heavy recipients of 3R incentives. GS-14s and GS-15s are also common recipients, especially for retention incentives (accounting for over half of those given over the three-year period).

Table H-5
CDC 3R Utilization by Grade

FY		Recruitment	Relocation	Retention	TOTAL	
2005	GS-12	1 (6.7%)	0 (0%)	1 (1.7%)	2 (2.6%)	
	GS-13	3 (20.0%)	1 (20.0%)	6 (10.3%)	10 (12.8%)	
	GS-14	2 (13.3%)	1 (20.0%)	14 (24.1%)	17 (21.8%)	
	GS-15	1 (6.7%)	1 (20.0%)	21 (36.2%)	23 (29.5%)	
	AD	4 (26.7%)	1 (20.0%)	3 (5.2%)	8 (10.3%)	
	SES	4 (26.7%)	1 (20.0%)	13 (22.4%)	18 (23.1%)	
	Total		15 (100%)	5 (100%)	58 (100%)	78 (100%)
	2006	GS-12	0 (0%)	0 (0%)	2 (4.2%)	2 (3.4%)
		GS-13	0 (0%)	0 (0%)	3 (6.3%)	3 (5.2%)
		GS-14	1 (12.5%)	1 (50.0%)	14 (29.2%)	16 (27.6%)
GS-15		2 (25.0%)	0 (0%)	15 (31.3%)	17 (29.3%)	
AD		5 (62.5%)	1 (50.0%)	6 (12.5%)	12 (20.7%)	
SES		0 (0%)	0 (0%)	8 (16.7%)	8 (13.8%)	
Total		8 (100%)	2 (100%)	48 (100%)	58 (100%)	

SPECIFIC EXAMPLES OF HOW AGENCIES ARE USING THE 3RS

The August 2006 and 2007 OPM reports identified examples of how federal departments and agencies are using the 3Rs.

Department of Agriculture

In 2005, the Department of Agriculture used recruitment incentives to recruit employees in hard-to-fill positions in the Washington, DC, area due to the high cost of living; to compete with a high-paying job offer; to recruit an employee with exceptional knowledge and ability based on extensive, in-depth master's work; and as leverage to compete for candidates in hard-to-fill positions. Agriculture used relocation incentives to address difficulties in recruiting highly-qualified applicants willing to relocate to high cost-of-living areas. Agriculture used retention incentives to retain key staff members who were performing critical work, retain employees during a period of high turnover causing large knowledge and skill gaps, and retain employees during difficult recruiting periods

In 2006, Department of Agriculture cited the following reasons for authorizing recruitment incentives: staff turnover; high cost of living in the Washington, DC, area; to make a more attractive offer when private sector salaries were more than the Government could otherwise offer; to recruit exceptional applicants with knowledge and ability based on extensive, in-depth master's degree work; and as leverage to compete for candidates in hard-to-fill positions.

It cited the following reasons for authorizing relocation incentives: when faced with difficulty in recruiting highly qualified applicants willing to relocate to high cost-of-living areas; to attract candidates to remote locations where weather, costly and limited housing, costly medical benefits, and limited medical facilities were issues; and to attract candidates to non-foreign areas where the cost-of-living allowance (COLA) is not used for retirement benefits calculations.

It cited the following reasons for authorizing retention incentives: to retain employees during periods of high turnover resulting in large knowledge and skill gaps or during difficult recruiting periods; to retain employees with exceptional expertise and irreplaceable skills; to retain bilingual employees; and to retain key staff members performing critical work.

Department of Commerce

In 2005, the incentive authorities have allowed Commerce to remain competitive with the private sector and other Federal agencies, to improve its ability to recruit and retain a high-quality workforce, and to better meet Commerce's human capital needs. The incentives have assisted Commerce when special qualifications are needed, when there is a shortage of available talent for a highly expert position, and when high turnover rates exist. Commerce prefers to use recruitment incentives rather than the superior qualifications and special needs pay-setting authority to successfully hire selected candidates. Relocation incentives were used to recruit candidates successfully in geographic areas that are typically hard to fill and do not receive a high number of qualified applicants. Commerce has not needed to use as many retention incentives as it had in the past. This is partly due to implementation of a demonstration project,

which has afforded management greater flexibility in establishing employee salaries. However, retention incentives are still a valuable management tool for retaining employees in difficult-to-fill and highly specialized positions.

In 2006, the Department said that being able to offer recruitment, relocation, and retention incentives helped it to remain competitive with the private sector and other federal agencies, to improve its ability to recruit and retain highly qualified and specialized candidates, and to better meet its human capital needs. The incentives assisted Commerce when special qualifications are needed and to retain employees with key knowledge and skills performing mission critical work. As reported last year, Commerce continues to use these incentives rather than the superior qualifications and special needs pay-setting authority because the use of these incentives further facilitates the successful negotiation and acceptance of position offers with selected candidates.

Recruitment incentives have been a key factor in allowing Commerce to recruit and hire for hard-to-fill positions, including those advertised over a significant period of time without attracting high quality candidates. This is especially evident in the Patent and Trademark Office (PTO), where the use of recruitment incentives in the patent examining series was instrumental in PTO's attaining its fiscal year 2006 hiring goal of 12,000 patent examiners and in decreasing attrition for this series from prior years. Recruitment and retention incentives helped the National Institute of Standards and Technology better meet its human capital needs and remain competitive with both the private sector and other federal agencies in recruiting and retaining candidates for highly specialized positions. The National Oceanic and Atmospheric Administration also found these incentives to be invaluable tools to attract and retain highly qualified applicants for hard-to-fill Marine Wage positions.

Department of Defense

In 2005, Defense used all three incentives to bridge the pay gap between federal and private sector salaries. Recruitment incentives enhance efforts to recruit for hard-to-fill occupations. Relocation and retention incentives enable the retention of already trained, valued employees and negate the need to go through the lengthy recruitment process. Installations provided a number of examples to illustrate the effectiveness of the recruitment, relocation, and retention incentive authorities:

- Recruitment incentives attract graduating college students across the country for difficult-to-fill intern positions.
- Recruitment and retention incentives attract and retain scientists and engineers in research and test laboratories.
- Recruitment incentives attract candidates in information technology, financial management, air traffic control, and safety management to overseas positions. Without the incentives, these jobs would have been vacant longer or filled by candidates with lower skills.
- Recruitment incentives for linguists and police officers are addressing a need to significantly increase those skill populations.

- Recruitment incentives play a major part in the successful conversion of over 1,200 military health care billets to civilian positions.
- Recruitment incentives are effective for filling positions in occupations having a positive education requirement.
- Recruitment and relocation incentives offset the high cost of housing in metropolitan areas.
- Recruitment and relocation incentives continue to be vital to staffing efforts in the Balkans and rebasing efforts in the European theater.
- Relocation incentives attract highly-qualified employees to critical positions in rural areas.
- Relocation incentives defray relocation costs both in the U.S. and overseas.
- Relocation incentives encourage employees to accept extended assignments and thereby ensure project continuity in connection with Operation Enduring Freedom and Operation Iraqi Freedom.
- Relocation incentives increase employee interest in working in overseas locations where locality payments do not apply.
- Retention incentives, in conjunction with longer service contracts, provide mission continuity between tours, allow for rapid deployment execution, and significantly decrease the time required for new operational centers to be at full strength.
- Retention incentive calculations now include an employee's locality payments, which has increased the upper threshold for employees in locality pay areas and decreased the pay gap between federal and private sector salaries, thereby decreasing the knowledge loss of retirement eligible employees who remain longer in key positions.
- Retention incentives make it possible to retain employees in hard-to-fill positions who would otherwise consider higher-paying private sector positions in high-cost locations or in areas with limited candidate resources.
- Retention incentives help agencies to retain high-level employees possessing key critical skills or vast amounts of institutional knowledge.
- Retention incentives enhance the ability to retain employees with unique, essential mission skills who would command larger salaries in the private sector (such as medical staff, engineers, attorneys, critical wastewater treatment plant operators, seismic modeling experts, and physicists).
- Retention incentives have stabilized the installation's workforce by stemming the loss of telecommunications employees and information technology staff, particularly to contractors.
- Retention incentives allow retention of vital lower-graded employees.
- Group retention incentives for security guards and police officers have drastically reduced the turnover rate in those occupations.

- Group retention incentives are used for employees serving classified customers when these employees require security clearances above top-secret and when competition exists with companies who offer bonuses of up to \$30,000 to individuals with such clearances.

Department of Energy

In 2005, the Department of Energy paid recruitment incentives for a wide variety of occupations in different pay plans that were difficult to fill due to the lack of available highly qualified candidates and/or to undesirable geographical locations (for example, the high cost-of-living areas or remote locations). Energy paid a number of relocation incentives, including an incentive to a senior manager to relocate from headquarters to a field office and to incentivize movement and retention of four wage board employees as a result of consolidating field operations in two rather remote locations in the Midwest. Retention incentives were primarily used to retain Energy's technical workforce in the engineering and physical science occupations at GS-14 or equivalent.

In 2006, Energy authorized recruitment incentives for a wide variety of occupations in different pay plans that were difficult to fill due to the lack of available highly qualified candidates and/or undesirable geographical locations, i.e., high cost-of-living areas or remote locations. Energy also authorized retention incentives primarily to retain the agency's technical workforce in a wide variety of occupations and grades. This incentive was used more than recruitment and relocation incentives combined to retain a more senior workforce.

Department of Homeland Security

In 2005, the Department of Homeland Security found these incentives useful in recruiting employees for hard-to-fill positions and retaining employees with critical skills. The use of relocation incentives was particularly helpful in the reassignment of border patrol agents and supervisors to the southwest border.

In 2006, Homeland Security found these incentives useful in recruiting employees for hard-to-fill positions and retaining employees with critical skills.

Department of the Interior

In 2005, the Department of Interior reported that 3R incentives had improved its ability to recruit and retain highly qualified individuals for positions that have historically been difficult to fill because of competition from the private sector and/or because of the remote location of the position. Relocation incentives were used to encourage current employees in surplus positions to move to other geographical locations where their competencies would be more effectively utilized.

The Bureau of Reclamation offered a group retention incentive to Hoover Dam police officers in grades GS-05 through GS-12 because the Dam is designated as a National Critical Infrastructure, and it is imperative for dam security that these positions be adequately staffed. Maintaining a viable and effective security program with duly authorized law enforcement officers is an

expensive undertaking because of the costs associated with recruitment and training. The group retention incentive over a three-year period of time has proved to be a valuable tool in helping to retain the Bureau's cadre of law enforcement officers.

The U.S. Fish and Wildlife Service used recruitment and relocation incentives to fill highly technical positions located in either remote locations or in duty stations with high costs of living. A relocation incentive was used to fill the vacancy of a GS-13 refuge manager on the island of Guam. In response to the devastation caused by Hurricane Katrina, the Minerals Management Service used recruitment and relocation incentives as part of a larger package of benefits to attract and retain highly qualified employees with expertise in petroleum exploration, drilling, and transportation. These employees were instrumental in helping Interior restore off-shore drilling of oil and the repair and maintenance of oil and gas pipelines.

Department of Justice

In 2005, the Department of Justice reported that recruitment and retention incentives have been very helpful in attracting and retaining highly qualified candidates in hard-to-fill positions in the Bureau of Prisons, particularly in health care occupations. Experienced candidates are often reluctant to accept or remain at positions for a number of reasons, including lower salaries than the private sector, the remote location of the prisons, and candidates' lack of interest in working in a prison setting. Not only have recruitment incentives helped meet this hiring need, but they have also proved an especially effective tool because they require a two-year service agreement, and in most cases employees continue beyond the two-year time frame.

The Drug Enforcement Administration (DEA) uses relocation incentives to attract DEA special agents, as well as other employees with the necessary language and technical skills to staff critical positions in hard-to-fill posts. In the past, hard-to-fill posts such as Kabul, Afghanistan, Guaynabo, Puerto Rico and Port au Prince, Haiti, would suffer from staffing shortages, making it more difficult to conduct international drug investigations and enforcement operations there.

The Executive Office of United States Trustees used relocation incentives to maintain current staffing levels by reassigning employees to areas where shortages exist. The Office of Inspector General used a retention incentive to retain an employee in a very "hard-to-fill" position of operations research analyst (the position was advertised three times prior to a good candidate being located) after the employee received several outside offers. Relocation incentives were offered to seasoned special agents who were recruited for "one-person" offices and were expected to hit the ground running.

The Federal Bureau of Investigations (FBI) used retention incentives to retain the services of employees serving in critical functions throughout the FBI. In some instances, the need for retention is due to the individual's unique investigative vision, managerial expertise, and professional judgment which are crucial to the FBI's ability to execute its mission, while in other instances the retention need is directly related to the individual's involvement in important FBI investigations. Some incentives were required to retain the services of individuals holding unique professional or technical credentials for which the FBI has experienced significant recruitment difficulties, making their expertise nearly irreplaceable.

