



Department of Defense INSTRUCTION

NUMBER 1400.25-V2012
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USD(P&R)

SUBJECT: DoD Civilian Personnel Management System: Defense Civilian Intelligence Personnel System (DCIPS) Performance-Based Compensation

References: See Enclosure 1

1. PURPOSE

a. Instruction. This Instruction is composed of several volumes, each containing its own purpose. The purpose of the overall Instruction, in accordance with the authority in DoD Directive (DoDD) 5124.02 (Reference (a)), is to establish and implement policy, establish procedures, provide guidelines and model programs, delegate authority, and assign responsibilities regarding civilian personnel management within the Department of Defense.

b. Volume

(1) 2000 Volume Series. The 2000 Volume series of this Instruction, in accordance with the authority in Reference (a) and DoDDs 5143.01, 1400.25, and 1400.35 (References (b), (c), and (d)), establishes policy, assigns responsibilities, and provides guidance for DCIPS.

(2) This Volume. This Volume, in accordance with Intelligence Community Directive 654 (Reference (e)) to the extent practicable, and pursuant to sections 1601-1614 of title 10, United States Code (U.S.C.) (Reference (f)), establishes the policies and responsibilities governing performance-based compensation for DCIPS.

2. APPLICABILITY. This Volume:

a. Applies to OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities in the Department of Defense (hereafter referred to collectively as the "DoD Components").

b. Does not apply to employees covered by the Federal Wage System or equivalent, non-appropriated fund employees or foreign national employees hired outside the civil service. It does not apply to members of the Defense Intelligence Senior Executive System or the Defense Intelligence Senior Level unless specifically addressed in other volumes of this Instruction.

3. DEFINITIONS. See Glossary.

4. POLICY. It is DoD policy that DCIPS shall:

a. Provide a basis for differentially linking employee performance-based salary increases and bonuses to individual accomplishments, demonstrated competencies as measured by the performance elements in Volume 2011 of this Instruction, and contributions to organizational mission and results, such that the greatest rewards go to those who make the greatest contributions, consistent with both performance and competitive pay administration principles.

b. Allow for individual compensation decisions to be made locally, using valid, merit-based criteria common to all the DoD Components with DCIPS positions and adapted to Component missions.

c. Establish a common pay pool process and structure as the mechanism by which the performance-based compensation process will be administered.

d. Provide for transparency in all decision processes.

e. Provide for ongoing performance-related feedback between managers and employees.

f. Provide for continuous review and evaluation of decision processes and results to identify and examine any anomalies suggesting issues of equity or adverse impact.

g. Provide for appropriate employee protections.

h. Promote the merit system principles in chapter 23 of title 5, U.S.C. (Reference (g)), and prevent prohibited personnel practices.

5. RESPONSIBILITIES. See Enclosure 2.

6. PROCEDURES. Enclosure 3 provides an overview of DCIPS performance-based compensation procedures.

7. RELEASABILITY. UNLIMITED. This Volume is approved for public release and is available on the Internet from the DoD Issuances Web Site at <http://www.dtic.mil/whs/directives>.

8. EFFECTIVE DATE. This Volume is effective 60 days from the date Congressional notice is provided pursuant to section 1613 of Reference (f).



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ENCLOSURE 1

REFERENCES

- (a) DoD Directive 5124.02, "Under Secretary of Defense for Personnel and Readiness (USD(P&R))," June 23, 2008
- (b) DoD Directive 5143.01, "Under Secretary of Defense for Intelligence (USD(I))," November 23, 2005
- (c) DoD Directive 1400.25, "DoD Civilian Personnel Management System," November 25, 1996
- (d) DoD Directive 1400.35, "Defense Civilian Intelligence Personnel System (DCIPS)," September 24, 2007
- (e) Intelligence Community Directive Number 654, "Performance-Based Pay for the Intelligence Community Civilian Workforce," April 28, 2008
- (f) Sections 1601-1614 of title 10, United States Code
- (g) Chapter 23 of title 5, United States Code
- (h) DoD Instruction 1400.36, "DoD Implementation of the Joint Intelligence Community Duty Assignment (JDA) Program," June 2, 2008
- (i) Sections 4301-4335 of title 38, United States Code