In 2006, the Department of Justice reported that 3R incentives had been effective tools when the Department of Justice experienced difficulty in recruiting and/or retaining highly qualified personnel. Some bureaus indicated using these pay flexibilities made them able to retain and gain the “best talent in today’s competitive market,” as well as staff hard-to-fill vacancies. Other bureaus report these authorities improved succession planning by providing a method of retaining highly knowledgeable staff to provide leadership and training to developing staff. Justice continues to use the recruitment, relocation, and retention incentives either separately or in conjunction with other pay flexibilities to deal with staffing difficulties.

Department of Labor

In 2005, the Department of Labor reported that recruitment incentives had helped it attract highly qualified employees to several information technology, statistician, and economist positions, and attracted individuals to the MBA Fellows program—all of whom could have found higher-paying work in the private sector. When an Employment and Training Administration regional office was closed, Labor used relocation incentives to help relocate employees to another region, thereby avoiding the necessity of a reduction-in-force. The Veterans Employment and Training Service used relocation incentives to persuade employees to relocate to less desirable locations.

In 2006, Labor used recruitment incentives to recruit an expert GS-110 economist and an expert in toxicology in the GS-0601 general health science series and to fill several other vacancies where there was difficulty in attracting applicants due to higher salary rates outside of the government. Labor also used recruitment incentives to recruit good candidates into the MBA Fellows program (GS-0301 miscellaneous administration and program series) who could have found higher-paying work in the private sector.

The Employment and Training Administration and the Mine Safety and Health Administration used relocation incentives to convince several employees to relocate to different duty stations where there was a greater need for their services.

Labor had been paying a GS-12 Manpower Analyst a retention allowance under the former authority, which it terminated according to the deadline set in the law and regulations. Labor authorized a retention incentive for the employee under the new authority, but terminated it when it was no longer needed due to the employee’s promotion to GS-13.

Department of State

In 2006, the Department of State used retention incentives for IT professionals in IT series or skill-coded positions. The retention incentive varied (5, 10, or 15 percent) depending on the special skills attained. The program contributes significantly to State’s recruitment and retention goals and motivates IT professionals to obtain and maintain advanced industry-wide skills, certifications, and credentials. This plan was instituted in 1999 as a 5-year pilot program until it was formalized in October 2005.

The competition for skilled IT professionals has not changed since the program's inception in 1999. Employment trends continue to present stiff competition in a tight labor market for State's growing demand for current specialized IT skills. The incentive program has not only helped State retain its experienced IT employees, but has also encouraged them to acquire professional credentials in the latest technology thereby helping State maintain and improve its highly technical information management workforce. In order to maximize the program's benefit to State, representatives of State's IT and human resources community meet monthly to review and adapt the program's certification requirements in response to changes in State's needs or in the IT training environment. As a result, employees must continually meet new certification requirements to remain eligible to receive payments.

The Department also uses the New Orleans Group Retention Incentive Plan; it applies to civil service employees and Foreign Service members in the New Orleans metropolitan area. Eligible employees receive a retention incentive of 10 percent of their rate of basic pay, which is paid on a biweekly basis.

Department of Transportation

In 2005, the Department of Transportation used recruitment, relocation and retention incentives to meet staffing needs in remote areas, such as Massena, NY, and in highly competitive job market areas, such as Washington, DC, where there is significant competition from the private industry for highly qualified talent for specialized positions in the engineering, information technology and transportation planning fields. When candidates for engineering and transportation positions receive private industry job offers with higher salary offers than those the federal government can provide, recruitment incentives provide Transportation with a competitive advantage in the hiring process. Retention incentives have prevented retirement eligible senior-level employees from separating, affording Transportation additional time for knowledge sharing and succession planning. One of the relocation incentives authorized by Transportation resulted in an employee accepting a position in an area with a lower cost of living compared to the duty station of the original position. Because the employee is receiving a decrease in pay as a result of geographic conversion under the new pay administration rules, the employee would not have accepted the position without the relocation incentive.

In 2006, Transportation used recruitment incentives at the Federal Highway Administration as part of its strategy to recruit highly qualified college graduates for key professional disciplines. Thus far, 19 incentives were paid to college graduates and master's degree candidates who otherwise may not have accepted because the federal government cannot match private sector salaries. Other incentives were used by Transportation to hire individuals with specialized skills, including private sector candidates who otherwise would not have joined the agency.

One relocation incentive was used to relocate a field employee to a headquarters position. This office recruited for four positions in 3 years and received only two qualified candidates. The selectee had hands-on experience in bridge management and also had inspection and technical credibility with outside customers because of his field experience. However, he would not accept the position without a relocation incentive of \$12,000. It was imperative this position

be filled, and the relocation incentive allowed Transportation to fill it with a highly skilled employee.

Retention incentives allowed Transportation to retain the services of invaluable employees in critical positions who would have retired or left for private industry. In three cases—for a financial officer, lead human resources specialist, and realty specialist—these incentives enabled critical program activities to continue, allowing the offices additional time to find suitable replacements for these key employees.

Department of the Treasury

While Treasury did not make extensive use of 3R incentives in 2005, it did report that they are used when critically needed to maintain critical skills, knowledge, and competencies and to facilitate Treasury's ability to compete in the labor market, retain highly qualified and skilled employees, promote succession planning, and fill critical, hard-to-fill positions. Some examples of how Treasury bureaus used the incentives follow.

When an applicant would have lost \$7,500 in salary, a bureau used a recruitment incentive to attract her, since her background and experience in terrorism and her exceptional qualifications will be invaluable to enhance agency efforts to combat terrorism.

The Internal Revenue Service (IRS) has been using relocation incentives effectively to relocate employees who possess the unique skills and experience to fill mission-critical occupations and to support the restructuring efforts of the IRS. This incentive has been helpful in addressing restructuring initiatives created by Hurricane Katrina. Another bureau used a relocation incentive to fill a position for a supervisory criminal investigator (special agent in charge) to bring the best qualified candidate to the Washington, DC position.

A retention incentive helped retain a Treasury employee whose exceptional knowledge, skills, and abilities in the field of Oracle infrastructures represent a significant contribution to the overall operation of the bureau. Another bureau used a retention incentive to retain its program office's project manager by matching a private job sector offer. Treasury reports that retention incentives help reduce turnover and retain well-trained, experienced, and quality personnel to maintain essential operations at a high level; allow bureaus to address important program requirements by providing extra compensation to employees to stay past their projected retirement date; allow bureaus to compete with higher paying corporate employers in the continuing demand for employees with exceptional technical and managerial skills; and make it possible to retain those that demonstrate the required skills and expertise needed to complete on-going, mission-critical projects and programs.

Department of Veterans Affairs

The Department of Veterans Affairs reported significant use of recruitment, relocation, and retention incentives in calendar year 2006. These figures do not reflect incentive payments authorized under 38 U.S.C. 7401 for physicians, dentists, optometrists, chiropractors, registered

nurses, physician assistants, and expanded-function dental auxiliaries appointed under 38 U.S.C. 7401(1).

Title 5 recruitment, relocation and retention incentives helped attract and retain highly qualified and skilled individuals. This is especially true for Veterans Affairs' facilities located in rural, remote, or isolated areas where the pool of suitable candidates is limited, and in high-cost metropolitan areas where facilities must offer higher salaries to compete with private sector salaries. Use of recruitment, relocation, and retention incentives helped reduce the turnover for many mission critical occupations and assisted facilities in stabilizing the workforce with high-caliber individuals.

African Development Foundation

In 2005, the Chief Financial Officer for the African Development Foundation had received tentative job offers with increased pay, sign-on bonuses, and future pay increases beyond those provided under the General Schedule. The Foundation used a retention incentive to retain this individual at a time when the agency was making significant changes to its organization, was receiving an increased budget, and would be expanding its role and financial support for its programs.

Broadcasting Board of Governors

In 2005, the Broadcasting Board of Governors used a recruitment incentive to attract and hire a highly talented television managing editor whose services were needed to provide editorial leadership for major agency international television broadcasting initiatives. Without the incentive, the agency could not have hired this individual away from the commercial broadcasting industry, as her private sector salary was significantly above the highest rate of the grade to which she was appointed and included benefits unavailable to her as a federal employee.

Chemical Safety & Hazard Investigation Board

In 2005, the Chemical Safety & Hazard Investigation Board used recruitment incentives to secure top talent in two of its hard-to-fill positions—investigator and recommendation specialist. These incentives helped it hire two senior-level, GS-14 investigators from the private sector and a mid-level, GS-12 investigator. They also helped the agency hire two top-level college students, who were being heavily recruited by the private sector, to GS-07 investigator and recommendation specialist positions.

In 2006, the Board used recruitment incentives to hire IT specialists. In the past, it has been difficult for the Board to recruit the desired caliber of talent in these positions. The Board has used recruitment incentives to make more attractive offers and has been successful in filling its positions. The Board has not had to use relocation or retention incentives to support its recruitment and retention efforts.

Consumer Product Safety Commission

In 2005, the Consumer Product Safety Commission paid one recruitment incentive to recruit a GS-12 general engineer for its Division of Combustion and Fire Sciences, Directorate for Engineering Science. This position plays a key role in fulfilling the Commission's highest priority engineering projects, including the flammability of mattresses, bedclothes and upholstered furniture; managing the rulemaking effort to address the safety of cigarette lighters; and managing a project addressing carbon monoxide hazards, including those posed by the use of portable electrical generators. The position requires knowledge of both textile technology and general engineering disciplines and, historically, has been one of the most difficult positions to fill. The incumbent, who was found only after extensive advertising of the position, was uniquely qualified for this position, since she had a BS degree in electrical and fire protection engineering, an MS degree in mechanical engineering, and private sector experience which closely matched the position requirements. Without a recruitment incentive, which she indicated would be helpful in defraying the substantial cost associated with relocating to Washington, DC, it is very unlikely that the Commission would have been able to fill this mission-critical position with such a high-caliber person.

In 2006, the Commission successfully used one relocation incentive and two recruitment incentives to entice high quality candidates to accept offers of employment for three mission critical positions. Historically, textile technologist vacancies have been extremely difficult to fill because so few candidates have the education and experience the position requires. The relocation incentive was essential in convincing an incumbent to accept the new position. Similarly, filling mathematical statistician positions has been challenging because there are a large number of federal agencies in the Washington, DC, area competing for a relatively small number of applicants. The recruitment incentive was essential to convincing the incumbent to accept the position. The Commission used a recruitment incentive to fill the Assistant Executive Director vacancy in the Office of Hazard Identification and Reduction. Prior to his employment with the Commission, the incumbent was a private sector manager of a multi-national manufacturing company. The depth of his knowledge in managing processes and human resources was an excellent match with the position he now occupies, and the recruitment incentive was an essential part of the compensation and benefits package the Commission was able to offer him.

Federal Election Commission

In 2005, the Federal Election Commission used a retention incentive to retain its Director of Budget, Planning and Management for three months past the date he had planned to retire so he could help the agency through the FY 2005 Performance and Accountability Report process and the FY 2006 budget submission.

Federal Trade Commission

In 2005, the Federal Trade Commission used recruitment incentives to recruit highly-qualified, Ph.D. economists. The Commission explained that individuals completing doctoral degrees in

economics are very likely to be lured by faculty posts where they can focus primarily on independent research. Since the Commission's work depends on sound economic analysis of market factors, such as barriers to intra-market competition, this kind of mission-directed economic analysis does not allow for the pursuit of "pure" economic research. The Commission finds that without offering recruitment incentives and using the superior qualifications and special needs pay-setting authority, it would be nearly impossible for them to recruit the kind of Ph.D. economists it needs.

General Services Administration

Although the General Services Administration noted that the 30 employees who received a 3R incentive represent only 0.23 percent of its employee population, it considers recruitment, relocation, and retention incentives (as well as other pay flexibilities, such as the extremely high qualifications and special needs pay-setting authority) important human resources flexibilities to solve specific staffing problems and to meet strategic human capital management objectives. Recruitment and retention incentives have been particularly helpful in high cost-of-living areas where locality pay alone does not attract the quality candidates needed to meet GSA's mission. For example, it used a \$25,000 recruitment incentive to hire an individual for a GS-15 position in the Public Buildings Service in its New York office, where the high cost of living and dynamic economy in which management skills are in high demand, have made it historically difficult to attract talented mid-level managers. Of the 18 retention incentives paid, 17 were for areas where the cost of living is considerably higher than average and the market for high-quality employees is very competitive (14 in Washington, DC, 2 in Chicago, 1 in Los Angeles).

All four recruitment incentives were similarly paid in high cost-of-living areas (one each in San Francisco, Washington, DC, Atlanta, and New York). Relocation incentives were used for positions located primarily in the western United States, typically for hard-to-fill positions where previous recruitment efforts had not produced candidates with the necessary experience and skills.

National Aeronautics and Space Administration

Although the National Aeronautics and Space Administration's external hiring was limited during 2005, almost all of its centers needed to use recruitment incentives at least once to attract the candidate of choice. NASA noted that the incentive payments were often not large, but were necessary to "close the deal" with the candidate.

Relocation incentives have been particularly effective in NASA's efforts to address skill imbalances and strengthen core competencies at centers, and will continue to be important to the agency to leverage its workforce effectively. NASA anticipates it will need both recruitment and relocation incentives over the next several years to encourage employees to accept positions at the newly-established NASA Shared Services Center located at Stennis Space Center, since the surrounding area was devastated by Hurricane Katrina and there is limited housing availability there.

In 2006, NASA also made limited use of retention incentives, but anticipates increasing use over the next few years with the need to retain the skills necessary to support safe Space Shuttle flight until the program's retirement in 2010.

National Capital Planning Commission

In 2005, the National Capital Planning Commission used a retention incentive to retain a GS-15 level community planning specialist who had been offered a position with a local county park authority. The employee is the only licensed engineer on staff, and his experience and abilities in his field would be nearly impossible to replace. He had been involved in the creation of the Legacy Plan, a 21st century vision for the National Capital region, and his involvement is critical to develop and implement initiatives from the Plan. Further, his technical expertise on issues of physical security will improve the Commission's ability to address these issues in the nation's capital.

In 2006, the Commission paid retention incentives to retain employees who serve in critical positions within the agency:

- A supervisory community planner was offered a position with a local park authority.
- A supervisory public affairs specialist was offered a position with an outside communications firm. The employee serves as a top advisor to the Commission's chairman and executive director as well as a senior liaison to the White House on agency initiatives involving the Executive Office. She is vital to the ongoing success of the Commission's international collaborations, including the agency's role in Capital Alliance, a global organization for capital city planners from around the world. Her expert knowledge of the local and federal interests and her excellent relations with members of Washington's media corps make her services invaluable to furthering the goals and mission of the Commission.

Railroad Retirement Board

In 2005, the Railroad Retirement Board used a retention incentive to retain a Medicare contractor operations specialist and ensure there was no disruption of service to the public. The employee's departure would have negatively affected the agency's ability to analyze budget requests submitted by its Medicare carrier and to monitor ongoing budgetary activities.

Social Security Administration

Although the Social Security Administration was able to meet most of its hiring needs through a proactive national recruiting program in 2005, it reported using incentives in a targeted and strategic manner to recruit or retain individuals with highly technical or unique qualifications. Most incentives are used to recruit or retain information technology specialists.

Tax Court

Due to the competitiveness of the market from which potential candidates are drawn, the U.S. Tax Court reported that it has had ongoing difficulties recruiting the most highly-qualified candidates for the position of law clerk/attorney-adviser. In 2005, the Court has used 3R incentives for these positions at the GS-11 and GS-12 levels. Incentives are only offered to those who meet specific criteria, including a certain class standing, grade point average, specialized credentials, special academic background, and/or unique experience. As a result of this policy, the Court has significantly improved its ability to appoint quality candidates as law clerks/attorney-advisers to its judges.

AWARD DOCUMENTATION REVIEW METHODOLOGY

Separating out Special Act or Service Awards and On-the-Spot Awards from Code 840, which Includes Ratings-Based Awards.

1. Convert NOA codes in MS Access Actions Table to numeric.
2. Select awards for 2005 and 2006. (38,132 records)
3. Delete 894—General Adjustment. (23,027 records remain)
4. Select NOA code 840 which includes all three types of cash awards. (17,929 records)
5. Put them in a separate table, and delete the records from the Awards and Bonuses Actions table. Export the 840 table to MS Excel, since MS ACCESS does not have a Mod function.
6. In Excel, calculate MOD (amount/50) and save results.
7. Create a new variable called AwardType in the 2005-6 Awards and Bonuses Actions table.
8. Import Excel table back into Access. Select Mod = 0 (6,512 records.) Append it to the 2005-6 Awards and Bonuses Actions table. This now includes 2005 and 2006 actions with a column showing the remainder when the amounts are divisible by \$50.
9. When the remainder is zero, (evenly divided by 50,) the awards are assumed to be either Special Act or Service awards or On-the-Spot awards. If we further assume that of these all awards equal to \$500 or less are On-the-Spot (2,928 records). Records not evenly divided by 50 are assumed to be ratings-based performance awards.

	2005	2006	Total
All Records	19,261	18,871	38,132
Less: 894 Actions	8,068	7,037	15,105
2005-6 Usable Records	11,193	11,834	23,027
840 Actions	8,833	9,096	17,929
Ratings-Based (other than QSI)	5,611	5,806	11,417
Special Act or Service	1,747	1,837	3,584
On the Spot	1,475	1,453	2,928

Selecting a Sample of Large Awards

The sample is drawn from the file of all CDC award actions provided to the Academy by HHS/CDC. The population is a subset of this file, consisting of Special Act or Service Awards or Invention Awards for 2005 and 2006, both of which are one time and not linked to performance evaluations. Large awards are defined as \$2,500 or more.

This population (975 records) is extracted and placed in a separate Excel file—LargeAwards_2005&2006. The sample also is contained in that file as a separate worksheet. A third worksheet in that file consists of only identifiers for the specific award in the sample—emplid, effective date, and amount. The three worksheets are named Population, Sample, and Identifiers, respectively. A fourth worksheet, Systematic Selection explains the systematic sampling methodology and identifies the sample.

1. Select the population, where
 FY = 2005 or 2006
 AwardType = Special Act or Service
 Group Award
 Indiv Suggest Invent
 Group Suggest Invent
 Amount >2499

Place this selection in table 1500 Large One-Time Awards

2. The review of the awards documentation will consist of several checklist-type questions, to which the response will be “Yes” (compliant) or “No” (not compliant). CDC has pointed out that the compliance rates are likely to be different for different questions. Because the population is the static universe of award documentation in 2005 and 2006, it is possible to select a small random sample of awards and use that to estimate population variances for each of the questions. If additional sample is needed, it can be obtained with a follow-on random selection.

For the first sample, we are assuming a compliance rate of 90 percent. Precision is set at plus or minus 3 percent and the confidence interval is 90 percent. Without controlling for finite population and rounding up, the sample is:

$$[(1.65) (1.65) * 90 * 10] / (3 * 3) = 273.$$

However, sampling without replacement reduces the effective population size and therefore the size of the sample needed to represent that population with a given level of confidence and precision. Applying a finite population correction and rounding up, the required sample is:

$$(975 * 275) / (975 + 275) = 214.^{18}$$

¹⁸ See Kalton, Graham, *Introduction to Survey Sampling*. Newbury Park, CA: Sage Publications, 1983. p. 82.

3. Systematic sampling is used to select the sample documentation. With a sample of 214 and a population of 975, the sampling interval is 4.5561. In other words we will select either every fourth or every fifth set of awards justifications. The worksheet Systematic Selection in the Excel file shows the selection process.
4. The selections are done in MS ACCESS, which permits linking the sample selection to the population. The sample selection numbers are contained in Table 1510 Systematic Selection and the actual sample data are contained in Table 1520 of Large Awards (214).

HIGH DOLLAR VALUE AWARDS: REVIEW CHECKLIST

For CDC one-time awards of \$2500 or more, answer the following questions with a YES or NO answer:

TIMING

- The dates for the period of performance are clearly designated on the award documentation.
- The maximum period of performance warranting recognition is two years or less.
- Submission of this award nomination by management was within the period defined in agency award instructions, such as generally within 30 days after the end of the period of performance.
- AHRC approval of this award reflects timely action on the part of the human capital office, i.e. approval and processing of action within two weeks of receipt of documentation.
- Based on documented dates, there are no substantial delays in the approval/processing of this award, i.e. the time from date of original submission to approval is four months or less.
- Award documentation reflects consistent dates, such as a performance period consistent with approval dates and no backdating of an award.
- The signatures on the award documentation have required dates.

SIGNATURE

- This award documentation has all required levels of signature for the type and amount of award requested:
 - For awards \$5,000 and less, CIO Director
 - For awards \$5,001 to \$10,000, CDC Director
- All signatures are dated, with the title of the signatory official provided.

ELIGIBILITY

- The subject employee is in a pay plan defined as eligible to receive such an award.

JUSTIFICATION

- The narrative justification for this award meets federal and agency criteria for the award requested.

- The narrative justification for this award is consistent with the agency specified dollar ranges for this contribution.
- The narrative justification sufficiently and appropriately addresses the factors specified in the agency criteria for dollar values in this range.
- Based on agency criteria, the amount of the award is no higher than warranted.
- Based on agency criteria, the amount of the award is no lower than warranted.
- The narrative justification for this award is sufficient in length, detail, and specificity for a reviewing/approving official to make a reasoned judgment.
- The narrative justification for this award does not cite potentially non-germane or inappropriate activities as the basis or partial basis for this award.
- If the proposed recipient is part of a group, the narrative justification identifies the individual's contribution if they differ among group members. It is therefore possible to gauge the appropriateness of the dollar value of each proposed recipient's award.
- The SES employee receiving this award for a one-time event is not receiving this award for duties within normal and continuing performance expectations, more appropriate for a bonus.

RECORD RETENTION

- CDC management was able to retrieve and provide the documentation for this award.

BACKGROUND INFORMATION ON SENIOR-LEVEL PAY PROGRAMS

CDC employs and/or pays senior level persons under a number of different programs having different legal authorities and different implementing structures. As of June 2007, 585 of CDC's 9,000 employees were considered senior level. They served in high-level managerial positions or, according to CDC, possessed extraordinary credentials in their medical or scientific fields. These senior-level employees work across CDC's component units and are subject to different appraisal and pay systems having different base pay ranges and limitations. In addition to their base pay, senior level employees may also be able to earn additional amounts through such means as allowances or awards subject to aggregate annual compensation limits, which are discussed later. Table J-1 shows the number of senior level employees covered under each program and their base pay caps as of June 2007.

Table J-1
Number of CDC Senior-Level Employees by Program
June 2007

Program	Authority	Employees	Base Pay Cap
Senior Executive Service	5 U.S.C. 5382	29	\$168,000
Physician and Dentist Special Pay	38 U.S.C. 7431	76	400,000
Distinguished Consultants	42 U.S.C. 209 (f)	90	350,000
Senior Biomedical Research Service	42 U.S.C. 237	46	186,600
Public Health Service Commissioned Corps	42 U.S.C. 204	344	168,000
Total Number of Employees		585	

A discussion of each of these pay programs, including their statutory, regulatory, and organizational frameworks and implementation details within the Department of Health and Human Services (HHS)/CDC, follows. Because performance-based awards for SES members are handled together with base pay adjustment decisions, they are discussed together. However, because other types of awards for SES members and awards for other senior-level employees are covered under different authorities and have differing implementation details, they are discussed under the awards section. Furthermore, because CDC does not have a composite document that sets out the details about its different pay programs in a consistent manner, the Panel had to compile the information on its pay programs from different sources having varying amounts of detail about how the programs work.

SENIOR EXECUTIVE SERVICE

In 2003, Congress established a new performance-based pay system for Senior Executive Service (SES) members (5 U.S.C. 5382) that is designed to provide a clear linkage between SES performance and pay. Instead of setting SES base pay under six pay levels and providing for annual across-the-board or locality pay adjustments for the SES, the new system establishes two ranges of rates for base SES pay and provides for paying SES members within the ranges based on their individual performance, contribution to the agency's performance, or both, as

determined under a rigorous performance management system. Although the minimum pay is to be the same in both ranges, agencies with OPM-certified (with OMB concurrence) performance appraisal systems can pay SES members base pay up to Executive Level II, which was \$165,200 for 2006 and \$168,000 for 2007. The maximum for agencies that did not have such a certification was Executive Level III, or \$152,000 for 2006 and \$154,600 for 2007. The minimum for both ranges was \$109,808 for 2006 and \$111,676 for 2007. The law requires agencies to establish performance appraisal systems and to use these systems as the basis for SES pay adjustments and performance awards. Section 5948 of Title 5 authorizes physician comparability allowances up to \$30,000 for SES members as well as certain other categories of employees. Such an allowance is not part of base pay.

OPM's implementing regulations (5 C.F.R. 430) require agencies to establish SES performance management systems that (1) hold senior executives accountable for achieving linked individual and organizational performance goals, (2) systematically appraise performance, and (3) use performance results as a basis for pay, awards, and other personnel actions. All agencies are to appraise SES members in writing on critical elements of their performance plans, based on both individual and organizational performance, and provide members with a summary rating at the end of an appraisal period. The regulations require agencies to establish one or more Performance Review Boards (PRB) to make recommendations to the appointing authority on SES performance, including each SES member's annual summary rating. OPM's regulations also set forth the process and criteria for agencies to obtain certification that their appraisal systems make meaningful distinctions based on relative performance. OPM established nine criteria agency appraisal systems must meet in order to be certified. For example, performance expectations are to align with the agency's mission, goals, and priorities; assessments of organizational performance are to be completed before employee ratings are recommended so that the organizational assessments can serve as a basis for the individual ratings; and the systems are to provide performance and pay differentiation between outstanding and other levels of performance.