ENCLOSURE 2

RESPONSIBILITIES

1. UNDER SECRETARY OF DEFENSE FOR PERSONNEL AND READINESS (USD(P&R)). The USD(P&R), in conjunction with the Under Secretary of Defense for Intelligence (USD(I)), shall:

a. Develop DCIPS performance-based compensation policies and practices and monitor their effects on DoD-wide personnel readiness.

b. Ensure, through the USD(P&R)-appointed Co-Chair of the Defense Intelligence Human Resource Board (DIHRB) (Reference (d)), that the DIHRB considers business cases for DCIPS compensation policy or changes to existing policy, and advises the USD(I) of its positions and recommendations.

2. USD(I). The USD(I), in conjunction with the USD(P&R), shall:

a. Prescribe policies governing the design and administration of DCIPS performance-based compensation practices within the Department of Defense in accordance with References (d) and (f), and oversee compliance with these policies within the DoD Components with DCIPS positions.

b. Ensure, through the USD(I)-appointed Co-Chair of the DIHRB (Reference (d)), that the DIHRB considers business cases for DCIPS compensation policy or changes to existing policy, and advises the USD(I) of its positions and recommendations.

c. Review and approve or disapprove requests by the Heads of the DoD Components with DCIPS positions to exceed the aggregate performance budget for their Component, based on specific business cases.

d. Establish the floor payout for performance.

e. Establish the method for setting the budget for permanent salary increases.

f. Establish the algorithm that will be used by all DCIPS pay pools to allocate performance-based compensation increases each year.

3. HEADS OF THE DoD COMPONENTS WITH DCIPS POSITIONS. The Heads of the DoD Components with DCIPS positions shall:

a. Establish guidance for implementing DCIPS performance-based compensation policies and practices within their Components.

- b. Be accountable for compliance with policies established in this Volume and any subsequent DoD guidance.
- c. Establish and publish standard operating procedures (SOP) for pay pools within their Components. Provide these SOPs to the USD(I) for oversight purposes prior to use.
- d. Exercise the authority to set and adjust rates of pay for individual employees under the performance-based salary decision policies and procedures in this Volume.
- e. Establish and use pay pools to decide and distribute performance-based salary increases and bonuses among employees assigned to the pay pool. Individual salary increase and bonus decisions will be made such that they provide higher rewards for higher performance, recognize greater contribution to mission and organizational results, and contribute to overall salary equity within the pay pool.
- f. Designate pay pool managers or pay pool panel members in writing as early in the performance evaluation period as is practical, or on assignment to a position with pay-pool management responsibility, but generally not later than 90 days prior to the end of the evaluation period.
- g. Serve as the Pay Pool Performance Review Authority (PP PRA), in which capacity they:
 - (1) Shall provide final approval for pay pool recommendations.
 - (2) Shall perform a summary review prior to effecting results of all performance-based compensation decisions for pay pools for which the PP PRA is responsible to assess conformance to policy guidance and equity across pay pools.
 - (3) May return a pay pool's payout decision results to the pay pool manager for remediation if the situation warrants, consistent with applicable law and the provisions of this Volume.
- h. Communicate aggregate pay pool results in accordance with USD(I) guidance.

ENCLOSURE 3

DCIPS PERFORMANCE-BASED COMPENSATION PROCEDURES

1. GENERAL. The DCIPS compensation system is designed to link annual performance-based salary increases and bonuses to individual accomplishments, demonstrated competencies, and contributions to organizational results. Volume 2011 of the Instruction provides policies regarding setting and communicating performance expectations, monitoring performance, developing performance plans, addressing poor performance, and rating and rewarding performance.