OPM's regulations (5 C.F.R. 534.401-408) governing pay and performance awards for the SES mirror the statute's minimum and maximum pay rates for SES members and require agencies to establish a plan for setting and adjusting basic pay rates for SES members. In their plans, agencies must:

- Provide transparency in the processes for making pay decisions, while assuring confidentiality;
- Require that any decisions to adjust pay must reflect meaningful distinctions based on individual performance and/or contribution to agency performance;
- Include the criteria that will be used to set and adjust base pay to ensure meaningful distinctions for those with the same as well as different rating levels based on performance;
- Designate who will have the authority to set and adjust SES pay, including approve base pay higher than Executive Schedule Level III; and

- Discuss the internal controls that will be applied to ensure compliance with applicable laws.

The regulations further specify that an SES member who receives an annual summary rating of Outstanding must be considered for an annual pay increase. Only SES members who receive an Outstanding summary rating can receive a base pay rate that would exceed the Executive Schedule Level III rate and then, only if certain other requirements are met. SES members receiving a summary rating of less than Fully Successful are not to receive a pay increase for the covered appraisal period. SES members are generally prohibited from receiving adjustments in their base pay more than one time in a 12-month period, although exceptions can be made for reasons specified in the regulations.

OPM's regulations (5 C.F.R. 530.202) set the aggregate annual compensation limit for the SES at the level set for the Vice President for agencies with certified appraisal systems—\$212,100 for 2006 and \$215,700 for 2007—and Executive Schedule Level I, or \$183,500 for 2006 and \$186,600 for 2007 for agencies that did not have certified systems.

PHYSICIANS AND DENTISTS SPECIAL PAY

Under sections 1104 and 5371 of Title 5 U.S. Code, OPM has delegated to HHS the authority to use certain personnel authorities contained in Title 38 primarily available to the Department of Veterans Affairs for health care occupations that provide direct patient care services or services incident to direct patient-care services. These authorities relate to appointment, advancement, pay rates and systems, premium pay, and classification and hours of work and are available to CDC. Employees covered under this delegation are subject to Title 5 for other purposes and are coded in the agency's personnel records as GP or GR. Authority to increase base pay rates is available only to enable HHS to be competitive in the non-federal market place, achieve adequate staffing at particular facilities, and recruit personnel with specialized skills. The delegation covers physicians, dentists, and several other medical professionals.

For physicians and dentists, the delegation authorizes three pay elements:

- **Base pay.** For the Department of Veterans Affairs, this pay is set forth in a pay schedule having 15 steps differentiated by the number of years of service the individual has had with the Veterans Health Administration. CDC has been given authority to use this provision through a delegation from OPM, and this is discussed below.
- **Market pay.** Each physician and dentist is eligible for market pay, which is intended to reflect the recruitment and retention needs for the specialty or assignment of a particular physician or dentist. The amount of market pay is to be determined on a case-by-case basis and must be evaluated at least once every 24 months.
- **Performance pay.** This pay is based on the individual's achievement of specific goals and performance objectives. The amount of performance pay may not exceed the lower of \$15,000 or 7.5 percent of the sum of base and market pay for the physician or dentist.

Base and market pay are to be considered pay for all purposes, including retirement benefits. If HHS chooses to implement the performance pay authority under Title 38, it can do so in lieu of or in addition to its other ratings-based or goal-sharing program. However, individuals receiving market pay under the delegation cannot simultaneously receive physician's comparability allowances or locality payments under Title 5 or special rate supplements under Titles 5 or 38. Physicians and dentists covered under this delegation cannot receive total annual compensation exceeding \$400,000. CDC now faces choices as to which employees deserve a pay raise and how much to pay new recruits, especially those from the private sector who are coming in laterally.

Both HHS and OPM have certain responsibilities under the agreement. For example, HHS is to develop written policies and procedures, apply them fairly and consistently, maintain auditable program records, and monitor the use of the delegation provisions. Among other things, OPM is to monitor HHS' and agencies' compliance with applicable requirements and HHS' written policies and procedures.

HHS Implementing Instructions

HHS' instructions (HHS Instruction 590-1) implementing this delegation of authority were effective in January 2006.¹⁹ They authorized a new pay system for civilian physicians and dentists at the GS-15 level and below in HHS, including CDC. CDC has the authority to pay physicians and dentists providing direct patient care or services incident to this using the GS pay table for base pay and the Veterans Affairs pay tables for market pay. Market pay is intended to reflect the recruitment and retention needs for a specialty or assignment of a particular physician or dentist at an HHS facility. CDC has established four tiers of pay ranges based on specialty and position level.

CDC is required to establish one compensation panel to be responsible for guidance and oversight for the new pay system. CDC initially designated its Executive Resources Board (ERB) to ensure consistency and appropriateness of pay determinations and periodically review pay under the program. In late 2006, CDC abolished its ERB and replaced it with the Compensation and Performance Review Subcommittee (CPRS). During the summer of 2007, CPRS established several subgroups to handle compensation issues, including a subgroup for the Title 38 pay plan. When the ERB existed, a CDC official desiring Title 38 pay for an employee was to complete a form and submit the form along with the candidate's or employee's qualifications, job description, and market pay justification to the ERB, which was to make its recommendations on pay range and tier to the approving official. The approving official was to make the final determination on the amount of market pay and, if approved, certify that applicable requirements had been met and forward the paperwork to the servicing human resource center for its processing and retention. If the recommending official wanted to exceed the maximum of one of the established pay ranges, he/she had to justify that a higher maximum was necessary to maintain adequate staffing based on criteria set forth in HHS' instruction. The ERB was to consider the request and make its recommendations to the Director, CDC, who was to make the decision, and if approved, send the package to the Atlanta Human Resources Center for review and processing.

¹⁹ CDC had authority to pay physicians under Title 38 since the 1990s, but the January 2006 HHS instruction implemented new, more flexible statutory authority for paying physicians and dentists.

HHS updated its instructions for physician and dentist pay in July 2007. The update requires employees receiving Title 38 pay to be covered under HHS' PMAP program, establishes new pay ranges for Title 38 pay within HHS, and sets forth criteria for approving pay for persons that is above the range for their specialty or assignment. As HHS required previously, requested pay amounts exceeding \$250,000 must be approved by HHS.

Annual aggregate compensation of persons receiving physician or dentist pay under Title 38 cannot exceed \$400,000. Subject to the \$400,000 cap on annual compensation, these employees can receive awards (including QSI) and recruitment, relocation, and retention bonuses; and are covered under PMAP. However, they are subject to other limitations. For example, they cannot receive a physician's comparability allowance under Title 5 or overtime, and the sum of all of their pay components under Title 5 cannot exceed the rate of pay for Executive Schedule Level I, which in 2006 was \$183,500 (\$186,600 in 2007) and their total compensation under Title 5 and Title 38 combined cannot exceed \$400,000. SES members, Commissioned Officers, and SBRS employees or other persons employed or paid under a Title 42 authority are not eligible for physician and dentist pay.

Under HHS' instructions, CDC is responsible for ensuring that applicable requirements are met in its use of this program, reviewing requests of persons in the program for approval of outside work activities for possible conflicts of interest, and maintaining auditable records.

CDC Implementation

New CDC employees who are to be paid under Title 38 are appointed under Title 5, given base pay using the GS base table for grade and step, and Title 38 market pay based on board certification, experience, current salary, pay comparability in the local area, and other factors. CDC employees converting to Title 38 pay are to receive base pay using the GS grade and step (not the medical special salary rate) and derive market pay based on existing locality pay and a physician comparability allowance. CDC employees receiving Title 38 pay can get pay increases from within-grade step increases and COLAs on base pay, and a compensation panel can recommend other increases. According to AHRC, the enhanced Title 38 pay system, which became available to CDC in January 2006, is still in the process of being structured.

In July 2007, CDC's Compensation and Performance Review Subcommittee established subgroups to set policy for, manage, and oversee the pay systems and incentive awards and other pay incentives for its employees. The following subgroups were established:

- SES and Title 42 Executives
- SBRS and Title 42 Scientists
- Title 38 Physicians and Dentists
- Commissioned Corps
- GS/PMAP
- Incentive Awards and Other Pay Incentives

In September 2007, CPRS' subgroup for Title 38 began its work. As of September 15, it had developed a draft charter and was developing its policies and procedures for carrying out the responsibilities expected by HHS of its components' Title 38 compensation panels. According to one of the subgroup's co-chairs, it plans to handle all compensation issues for persons under the Title 38 pay plan, including persons desiring to convert from another pay plan to Title 38.

As of June 2007, CDC employed 76 physicians or dentists paid under the Title 38 authority. For 2007, pay for CDC employees paid under Title 38 can range from GS-13, step 1—\$77,590 to \$250,000 and can go higher with HHS approval.

DISTINGUISHED CONSULTANTS

Section 209 (f) of Title 42 authorizes PHS to appoint and employ special consultants without regard to civil service laws. CDC began using this authority in 1999. In August 2005, HHS issued Personnel Instruction 42-1 to provide department-wide guidance on use of this authority. This instruction limits appointments under this authority to filling scientific positions when efforts under other personnel systems have failed to yield candidates that possess critical scientific expertise. Appointees must meet the education requirements for the positions and have professional experience and stature commensurate with the position's duties. Supervisors desiring to hire a person under this authority must document the scientific duties and responsibilities and the required education and experience; recruitment and retention efforts under different authorities must be documented prior to a section 209 (f) appointment. This type of appointment provides for consideration of rank in person.

According to HHS' instruction, base salaries are to be set consistent with the applicant's qualifications and experience, considering such factors as the person's current salary, competing offers, the person's specialized experience and stature, program urgency, and responsibilities and complexity of duties. Until April 2007, certain HHS component heads, such as CDC's director, could approve base salaries of up to \$250,000 and aggregate compensation of up to \$275,000 in any calendar year unless the Secretary approved higher amount. The maximum amount of annual aggregate compensation was \$275,000. All pay increases are to be performance based, consistent with the employee's performance rating, and are generally not to exceed 6 percent, but can do so with component director approval. The Secretary had to approve increases that would have increased base salary to \$250,000 or more. Beginning in April 2007, HHS revised its delegation of authority to permit CDC's director to appoint employees under Title 42, section 209(f), and to set base salary and grant pay increases up to \$350,000 in a calendar year and total compensation not to exceed \$375,000 in a calendar year.

Persons employed under this authority are eligible for recruiting, relocation, and retention bonuses, performance-based cash awards and Special Act, spot, time-off, and honorary awards. On the other hand, section 209(f) appointees are not entitled to physician comparability allowances or special salary rates and are not entitled to Merit Systems Protection Board appeal rights. Scientists employed under a different authority can convert to this type of appointment under the circumstances described in HHS' instruction. HHS' Office of Human Resources is to

periodically review appointments made under this authority. Commissioned Corps officers can convert to a Title 42 appointment under certain circumstances.

CDC Implementation

CDC refers to persons appointed under section 209 (f) as distinguished consultants. According to CDC, it generally requires a doctoral degree or foreign equivalent in a scientific field, experience in a health/scientific assignment, and experience and time-in-grade for senior scientific positions. Within CDC, a credentials committee is to evaluate each candidate's qualifications, experience, and credentials, considering such factors in the field of interest as recognition as a national or international expert, original scientific or scholarly contributions, and proven leadership and special knowledge and skills that would benefit CDC.

As of June 2007, CDC employed 90 distinguished consultants. During fiscal year 2006, base pay for these employees ranged from \$113,427 to \$250,000. In March 2007, HHS increased the pay and aggregate compensation caps to \$350,000 and \$375,000, respectively. In June 2007, CDC announced the performance pay increases and bonuses for Title 42 employees for the 2006 appraisal year. The pay raises and bonuses for both SBRS and distinguished consultants ranged from 3 percent and 3.5 percent of salary for employees with fully successful PMAP ratings to 6 percent and 6.5 percent of salary, respectively, for employees with exceptional PMAP ratings. Thus, those Title 42 employees with fully successful ratings received both pay increases and a bonus. HHS also announced that for the 2007 appraisal year, Title 42 employees will no longer be covered under PMAP.

SENIOR BIOMEDICAL RESEARCH SERVICE

Section 237 of Title 42 U.S.C., effective in 1990, established the Senior Biomedical Research Service (SBRS) within PHS to consist of not more than 500 persons outstanding in the field of biomedical research and clinical research evaluation. The statute:

- Authorizes the Secretary of HHS to appoint persons to SBRS without regard to Title 5 appointment provisions;
- Establishes a performance appraisal system; and
- Pays members not less than the minimum rate for GS-15 employees and not more than Executive Level I unless a higher rate is approved by the President.

In addition, HHS' implementing regulations (42 C.F.R. 26) further specify:

- The Secretary will allocate SBRS slots—of which the majority are to be reserved for recruitment—to participating operating divisions;
- SBRS slots are only to be used where other senior-level appointing authorities are not sufficient to recruit or retain scientific talent and after a candidate's qualifications have been reviewed by a PHS peer review committee and the committee recommends appointment;

- Eligibility requirements that include a doctoral degree in biomedicine or a related field, qualifications sufficient to meet OPM's requirements for a GS-15 appointment, and being (1) considered outstanding in the field of biomedical research or clinical research evaluation and (2) actively engaged in these fields;
- Pay at rates higher than Executive Level II must be approved by the Secretary;
- The factors that must be considered in establishing appropriate individual pay rates, including, but not limited to, the person's impact on the scientific field, recognition within the scientific community, clinical skills, ideas and work products, and earnings as well as labor market data;
- Pay adjustments are to be made on an individual basis at the discretion of the Secretary;
- Annually, HHS operating divisions must maintain a report on the SBRS that includes the number of appointees, their sources of the appointment and their earnings immediately prior to and at the time of appointment.

CDC's Implementation

CDC began using this authority in the 1990s, and its current policies and procedures for implementing SBRS were issued in January 2005. CDC states that SBRS appointments will be only for individuals who are to be used to support high priority programs that directly support the Secretary's goals and priorities and who are actively engaged in either peer-reviewed original biomedical research or clinical research evaluation. In compliance with HHS' requirements for peer review, CDC requires candidate's qualifications to be reviewed and appointments recommended by the CDC/ASTDR Credentials Committee and Executive Resources Board. To be eligible, candidates must either meet the minimum requirements for GS-15 or be qualified to compete for the 06 level of PHS' Commissioned Corps.

Of CDC's 73 SBRS slots, at least 37 must be used for recruitment with no more than 36 slots reserved for conversions of current CDC employees to SBRS. CDC's director allocates slots, makes appointments, determines pay, authorizes annual increases, approves pay adjustments, and makes recertification decisions (once every 4 years) for SBRS members. CDC determines appointee pay on a case-by-case basis based largely on the factors set forth in HHS' regulations. CDC's SBRS pay range is from step 1 of GS-15 to Executive Schedule Level I. All pay increases are to be performance based, consistent with the member's performance appraisal, and are generally limited to 6 percent of pay, although higher amounts can be approved if warranted. Recruitment and relocation bonuses of up to 25 percent of annual base pay can be paid to newly appointed SBRS members or eligible SBRS members who must relocate subject to the limit on annual aggregate compensation. Similarly, SBRS members are eligible for CDC's monetary and non-monetary awards.

SBRS members are not eligible for physician comparability allowances or physicians special pay under Title 38. Members of PHS' Commissioned Corps must resign or retire from the Corps before being appointed to SBRS. SBRS appointees must be recertified as meeting eligibility requirements—active engagement in biomedical research or clinical research evaluation and judged to be outstanding in these endeavors by their peers—every four years. CDC's SBRS

Policy Board—ERB members and the Deputy Director for Science and Public Health—is to make recertification recommendations to the Director.

As previously indicated, during the Summer of 2007, CDC's CPRS established a subgroup to handle compensation issues for SBRS and other Title 42 scientists who are not executives. The subgroup's initial efforts are focused on developing criteria and procedures for performance ratings and determining pay increases and bonuses based on the ratings. It is not yet clear how other compensation matters for these employees will be handled.

As of June 2007, CDC had 46 SBRS members. For 2007, SBRS pay could range from \$107,851 to \$186,600. According to HHS' Atlanta Human Resource Center, CDC's use of SBRS authority has been declining because higher pay authority exists under Title 42, section 209(f). An SBRS appointment provides for consideration of rank in person.

PROFESSIONAL, SCIENTIFIC, AND EXECUTIVE SERVICE

Section 210g of Title 42 authorizes HHS to establish and fix the compensation of up to 179 positions in the Public Health Service for those research and development activities that require the services of specially qualified scientific, professional, and administrative personnel. The law states that at least 149 of these positions must be for designated component agencies, including 115 for NIH and 12 for the National Center for Health Statistics—a CDC component. The law does not specify where the remaining 30 positions must be located. Pay rates for all but two of the 179 positions can range from the minimum rate for GS-16 to the maximum rate for GS-18, and the rate for two positions is level II of the Executive Schedule. The rates for all positions are subject to OPM's approval. The law further provides that these are civil service positions but without the need for a competitive examination upon the approval of the proposed appointee's qualifications by OPM or its designee.

According to CDC, it is not using this authority.

PUBLIC HEALTH SERVICE COMMISSIONED CORPS

Established to protect, promote, and advance the nation's health and safety, the Corps is one of the country's seven uniformed services. Corps officers serve in several HHS components, including CDC, as well as in certain other federal, state, and local agencies and in international organizations. Corps officers include several professional categories, such as physicians, scientists, environmental health, nurses, and health services (e.g. statisticians and computer scientists). According to CDC, 344 of its 800 commissioned officers serve in senior-level positions (grades 06 and 07). CDC has 34 billets at the flag rank.

In addition to their base pay—which in Fiscal Year 2006 ranged from \$71,831 to \$120,798—for Corps officers equivalent in rank to the SES, Corps officers are entitled to or can receive a number of allowances or additional special pay. Allowances can include subsistence and housing and cost of living. In addition, medical officers can receive incentive special pay and retention bonuses. Various Corps categories and specialties can also receive specialty pay either on a monthly basis or annual lump sum contractual pays. During Fiscal Year 2006, CDC Corps

officers received as much as about \$43,340 in subsistence allowances and \$93,000 in special medical pays in addition to their base pay. Corps officers receive non-contributory healthcare and retirement benefits. Subsistence allowances are tax free, and officers' pay is protected from state income taxes in the state in which they reside by reason of their military orders, unless that is also their legal residence. For Fiscal Year 2006, aggregate compensation for CDC's Corps officers ranged from \$77,162 to \$215,637.

Corps officers can separate from active duty with the Corps and be rehired under any civil service hiring system, including Title 38 and Title 42 pay plans. According to AHRC, neither HHS nor CDC has a policy governing rehiring from the Corps and being covered under Title 38, but CDC can match the officer's total Corps pay and can match an offer from an outside employer up to \$250,000 in total pay without obtaining HHS approval. HHS policy allows Corps officers having at least 30 years of service (or 25 years with at least four years at flag rank) to be rehired under Title 42, but limits their pay to their total Corps pay and allowances. Corps officers having between 20 and 30 years of service (except for flag rank officers cited above) must have a 90-day break in service before they can be rehired under Title 42, and the hiring must be approved by HHS.

**TYPES AND FEATURES OF EXECUTIVE PAY/PERSONNEL SYSTEMS
2007 (ATLANTA PAY SCALES)**

	SES	SBRS	Title 38	Title 42 Distinguished Consultant	PHS
Description	Rank-in-person/rank-in-position qualifications require certification by USOPM; duties must exceed GS-15	Rank-in-person system; requires peer review and approval of scientific credentials	Must be in a position that provides services incident to clinical care, such as developing public health guidelines	Rank-in-person/based on degree Requires peer review and approval of public health or scientific credentials	Rank-in-person (except for flag grade) Central personnel system headquartered in Rockville, Maryland
Eligibility	Experience in management and/or policy setting	Doctoral degree Outstanding scientist	GS-602 M.D. GS-680 D.D.S.	Doctoral degree plus outstanding contributions to public health or science	Requires qualifying health-related degree; must meet medical and age requirements
Tenure	Career appointment	Excepted appointment	Career appointment	Excepted appointment	Appointments are to the Reserve Corps; may apply for Regular Corps (career component) after 3 years active duty
Pay System	ES	RS	GS (coded GP or GR)	AD	Uniformed Services
Number of Positions	Secretarial approval required for slots	500 throughout DHHS; allocation from DHHS is 73 for CDC/ATSDR; over 50% must be for recruitment	Number not limited; there may be budgetary constraints	Number not limited - there may be budgetary constraints	Approximately 5,900 officers DHHS wide; no limit on total number of officers other than FTE limits within DHHS
Pay	Pay range \$129,421 to \$168,000 (with certified system) MD's may receive up to \$30,000 in Physicians Comparability Allowance.	Between GS15 step 1 and EX-I, currently \$107,851 to \$186,600	GS scale and numerous other factors (market pay) based on credentials, years of service, specialty, etc. Pay range—GS-13 step 1--\$77,590 to \$250,000 with the ability to go higher with HHS approval.	Similar to SBRS; higher amounts require approval of CDC Director or HHS Secretary. Pay range \$113,427 to \$270,000; pay cap is \$350,000	Pay is set by Congress for all members of the 7 uniformed services. Includes base pay and special pays for qualifying categories (such as MD's) which is taxable and allowances (such as housing and subsistence) which are non-taxable. Base pay in 2006 ranged from \$71,831 to \$120,798.

APPENDIX K

	SES	SBRS	Title 38	Title 42 Distinguished Consultant	PHS
Total Compensation Cap	Total compensation cannot exceed \$215,700. Highest earned in 2006:\$277,536 (payment subject to cap)	Total compensation cannot exceed EX-I: \$186,600. Highest earned in 2006--\$191,624 (payment subject to cap).	Total compensation cannot exceed annual pay for President:\$400,000. Highest paid in 2006: \$245,896.	Total compensation cannot exceed \$375,000. Highest paid in 2006: \$283,590.	Base pay for flag officers (O-7 and above) is limited to Level II of the Exec Schedule which is \$168,001.20 and to Level V of the Exec Schedule for O-6 and below, which is \$136,198.80. Highest paid in 2006: \$215,637 including allowances and special pays.
Recruitment/ Retention Pay	for recruitment, n, relocation pay if ay cap	Eligible for recruitment, retention, relocation pay if under pay cap	Eligible for recruitment, retention, relocation pay if under pay cap	Eligible for recruitment, retention, relocation pay	Nurses are eligible for a one-time accession bonus of up to \$20,000.00; dentists, of up to \$30,000.00; and pharmacists of up to \$30,000.00. Medical officers are eligible for medical special pays, including an annual retention special pay (RSP) of \$15,000; and Incentive Special Pay (ISP) and Multiyear Retention Bonus (MRB) which vary according to medical specialty.
Pay Increases/ Awards	for annual ance bonuses, ratings-performance pay s, Presidential Rank , and other CDC but not for spot COLAs, or QSIs. l under SES Org. Perf.	Eligible for annual performance pay increases and other CDC awards. Not covered under PMAP. All pay increases are to be performance based. Not eligible for QSIs or COLAs	Eligible for PMAP, COLAs, within grades, QSIs, increases in Title 38 pay if justified, and other CDC awards	Eligible for annual ratings-based pay increases and bonuses and other CDC awards but not QSIs or COLAs. Not covered under PMAP.	Officers receive an increase in base pay when promoted to a higher rank/grade. They also receive longevity increases every 2 years unless/until they reach the maximum base pay for their rank.

APPENDIX K

	SES	SBRS	Title 38	Title 42 Distinguished Consultant	PHS
Special Features	<p>ual is 8 hours/pay can accrue annual p to 720 hours le for credit time. nount of PCA counts retirement after 15 service</p>	<p>Benefits same as other civil service employees</p>	<p>Ineligible for overtime, comp time or premium pay; no contract required. Total amount of special pay counts as base pay for PMAP, TSP, life insurance, and retirement annuity</p>	<p>Benefits same as other civil service employees</p>	<p>30 days annual leave per year (accrued at 2.5 days/month); non-contributory retirement system; no cost medical care for the officer; no premium (but co-pays) medical care for dependents. Covered by Service members Civil Relief Act and may maintain residency in home state, regardless of duty station.</p>
Number at CDC	<p>Number: 29</p>	<p>Current Number: 46</p>	<p>Current Number: 76</p>	<p>Current Number: 90</p>	<p>CDC: 330 ATSDR: 14</p>

ELEMENTS OF TOTAL COMPENSATION

	EX ^[1]	SES and SL/ST	Title 38	Title 42 ^[2]	SBRS	PHS
Cash						
Basic Pay	Yes	Yes	Yes	Yes	Yes	Yes
Locality Pay	No	No for SES Yes for SL/ST	Yes	No	No	Allowances and housing only, not locality pay
Annual Adjustments to Basic Pay	Yes; based on Employment Cost Index.	Yes; minimum and maximum rates of pay range are adjusted based on increases for the EX and GS pay plans. However, adjustment to an individual's pay is at the agency's discretion; an SES member's pay may be adjusted based on performance and contributions to the agency's performance. An SL/ST employee's pay adjustment may or may not be tied to his/her performance.	Yes; eligible to extent base pay tables increase	Performance appraisal based increase	Performance-based pay; generally up to 6 percent	PHS officers get the military pay adjustment rather than the COLA given to GS employees.
Cash Awards/Bonuses (Performance-based, On-the-Spot, Suggestions, Special act or Service)	No for PAS positions Yes for other EX positions	Yes	Yes	Yes, except for QSIs	Yes, except for QSIs	PHS officers can get up to \$25,000 for an invention or major breakthrough.
Presidential Rank Awards	No	Yes Distinguished (35 percent of base pay). Meritorious (20 percent of base pay)	No	No	No	No

^[1] Executive Schedule for Presidential Appointees. CDC has no employees in this category.