2. PAY POOLS

a. Pay Pool Structure. Pay pool structure is discretionary within the DoD Components with DCIPS positions and based on such considerations as:

- (1) Organizational structure and geographic distribution.
- (2) Number of employees and their occupational composition, work levels, and work categories.
- (3) Size and manageability of the pay pool.
- (4) "Line-of-sight" to the work of the pay pool members.

b. Pay Pool Management. Pay pool management may, at the discretion of the DoD Component with DCIPS positions, be conducted by a single "pay pool manager" who is in the supervisory chain of those employees assigned to the pay pool, or by a "panel" of managers who have line management responsibility for those assigned to the pay pool. If a Component elects to use pay pool panels, the panel will be chaired by a pay pool manager who may exercise decision authority on behalf of the pay pool panel. Pay pool managers or pay pool panel members need not be DCIPS members.

(1) Pay pool managers and pay pool panel members shall be designated in writing by the Head of the DoD Component with DCIPS positions as outlined in paragraph 3.f. of Enclosure 2.

(2) Pay pool managers and pay pool panel members will be trained in their responsibilities annually, prior to commencement of the pay pool decision activities. Training shall, at a minimum, teach the respective roles and functions, the use of decision support tools, and the responsibilities for equity and diversity. Training may be structured, at DoD Component discretion, to differentiate initial pay pool training requirements from sustainment training requirements.

c. Assignment of Employees to Pay Pools. Employees will be assigned to pay pools as early in the evaluation period as is practicable, or on assignment to a new position, in conjunction with annual performance planning.

(1) Employees will be notified of their pay pool assignment as early as is practicable during the performance planning process, but in advance of commencement of pay pool deliberations. Employees should also be advised of their pay pool management.

(2) Employees who change pay pools within a DoD Component with DCIPS positions or who move to another Component within 90 days of the annual evaluation close-out will be considered with the new pay pool to which they are assigned.

(3) Employees who change pay pools and who have not been in the new pay pool long enough to receive a performance evaluation shall be considered by the new pay pool using the DCIPS evaluation of record from the previous DCIPS organization.

(4) Employees detailed to another DoD Component under a joint duty assignment will be assigned to a pay pool in the gaining organization that will consider them for bonuses in accordance with DoD Instruction 1400.36 (Reference (h)); they will also be assigned to a pay pool in the parent organization that will consider them for base compensation increases in accordance with Volume 2011 of this Instruction.

(5) DCIPS employees shall not be assigned to pay pools with non-DCIPS employees.

d. Pay Pool Administration

(1) Each pay pool must have SOPs. SOPs shall contain, at a minimum, requirements for initial and annual sustainment training for all pay pool managers and panel members, including procedures for conducting mock pay pool exercises as appropriate. Mock pay pools are mandatory in the first year that pay pools will be conducted.

(2) Pay pools shall begin their annual deliberations as soon as is practical following the close of the rating period and the finalization of ratings, but in sufficient time to complete pay pool deliberations and payout processing before the effective date of the payouts.

(3) Supervisors and managers shall ensure that evaluations of record are available for each employee eligible for consideration, as established in Volume 2011 of this Instruction, during the annual pay pool process.

(4) A listing of all delinquent performance evaluations shall be provided to the pay pool manager not less than 15 calendar days prior to the beginning of annual pay pool deliberations for follow-up to assure the timely availability of the performance evaluation and to establish appropriate accountability. Pay pool managers will ensure that managers and supervisors responsible for delinquent performance evaluations are held accountable pursuant to Volume 2011 of this Instruction.

(5) Employees who have not received an approved evaluation of record shall not be considered for an annual performance-based increase or bonus except:

(a) Employees absent to perform service in the uniformed military and subject to the protections of sections 4301-4335 of title 38, U.S.C. (Reference (i)), will be considered and shall not lose position in band relative to what would have occurred had they not been called to active duty.