^[2] Title 42 employees must be appointed for more than 12 months to receive Title 5 benefits, with the exception of non-citizens in overseas locations, who are not eligible.

APPENDIX L

	EX ^[1]	SES and SL/ST	Title 38	Title 42 ^[2]	SBRs	PHS
Student Loan Repayment	Yes	Yes	Yes	Yes	Yes	No
<i>Cash (continued)</i>						
Recruitment, Relocation, Retention Incentives	No for head of an agency and PAS positions. Yes for other EX positions.	Yes	Yes, if under pay cap	Yes	Yes; recruitment and relocation up to 25 percent of annual basic pay	No; only for some nurses Moving expenses paid for relocation, but no house hunting trips or closing costs as for relocated civil servants/SES
Transit Benefits	Yes	Yes	Yes	Yes	Yes	Yes
Teaching, Writing, Speaking Income	No for PA and PAS positions; may not receive any income Yes for other EX positions as long as the activity is not related to the employee's official duties. However, employees may receive income for teaching at secondary or higher education schools or programs funded by federal, state, or local government even if related to official duties. Noncareer employees' income subject to advanced approval and not to exceed 15 percent of EX-level II	Yes	Yes, subject to ethics approval	Yes, subject to ethics approval	Yes, subject to ethics approval	Yes, if outside of duty hours and approved per ethics requirements

APPENDIX L

	EX ^[1]	SES and SL/ST	Title 38	Title 42 ^[2]	SBRs	PHS
Cash (continued)						
Outside-Earned Income (e.g., a federal employee who is a CPA prepares tax returns unrelated to official duties outside of work)	No; PA and PAS positions may not receive any outside income. Yes for other EX positions; income for noncareer employees is not to exceed 15 percent of EX-level II	Yes	Yes; cannot interfere with or conflict with employee's work obligation	Yes; cannot interfere with or conflict with employee's work obligation	Yes, cannot interfere with or conflict with employee's work obligation	Yes if unrelated to PHS role
Noncash Benefits						
Merchandise Awards/Gifts	Yes	Yes	Yes	Yes	Yes	Yes
Time Off Awards	No	Yes	Yes	Yes	Yes	No
Annual and Sick Leave	No for PA and PAS positions Yes for other EX positions	Yes	Yes	Yes	Yes	Duty hours set by supervisor; available and subject to duty 24/7. Officers earn 2.5 days a month in vacation or 30 days a calendar year. They can carry over 60 days from one year to the next and can get paid for a balance up to 60 days when they end their career. Sick leave granted as needed. Unofficial time off is up to the supervisor.
Health Insurance	Yes	Yes	Yes	Yes	Yes	Total paid by PHS
Flexible Spending Accounts/Health Savings Accounts	Yes	Yes	Yes	Yes	Yes	No
Federally Sponsored Child Care Facilities	Yes	Yes	Yes	Yes	Yes	Yes

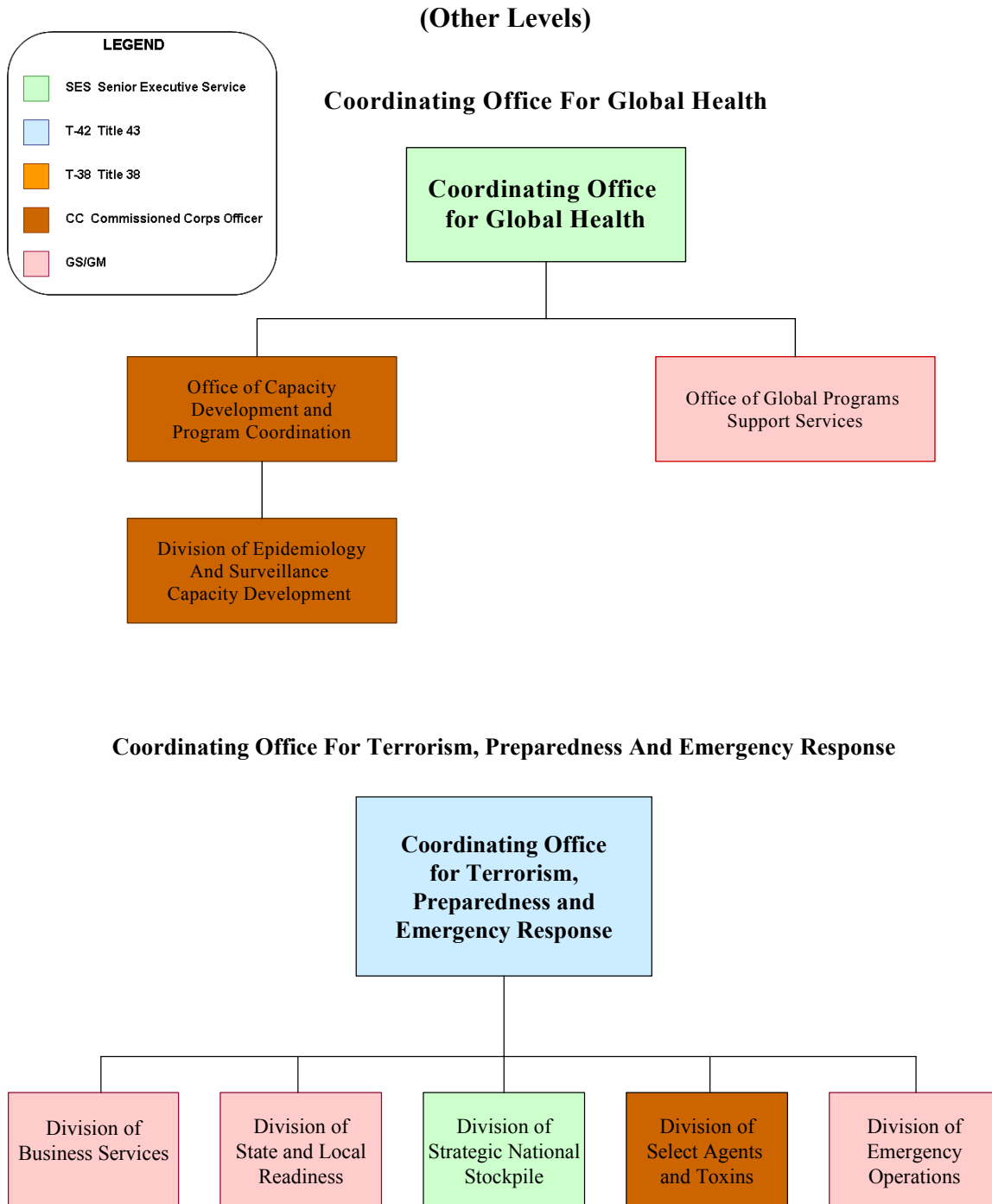
APPENDIX L

	EX ^[1]	SES and SL/ST	Title 38	Title 42 ^[2]	SBRs	PHS
Noncash Benefits (continued)						
Home to Work (Passenger Carrier Use)	Yes for select EX positions, such as Level I positions; Secretaries of the Air Force, Army, and Navy; and Comptroller General No for other EX positions.	No	No	No	Yes	No
Deferred Benefits						
Retirement	Yes However, Members of Congress (whose pay is tied to EX-level II) pay a higher percentage of salary, receive a larger benefit for each year of service, and they become eligible for annuities at an earlier age with fewer years of service than most federal employees.	Yes if employee has PCA, total amount of PCA counts to retirement after 15 years of service	FERS; total amount of market pay counts to retirement	FERS; entire salary counts for annuity	FERS; entire salary counts for annuity	Non-contributory for officer; eligibility for Thrift Savings Plan, but no matching by government
Life Insurance	Yes	Yes	Yes	Yes	Yes	Up to \$400,000; government pays 60 percent; employee pays \$28 a month; \$100,000 for traumatic injury
Survivor Benefits	Yes	Yes	Yes	Yes	Yes	Yes, if killed in active duty
Long-Term Care Insurance	Yes	Yes	Yes	Yes	Yes	Yes

Adopted from GAO-06-708 Executive and Judicial Pay

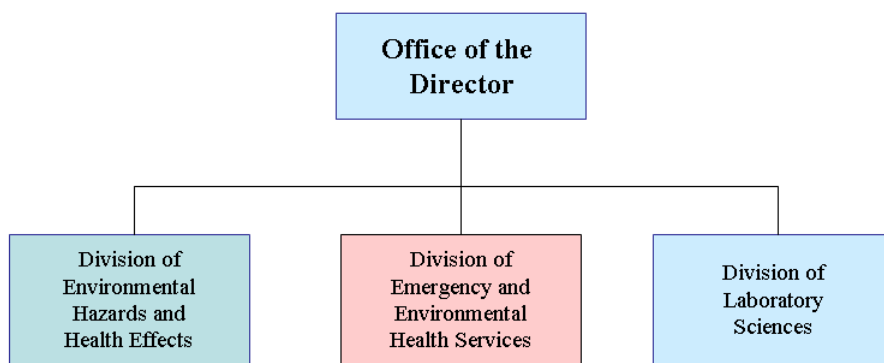
PAY PLAN MAP

As discussed in Chapter VI, the study team developed graphic depictions of pay plan usage at the various organizational levels throughout CDC. In addition to the highest organization levels depicted in Chapter VI, below are pay plan maps for the coordinating offices and centers and for NIOSH.



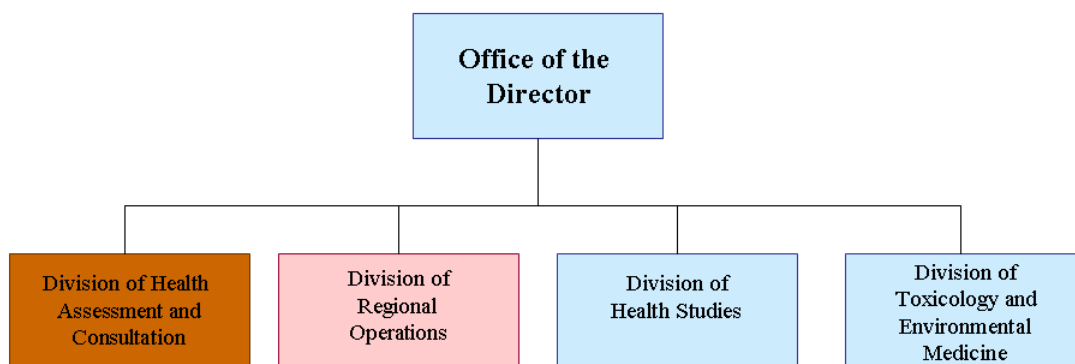
Coordinating Center For Environmental Health And Injury Prevention

National Center for Environmental Health



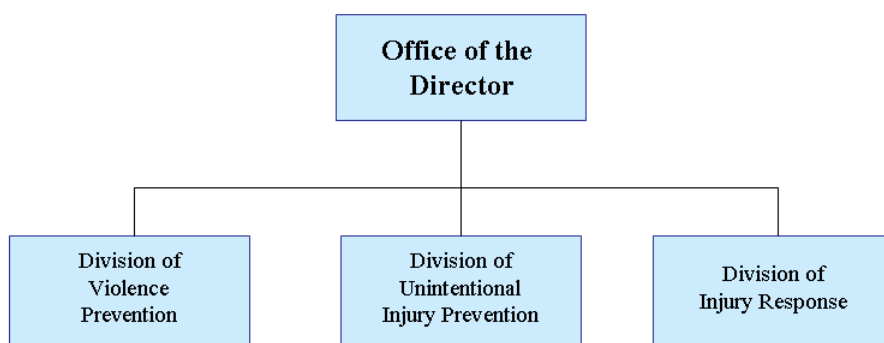
Coordinating Center for Environmental Health and Injury Prevention

Agency for Toxic Substances and Disease Registry



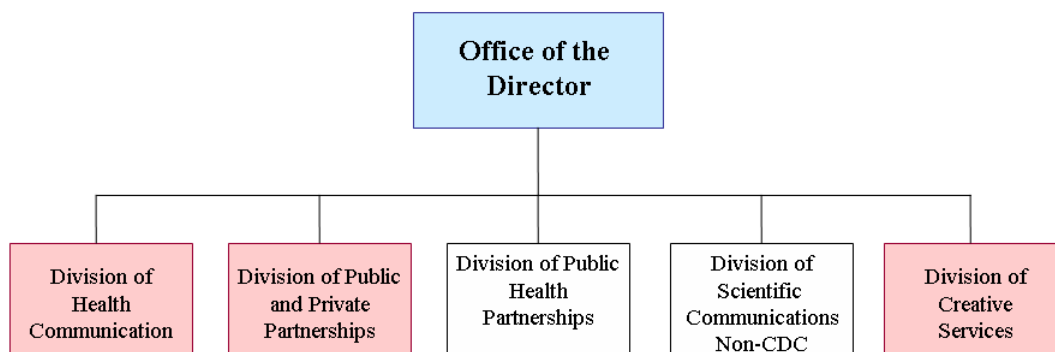
Coordinating Center for Environmental Health and Injury Prevention

National Center for Injury Prevention and Control



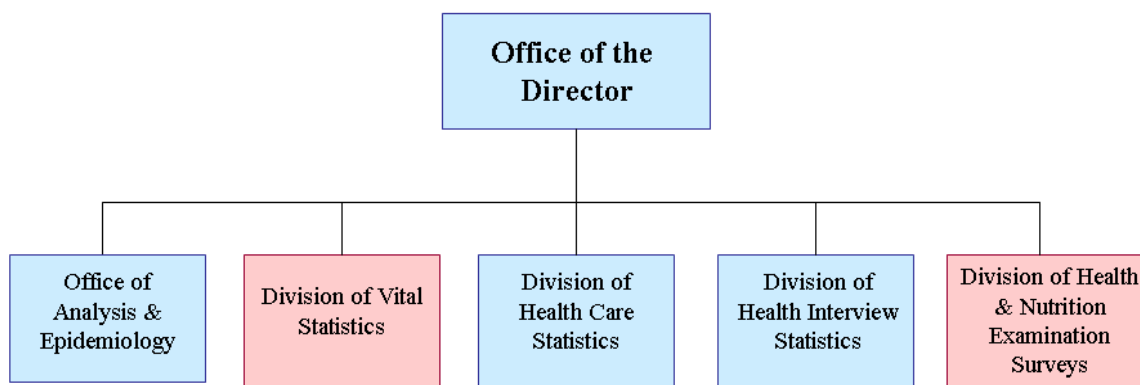
Coordinating Center for Health Information and Service

National Center for Health Marketing



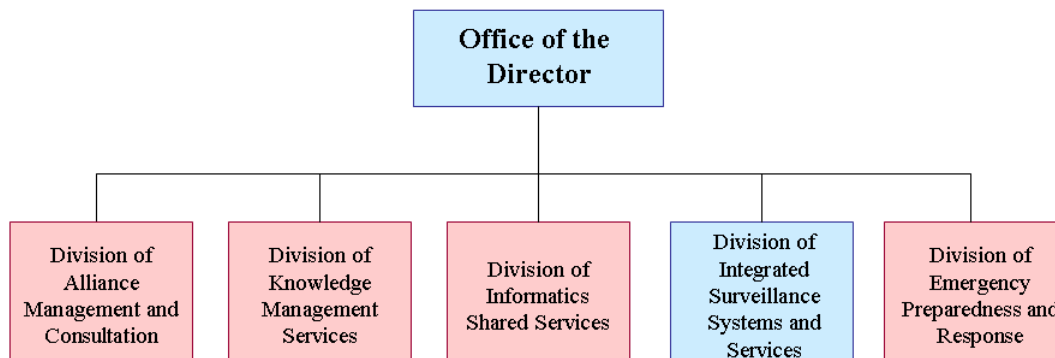
Coordinating Center for Health Information and Service

National Center for Health Statistics

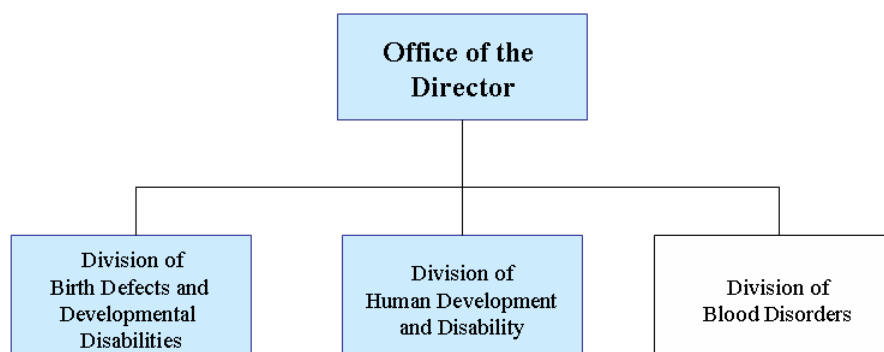


Coordinating Center for Health Information and Service

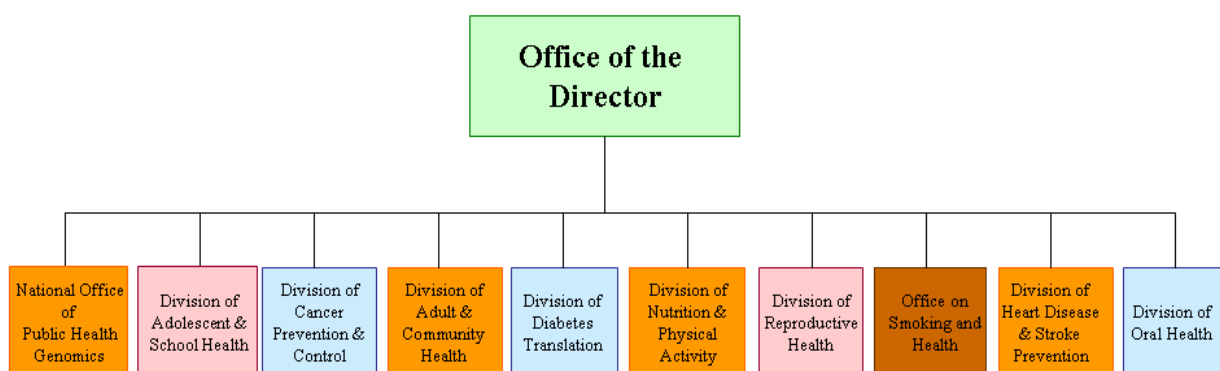
National Center for Public Health Informatics



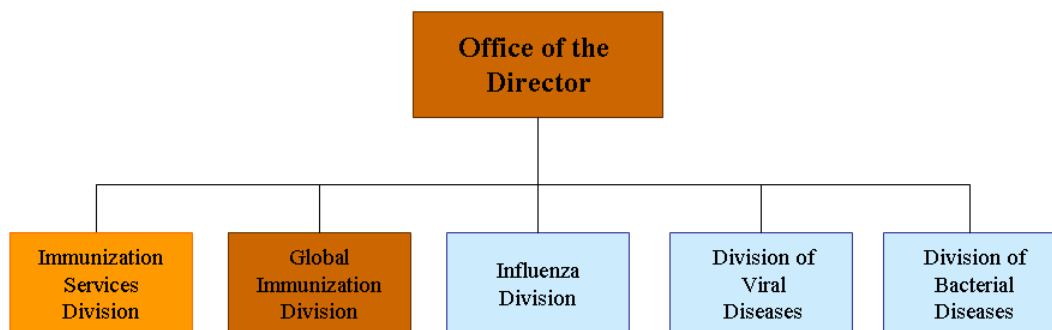
Coordinating Center for Health Promotion
National Center on Birth Defects and Developmental Disabilities



Coordinating Center for Health Promotion
National Center for Chronic Disease Prevention and Health Promotion

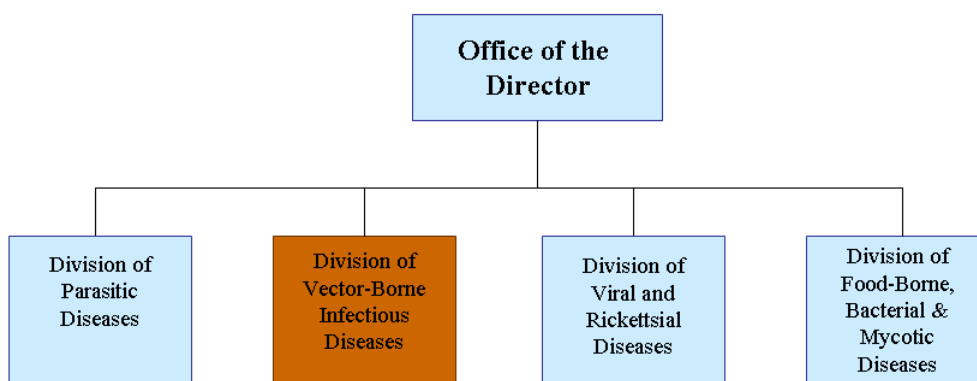


Coordinating Center for Infectious Diseases
National Center for Immunization and Respiratory Diseases



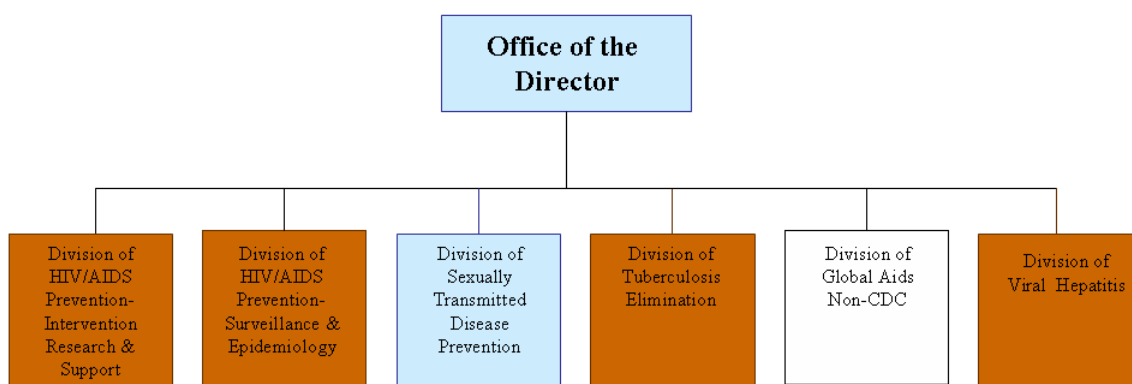
Coordinating Center for Infectious Diseases

National Center for Zoonotic, Vector-Borne, and Enteric Diseases



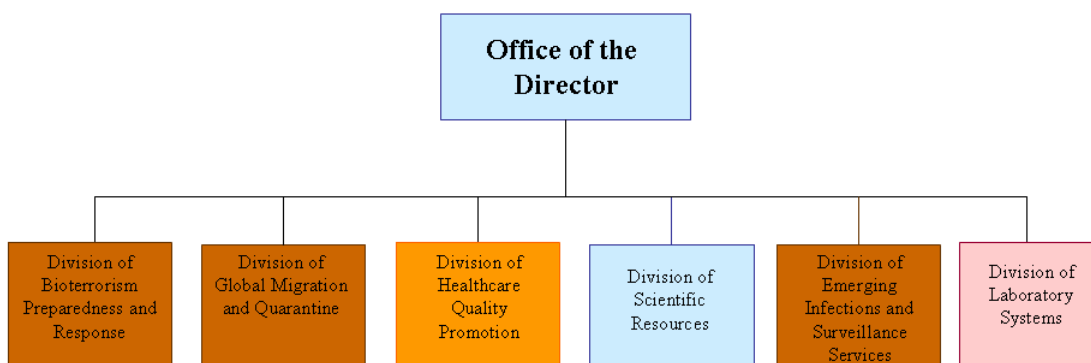
Coordinating Center for Infectious Diseases

National Center for HIV/AIDS, Viral Hepatitis, STD, and TB Prevention

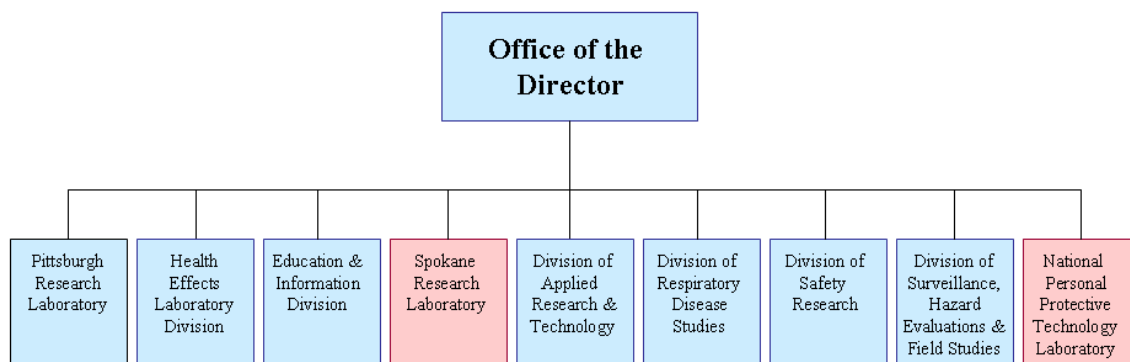


Coordinating Center for Infectious Diseases

National Center for Preparedness, Detection, and Control of Infectious Diseases



National Institute for Occupational Safety and Health



ADDITIONAL SENIOR-LEVEL PAY COMPARISONS

Comparing CDC senior-level pay to counterparts in the federal sector is more difficult and not as useful as comparing CDC SES members and their monetary awards to their federal counterparts. The primary reason is that CDC's workforce is more highly educated, occupationally disparate, and hired under specialized pay plans with limited federal applicability. CDC's special pay authorities and the allowances provided to the various medical specialties create a pay range that dwarfs that typical of the federal sector.