(b) Employees will be considered and shall, at a minimum, retain their relative position within their pay band if they are on:

1. Workers' Compensation.
2. Leave without pay.
3. Long-term training.

(c) Employees on other long-term absences or in other special circumstances for other than disciplinary reasons may be considered and shall retain their position within their pay band.

(d) New employees who do not have 90 days in the rating period and therefore do not have an evaluation of record shall maintain their position in the band. Such employees will be given the presumptive rating of "Successful" in accordance with Volume 2011 of this Instruction and shall receive the minimum (hereafter referred to as the "floor") performance payout established by the USD(I) for the performance year. In cases where the floor payout is not sufficient to keep pace with the band increase, the employee shall receive an additional adjustment in order to maintain position in the band.

e. Pay Pool Decision Process

(1) Preliminary pay pool compensation recommendations will be made based on the outcome of a USD(I)-approved compensation formula.

(2) Preliminary payout recommendations based on the evaluation of record may be adjusted by pay pool management based on guidance provided in SOPs established under the requirements of subparagraph 2.d.(1) of this enclosure. Considerations that may be included in SOPs are:

- (a) DoD Component Head guidance on priorities for the performance year.
- (b) Comparative evaluation of performance of like-situated employees within a pay band and occupation in the pay pool.
- (c) Adjustments for partial year performance in the pay pool.

(d) Other performance-based considerations included in the DoD Component SOP.

(3) Documentation will be used and retained (consistent with applicable records schedules) in support of the pay pool decision processes, to include:

(a) Evaluation of record information used for each employee.

(b) Consolidated worksheets for all employees in the pay pool, including decision justification for payouts that are outside the recommended range established in the annual DoD Component guidance.

(c) Actual recommended payouts (both bonus and permanent salary increases) for each employee.

(d) Certification of the payments by the PP PRA who serves as the authorizing official.

(e) Guidance on the basis for, and range of, managerial discretion that may be exercised in the decision processes.

(f) Guidance for considering employees absent to perform uniformed military service or on Workers' Compensation, leave without pay, long-term training, or other special situations, consistent with the guidance in this Volume and Volume 2011 of this Instruction.

(g) Guidance on documentation and feedback to employees required for performance decisions.

(h) Documentation related to the decision support tools available and rules for their use.

(i) Budget available to the pay pool and guidance on budget management.

(j) Schedules and deadlines.

(k) Review and approval procedures for pay pool results to include:

1. Summary review by the PP PRA of all salary decisions for the purpose of identifying any potential issues with regard to merit and consistency.

2. Approval of decisions by the PP PRA.

3. Retention schedules for all pay pool documentation.

(4) Pay pool results shall be available and approved such that payments may be made to employees to coincide with the annual Federal General Schedule (GS) pay increase, which is

normally effective on the first day of the first pay period following January 1 of the new calendar year.

3. AGGREGATE COMPONENT PERFORMANCE BUDGETS

a. The annual planned Defense Intelligence budget for DCIPS performance-based salary increases and bonuses will be established by September 30 of the performance year. The annual performance budget recommendation will be developed in accordance with the guidance in this section and will be approved by the USD(I) in consultation with the USD(P&R).

b. Following the completion of the annual pay decision process by the DoD Components with DCIPS positions, the USD(I) staff will conduct, in coordination with Component compensation staffs, an analysis of the results of the salary adjustments to determine effects on distribution of the workforce within pay bands, position of the workforce relative to the applicable labor market, anticipated adjustments to the ranges, and projected GS increases for the year in which the next payout is to be effective.

c. The DIHRB will review the results of the USD(I) staff analysis and make recommendations to the USD(I) on the budget for the upcoming performance payouts.

d. Separate budget recommendations shall be established annually for permanent salary increases and bonuses.