Federal Sector Counterparts

Few other agencies have similar numbers of medical officers and others with health science backgrounds. Among them are the National Institutes of Health (NIH).

Table N-1 presents December 2005 NIH employment information²⁰ and compares it with similar occupational groupings at CDC during the same fiscal year:

Table N-1
CDC and NIH Occupational Group Comparisons
December 2005

Occupational Group	NIH	CDC
Medical, Hospital, Dental, and Public Health Group (including Medical Officers)	3,024	2,520
Biological Sciences Group, including Microbiology	1,559	630
TOTAL in related above series	4,583	3,150
# of employees in total organization paid from \$136,000 to \$250,000	1,218 ²¹	134

Similarly, the Veterans Health Administration portion of Veterans Affairs has many physicians and dentists. As of July 22, 2007, its pay ranged from a low of \$91,530 to a high of \$385,000, with the highest options available only to cardio-thoracic surgeons, interventional radiologists, neurosurgeons, and orthopedic surgeons.

Appendix K, Types and Features of Executive Pay/Personnel Systems, details total compensation ranges for CDC.

Comparisons with Other Sectors

In examining pay for CDC's most common senior-level occupations and related disciplines, the Panel examined private sector potential within the pharmaceutical industry and noted that, for those very few individuals who rise to the executive suite, the financial potential is enormous.

²⁰ National Academy of Public Administration, *Enhancing Risk Management at the National Institutes of Health Through an Audit of the Ethics Program*, January 2006, Appendix A-1.

²¹ The NIH study focused on this pay level, because, at the time, \$136,000 exceeded (including locality pay, but not special allowances) the rate paid to employees at the GS-15/10 level.

For example, 2006 data from Executive Pay Watch showed top pharmaceutical executives at ten drug companies earning total compensation ranging from \$2 million to \$29 million.

Table N-2
Total Compensation of Pharmaceutical Executives ²²

Company	Executive	Total 2006 Compensation, SEC Measurement	Total 2006 Compensation, AFL-CIO Measurement	Number of Employees in 2004
Pfizer, Inc.	Henry A. McKinnell	\$19,418,446	\$12,968,829	115,000
Johnson & Johnson	William C. Weldon	\$28,557,749	\$19,320,268	109,900
Merck & Co.	Richard T. Clark, CEO	\$10,236,740	\$10,296,840	62,600
Schering-Plough	Fred Hassan, CEO	\$29,657,926	\$25,620,197	30,500
Genentech, Inc.	Arthur D. Levinson, CEO	\$17,124,025	\$16,530,135	7,646
Genzyme Corporation	Henri A. Termeer, CEO	\$22,448,918	\$14,921,288	7,100
Forest Laboratories, Inc.	Howard Solomon, CEO	\$4,414,526		5,136
Allergan, Inc.	David E.I. Pyott, CEO	\$10,354,141	\$12,405,375	5,030
Barr Pharmaceuticals	Bruce L. Downey, CEO	\$2,251,890	\$3,717,007	4,902
Watson Pharmaceuticals	Allen Y. Chao, CEO	\$3,678,802	\$4,313,489	3,851

The Panel also examined the occupational potential for the various disciplines in a broad range of employment venues. Tables N-3 and N-4 depict available data for 2007 median pay scales for microbiologists, biomedical engineers, research scientists/biotechnologists, pharmaceutical researchers, and medical doctors (primarily clinicians). The pay ranges for medical doctors likely offer an apt comparison for many of CDC's mid-range hires, but may not cover pay ranges sufficient to lure those meeting the high eligibility standards for Title 42 Distinguished Consultants. For three of these four occupations,²³ the survey found that the federal government offered the highest median income. Although that does not preclude more lucrative payment for the very top jobs, it does mean that the government is a competitive employer.

²² Source: AFL-CIO Executive Pay Watch Database. July 2007 data.

²³ For the occupation of microbiologist, the pay survey did not specifically include the federal government, but did include public health research, which it found to have the highest median pay for that occupation.

Table N-3
Median Salaries for Scientists and Technicians in 2007²⁴

Position	Private Firm	Hospital	Private Practice	College/University	Federal Government	BLS Average
Nuclear Medicine Technologist	\$62,876	\$62,443	\$63,121		\$64,422	
Microbiologist						\$65,200
Biomedical Engineer	\$60,412	\$60,010		\$57,424	\$61,999	\$78,030
Research Scientist	\$70,714	\$70,249		\$55,724	\$72,555	
Pharmaceutical Research	\$63,035	\$63,035		\$53,919	\$77,581	

Table N-4
Median Salaries for Medical Specialties in 2007²⁵

Position	Average Salary
Physician – Internal Medicine	\$183,840
Physician – Geriatrics	\$162,541
Physician – Immunologist	\$227,080
Physician – Radiologist	\$343,783
Physician – Orthopedic Surgeon	\$262,170
Physician – Cardiologist	\$363,081
Physician – Neurosurgeon	\$476,260
Physician – Endocrinologist	\$194,243
Physician – Neurologist	\$211,995
Physician – Nuclear Medicine	\$300,000

Recognizing that many CDC employees with medical backgrounds work in program administration, the Panel also provides pay comparisons for administrative positions in a medical setting in Table N-5. Of particular note for purposes of comparing positions similar to ones at CDC are the positions of Clinical Research Director, Medical Education Director, and Medical Director.

²⁴ For all categories except the BLS Average Base Salaries, the data are self-reported to Payscale.com. They may be biased or may not reflect total compensation.

²⁵ Data gathered from the 2006 Provider Salary Survey by the American Medical Group Association, whose members are primarily clinical care providers.

Table N-5
2006 Median Compensation for Administrative Positions in
Medical Environments²⁶

Administrative Position	Median Compensation
Business Office Manager	\$68,312
Chief Financial Officer	\$147,950
Chief Compliance Officer	\$93,750
Chief Operating Officer	\$156,019
Clinical Research Director	\$66,569
Contracting Director	\$85,623
Director of HR	\$76,600
Director of Nursing	\$75,219
Division Operations Director	\$89,397
Finance Director	\$82,316
Head of Facilities Engineering	\$73,861
Health Plan Director	\$93,431
Lead Legal Counsel (In-House)	\$134,685
Medical Director	\$215,349
Medical Education Director	\$76,011
Medical Records Director	\$53,000
Chief Information Officer	\$124,600
Chief Executive Officer (Non-Physician)	\$223,000
Chief Executive Officer (Physician)	\$240,300
Marketing/Public Affairs Director	\$67,500

²⁶ Source: 2006 AMGA Medical Group and Compensation Financial Survey, designed to assist various management levels in evaluating and comparing current physician compensation and productivity levels and trends. AMGA states that the data are representative of large multi-specialty group practices.

CDC AWARDS AND COMPENSATION RECOMMENDATIONS OVERVIEW

	Recommendation	Specific Action Items
Governing Principles	<i>1 – Establish Governing Principles</i>	<ul style="list-style-type: none"> Formally adopt a core set of governing principles for CDC awards and senior-level pay programs: <ul style="list-style-type: none"> Equity Integrity Transparency Competitiveness Administrative Efficiency Communicate principles to employees. Include principles in training. Commit to designing programs and practices around principles. Incorporate into policy documents and procedures. Conduct evaluations based on these principles. Make changes to assure program conformity with principles.
	<i>2 – Implement Budgetary and Accountability Framework</i>	<ul style="list-style-type: none"> As part of budget process, provide guidance to managers and set dollar-level limits for one-time awards for each component, based on a percentage of payroll, by pay plan. Create a “culture of possibility” for awards. Track each component’s and senior manager’s use of funds throughout the year. Tie recognition of individual senior managers to performance of each unit’s attainment of quantifiable objectives or goals. Appropriately factor in use of recognition in annual performance assessment of each manager. Allow Director to incrementally increase available award funds based on organizational performance.
One-Time Cash Awards	<i>3 – Enhance Employee Communications</i>	<ul style="list-style-type: none"> Provide complete information about its awards programs to all employees. Establish online awards manual and webpage. Detail policies, procedures, and criteria, consistent with governing principles. Publicize and celebrate awards. Share evaluations of awards programs. Share comparative awards data with employees. Share effective awards practices.

	Recommendation	Specific Action Items
	<i>4 – Expand Use of Information Technology</i>	<ul style="list-style-type: none"> • Use modern information technology to communicate and manage awards programs. • Create a reliable interactive data system. • Provide electronic access to all awards information. • Provide online awards forms with prompts. • Cost and track awards expenditures through technology. • Provide employees/assignees with information on their annual total compensation. • Use awards data to evaluate agency and component level recognition patterns.
	<i>5 - Strengthen, Monitor, and Evaluate Awards Programs</i>	<ul style="list-style-type: none"> • Enforce requirements for supervisory training on awards. • Involve employees in development and administration of awards program, such as through expansion of awards boards, particularly for high dollar value Special Act or Service awards. • Ensure component awards boards meet basic requirements. • Recognize employee differences and preferences for recognition, as much as possible. • Create opportunities for employees to recommend peers and supervisors. • Make managers/employees aware of option of small dollar- value gift awards. • Conduct periodic award program evaluations relative to governing principles and share results.

	Recommendation	Specific Action Items
Senior-Level Compensation	<i>6 - Develop and Use Transparent and Work-Based Criteria for Senior-Level Pay</i>	<ul style="list-style-type: none"> • Conduct rigorous, systematic analysis of the work. • Determine which categories of positions are most appropriate for each pay plan. • Identify salary ranges, as well as specific criteria for each category, based on responsibility and qualifications. • Document and communicate pay processes. • Acknowledge need to combine rank-in-person with rank-in-position to achieve equity. • Address concerns about pay plan disparities. • Cascade HHS SCOPE evaluation throughout CDC. • Look to NIH and others for models. • Seek short-term assistance from pay professionals at counterpart agencies. • Establish operating procedures for hiring within each pay plan. • Use CPRS groups to ensure policy and pay/conversion recommendations are consistent across the spectrum. • Use same process to apply criteria for 3Rs. • Require similar review committees for delegated decisions. • Clearly designate final approval authority.
	<i>7 - Evaluate Senior-Level Commissioned Corps Officers' Roles</i>	<ul style="list-style-type: none"> • To ensure a high-performing multisector workforce include assessment of Corps roles in CDC human capital strategies. • Ensure continued effective use of the Commissioned Corps officers, especially in senior leadership positions: <ul style="list-style-type: none"> ○ Work with HHS/Corps officials to assess Corps' role, function, and human capital. policies that contribute to CDC mission. ○ Focus primarily on the optimal use of senior Corps officers at CDC. ○ Work with HHS and CC to reexamine policies that make CC role more difficult. ○ Explain and compare Corps pay/benefits with other pay plans.

	Recommendation	Specific Action Items
	<i>8 - Obtain and Utilize Unused Pay Authorities</i>	<ul style="list-style-type: none"> • Seek approval for unused pay authorities as needed: <ul style="list-style-type: none"> ○ Critical pay for hard-to-fill positions (up to \$186,000) ○ Senior Level/Senior Technical (SLs and STs)—provide an alternative career path with higher pay for employees not focusing on management ○ Section 210 (g) Title 42 for scientists, professionals, administrative personnel above GS-15 • Establish, for each authority, objective, transparent criteria to ensure equity and address intra-agency morale issues. • Over time, if CDC fully implements the Panel’s recommendations and current configuration still does not meet long-term agency needs, work with HHS, other operating divisions, and OPM to explore whether a substitute senior-level pay system may be needed for health-related jobs.
<i>Management System Improvements</i>	<i>9 - Strengthen Human Capital Management</i>	<ul style="list-style-type: none"> • Evaluate CDC’s existing HC management and support, including AHRC servicing arrangement. • Strongly consider reintegrating strategic human capital function and human resources operations within CDC. • Focus on critical HC requirements facing CDC: <ul style="list-style-type: none"> ○ Interlinking of budget, payroll, and HC systems ○ Increased data-based evaluation of HC programs ○ Establishment of formal career paths for scientists and researchers ○ Position evaluations to serve as framework for senior-level pay usage ○ Transparent criteria for pay and awards ○ Awards manual ○ Exit and entrance surveys ○ Systematized rotational assignment and development program

	Recommendation	Specific Action Items
	<i>10 - Integrate Data Systems</i>	<ul style="list-style-type: none"> • Create integrated, interoperable data systems with sufficient and consistent information to enhance management, implementation, and oversight of awards and pay programs. • Invest resources in revamping current system. • Commit to move toward more centralized reporting and tracking. • Link budgeting and payroll systems. • Coordinate data definitions to ensure reasonable consistency. • Automate consistent organizational charts and staffing/contact information, available via the Internet and Intranet.



900 7th Street, N.W.
Suite 600
Washington, DC 20001-3888
Phone: (202) 347-3190
Fax: (202) 393-0993
www.napawash.org