(1) The permanent salary increase budget initially will not be less than that which would have been available for step increases, quality step increases, and within-band promotions (but not including funds that are set aside to provide occupational advancements based on market labor rates) had the Department not converted to pay banding and pay-for-performance under this Instruction.

(2) The bonus budget generally will not be less than would have been available for cash awards and/or DoD Component bonuses had the Department not converted to pay banding and pay-for-performance under this Instruction.

e. An increase to the budget may be recommended to address labor market imbalances through the use of specific market-based compensation interventions authorized in Volume 2006 of this Instruction.

f. The Heads of the DoD Components with DCIPS positions:

(1) May not exceed the aggregate performance budget for their Component, except on approval of the USD(I) that is based on a specific business case pursuant to paragraph 2.c. of Enclosure 2.

(2) May allocate their pay pool budget to individual pay pools in the manner that best supports the DoD Component mission, provided that no eligible individual in the Component

receives a performance payment lower than the floor payout for performance established by the USD(I) for the performance year.

(3) May hold aside a portion of their pay pool budget as a reserve for unanticipated pay pool requirements based on exceptional organizational performance, market anomalies, or other mission-driven performance recognition requirements, providing such reserve does not result in any eligible employee receiving a performance payment lower than the floor payout established by the USD(I) for the performance year.

(4) Will provide information to the USD(I) on the conduct of their pay pool activities, including any use of their authority to allocate funds to pay pools on other than a pro-rata proportional or fair-share basis.

(5) Will provide a report or out-brief to employees of their organization regarding pay pool processes and aggregate results.

4. INDIVIDUAL PAY POOL BUDGETS

a. The sum of individual pay pool budgets may not exceed the aggregate performance-based compensation budget established for the DoD Components with DCIPS positions.

b. The sum of individual pay pool expenditures for permanent pay increases may not exceed the aggregate amount budgeted for permanent pay increases at the DoD Component level, including any budget augmentation approved by the USD(I).

c. The sum of individual pay pool expenditures for bonuses may exceed the aggregate amount budgeted at the DoD Component level for bonuses to the extent that the sum of the aggregated permanent base pay increases and bonus payments does not exceed the Component's authorized performance-based compensation budget for permanent base pay increases and bonus payments combined.

d. The budget for each pay pool in the DoD Component will be set as of the date pay pool membership is frozen following the end of the performance evaluation period. To the maximum extent practicable, membership should not change following the establishment of the pay pool budget.

(1) The preliminary budget for permanent salary increases for the pay pool will be established according to a method determined by the USD(I) in consultation with the DoD Components. The USD(I) shall communicate the agreed-upon method to the Components in a memorandum that identifies it as the sole method for determining the permanent salary increase budget for the pay pool and for adjusting the pay pool budget when employees are added to or removed from the pool.

(2) If, at the time decisions are made for the pay pool, an employee is added to or removed from the pay pool, the pay pool budget for permanent salary increases will be adjusted

according to the method in the USD(I) memorandum described in subparagraph 4.d.(1) of this enclosure.

(3) The preliminary budget for bonuses for the pay pool will be established by multiplying the approved percentage times the total base salaries of the employees assigned to the pay pool.

(4) If, at the time decisions are made for the pay pool, an employee is added to or removed from the pay pool, the pay pool budget for bonuses will be adjusted by the salary of the employee, times the bonus percentage allocated for the DoD Component. This amount will be summed for all employees added to or removed from the pay pool.

5. PERFORMANCE-BASED COMPENSATION ALGORITHM AND GUIDANCE. The USD(I), on the recommendation of the DIHRB, will establish the algorithm that will be used by all DCIPS pay pools to allocate performance-based compensation increases each year. The algorithm will take into consideration the following factors:

a. Employees rated as unacceptable will be ineligible for any performance-based salary increase or bonus, targeted situational adjustment, or local market and targeted local market supplement increase. However, their salaries will be included in the computation of pay pool budgets.

b. Employees rated as minimally successful will receive the local market supplement for their duty station and may be eligible for a portion of the performance payout floor established by the USD(I) for the performance year. Employees rated as minimally successful will not receive any performance-based increase or bonus.

c. Employees rated as successful or higher, and whose current salary falls within the range for their band level, will, under any algorithm approved by the USD(I), receive at least the floor adjustment approved for the performance year unless they reach the top salary limit of the band.

d. Algorithms approved by the USD(I) shall ensure that the performance payouts recommended for the permanent portion of a salary increase are computed using the “midpoint principle” (i.e., the rate of salary increase shall decline as the ratio of the employee’s salary to the midpoint of the range increases). Algorithms shall incorporate the employee’s current weighted overall average rating for performance objectives and elements rounded to the nearest tenth of a point, in accordance with the procedures in Volume 2011 of this Instruction, and shall produce increases proportionally larger for higher performance. No performance increase recommendation or decision may result in a salary that exceeds the maximum for the range.

e. The purpose of a bonus is to provide meaningful reward for the highest levels of performance and/or work accomplishments within the context of the pay band. Algorithms shall separately compute initial recommended bonuses for employees based on the employee’s performance rating rounded to the nearest tenth of a point, in accordance with the procedures in Volume 2011 of this Instruction. Employees whose performances meet or exceed “successful”

are eligible for bonus consideration. Bonus algorithms will compute recommended bonus amounts based on the midpoint of the pay band to which the employee is assigned. The number of employees who receive bonuses generally shall not exceed 50 percent of the eligible population.

f. Recommended performance salary increases and bonus recommendations generated by the algorithm shall serve as the starting point for making annual performance-based salary increase and bonus decisions in accordance with the guidance in DoD Component SOPs. No adjustment may be made that results in payouts exceeding either the permanent base pay increase budget for the pay pool, or the aggregate pay pool budget.

6. REVIEW AND OVERSIGHT OF PERFORMANCE-BASED COMPENSATION DECISIONS

a. On completion of pay pool action, the pay pool manager will submit the pay pool results to the appropriate PP PRA for final review.

b. The PP PRA will conduct a summary review of the results of all the pay pools for which the PP PRA is responsible to identify potential anomalies, such as lack of meaningful performance differentiation or inconsistencies in application of policy across pay pools.

c. The PP PRA, on review of the results, may approve all results as submitted, request additional justification for specific issues identified, return the pay pool results to the pay pool manager for remediation, or appoint a new pay pool manager to conduct a new decision review of the pay pool.

d. On completion of PP PRA review, the PP PRA will authorize the results of the pay pools for processing and payment in accordance with the timelines established by this Volume and DoD Component SOPs.

e. If any PP PRA action results in a delay in effecting the results for a pay pool, all such pay pool decisions will be retroactive to the effective date of other pay pool results for the DoD Component with DCIPS positions.

f. On completion and execution of all pay decisions for the performance year, each DoD Component with DCIPS positions will conduct a formal analysis of the decision process and develop an action plan for the next performance and pay year that considers the results of that analysis. The results of the Component review will be forwarded to the USD(I) by March 31 of the year in which the review is conducted. Reviews will include:

(1) Statistical analysis of all performance decisions consistent with applicable guidance, to identify, examine, and remove unlawful barriers; to prevent unlawful discrimination; and to ensure pay decisions are based on performance.

(2) Analysis of performance differentiation by pay pool and organization to identify conformance to guidance.

(3) Other analysis or data requested by the USD(I).

7. DEVELOPMENTAL PROGRAMS

a. Employees in approved developmental programs as defined in Volume 2005 of this Instruction may be considered for performance-based salary increases and bonuses in accordance with this Volume.

b. Salary increases received under the developmental program may be considered in determining eligibility for additional increases or bonuses.

8. TARGETED SITUATIONAL ADJUSTMENTS

a. Targeted situational adjustments for circumstances described in Volume 2006 of this Instruction will be made during the pay pool decision process, if appropriate, but after the performance payout is determined.

b. All local decisions to implement this flexibility will be funded out of existing aggregate pay pool funding. No additional funds will be available to the DoD Components with DCIPS positions for such adjustments.

9. PROVISIONS FOR EMPLOYEES HIRED INTO CAREER LADDER POSITIONS PRIOR TO CONVERSION TO DCIPS

a. Employees who were hired into developmental career ladder positions prior to conversion to DCIPS pay bands shall be eligible for scheduled pay increases, subject to the conditions documented in the personnel action appointing them to their ladder position, until they reach the salary or band level established by their appointment action.

b. Where scheduled promotions would occur within a pay band, the salary increase for which the employee is eligible will be computed to be equivalent to that which the employee would have received as a result of the career ladder promotion.

c. Only those employees appointed to a career ladder position prior to the effective date of conversion to DCIPS pay bands shall be eligible for this grandfather provision.

10. COMMUNICATING PERFORMANCE-BASED COMPENSATION DECISIONS TO THE EMPLOYEE

a. Rating officials are responsible for communicating performance-based compensation decisions to their employees. Communication shall provide a breakdown of performance-based salary increases, any increases to local market supplements or any other supplemental pay, and any performance bonuses granted.

b. Such communication should occur in person unless circumstances preclude this (e.g., geographic separation).

c. Performance-based compensation decisions shall not be communicated to employees until the PP PRA has approved the payouts for the employee's pay pool.

11. EMPLOYEE CHALLENGES TO PAY DECISIONS. Employees may not challenge an individual payout decision; however, employees may use the DoD Component grievance system to address specific concerns regarding the pay pool process that may have affected their payout.

GLOSSARY

DEFINITIONS

The following terms and their definitions apply to this Volume of this Instruction and serve as the basic employment and staffing taxonomy for the DoD Components with DCIPS positions.

authorizing official. A management official who has been delegated authority to certify payments resulting from pay pool deliberations. For the purposes of approving the results of the Component pay decision process, the authorizing official will be the PP PRA.

compa-ratio. The ratio of an employee's salary to the midpoint of the employee's pay band. The compa-ratio is computed by dividing the employee's base salary by the base pay midpoint of the employee's pay band.

DCIPS floor. See "performance payout floor."

DoD Components with DCIPS positions. Defined in Volume 2001 of this Instruction.

line-of-sight. A term used to specify that those in the employee pay decision chain must have insight into the employee's performance and contributions through direct observation of the employee's work.

pay pool. An aggregation of employees within a DoD Component for the purpose of making annual performance-based compensation decisions. The organizing construct for a pay pool may include consideration of organization or region of assignment, occupation, or other organizing criterion involving a common mission focus.

pay pool manager. An individual typically in the chain of command for employees assigned to a pay pool, designated by the Head of the DoD Component to conduct the decision-making process for annual performance-based compensation decisions for employees assigned to the pay pool.

pay pool panel. A group of managers who typically share chain-of-command responsibility for employees assigned to a pay pool who are designated by the Head of the DoD Component with DCIPS positions to participate in the annual performance-based compensation decision-making process under the leadership of a pay pool manager for the employees assigned to the pay pool.

performance payout floor. The minimum performance increase in base salary that an employee performing at a "successful" level and otherwise eligible for a performance payout may receive during the annual performance decision process. This amount will be established annually by the USD(I) based on the recommendation of the DIHRB. Initially this amount will be equal to the annual Congressional General Pay Increase authorized for Federal GS employees. Employees rated "Minimally Successful" will receive a percentage of the payout floor.

PP PRA. The Head of the DoD Component with DCIPS positions, in his or her capacity of providing oversight of pay pool processes. The PP PRA provides oversight of the pay pool processes of an entire DoD Component with DCIPS positions to ensure consistency in the application of principles and criteria, and approves payouts.