



LOCAL 200

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AFGE Local 200 Position Paper #2007-01

February 16, 2007

FAA Core Compensation System is a Pay, Retirement Annuity and TSP Reduction System, not a Pay for Performance System

AFGE Local 200 represents approximately 250 Federal employees at the William J. Hughes FAA Technical Center. Those employees perform essential technical support of electronic systems that are used to control air traffic in the FAA's National Airspace System (NAS). The systems used by Air Traffic Control personnel rely on us for the deployment of new and improved NAS products and on expert repair and restoration services when systems fail.

We are writing to bring attention to the plight of all employees in the FAA (lower tier management and supervisors as well as Bargaining Unit Employees) with regards to the FAA Core Compensation Pay Plan. 'Core Comp' is purported to be a 'Pay for Performance System'. AFGE Local 200 has exposed the fact that it is a Pay, TSP, and Retirement Annuity Reduction System. Core Comp is also poorly documented. The 'Plan' is a moving target of hundreds of web pages, files, policies and procedures for which there is no apparent change history. Also, there are insidious aspects of this 'Plan' hidden in 'fine print' that are not known even to those currently in Core Comp including managers.

Please review the attached outline on Core Comp and communicate any need for clarity. We also advise solicitations of information from FAA management to gain further insight as to Core Comp's embarrassing ideology and documentation as well as the woeful treatment of its workforce with regards to pay under this system.

For further information on AFGE Local 200 studies of the FAA Core Compensation Pay Plan, contact Robert Challenger, Vice President, AFGE Local 200 at the_chief@hotmail.com.

Attachment: FAA Core Compensation – an AFGE Local 200 Investigation **Table of Contents of Sections within this Attachment**

1. Core Comp - a "Pay, TSP, and Retirement Reduction System", not a pay for performance system
 - A "Capped Out" employee will receive **\$233,045** less in pay and retirement over 20 years
2. Budget Neutrality – A MYTH
 - There is no stretch of the imagination that would lead anyone to believe that Core Comp is compensating FAA employees to the level they would be compensated under the General Schedule.
3. Arbitrary Nature of Pay Bands
 - Top performers at the Pay Band Maximum are "Capped Out" with Base Pay impacts for life
 - 'Satisfactory' performers may not be "Caped Out", but receive increases to Base Pay
4. Some known insidious aspects of the system (others believed to exist, but not yet found)
 - A suspension of even **one hour** will render the employee ineligible for next year's pay "raise"
 - Contractors ARE NOT "Capped Out"
5. Undisciplined means by which the "System" is documented
 - There is only ONE Core Compensation Plan circa 1997. The rest is uncontrolled web pages.

1. **Core Comp - a “Pay, TSP and Retirement Reduction System”, not a pay for performance system**

- a. **At least 1/3 of AFGE Local 200 employees will be “capped out” within 3 years in Core Comp**
- b. According to data obtained this month from the FAA, pay bands have been increased an average of 1.5% over the past 7 years. The corresponding pay raises in Core Comp have averaged 4.1%.
- c. Once ‘capped-out’ in a pay band, raises (if any) are lump sum, not adjustments to Base Pay.
- Raises don’t propagate to future years
 - Retirement annuities based on High 3 drastically reduced.
 - Portion above cap is not in TSP computations
- d. Top performers will reach pay band maximums quicker, but everyone will. Therefore everyone will eventually receive the same pay (for life) regardless of how well you perform.
- e. There are no guarantees that pay bands will not lower.

1. **Non-Capped person** at \$100,000 with a 4.1% raise as a *Base Pay adjustment* for 10 years

Year	Base Pay	Lump Sum	10 Year retirement annuity assuming: • High Three - \$143,644 • 30% annuity • 3% COLA
1	\$104,100	0	\$43,093
2	\$108,368	0	\$44,386
3	\$112,811	0	\$45,718
4	\$117,436	0	\$47,089
5	\$122,251	0	\$48,502
6	\$127,264	0	\$49,957
7	\$132,481	0	\$51,456
8	\$137,913	0	\$52,999
9	\$143,568	0	\$54,589
10	\$149,454	0	\$56,227
TOTALS	\$1,255,647	0	\$450,922
<i>EQUIV. GS</i>			
TOTALS w/3.5%	\$1,214,199	0	Hi Three - \$136,344 Total \$ 428,006

Uncapped Total Salary And Retirement Annuity After Twenty Years: \$1,706,569

2. **Capped Person** at \$100,000 with a 4.1% raise (1.5% Base Pay, 2.6% lump sum payment) for 10 years

Year	Base Pay	Lump Sum	10 Year retirement annuity assuming: • High Three - \$114,347 • 30% annuity • 3% COLA
1	\$101,500	\$2,639	\$34,304
2	\$103,023	\$2,679	\$35,333
3	\$104,568	\$2,719	\$36,393
4	\$106,136	\$2,760	\$37,485
5	\$107,728	\$2,801	\$38,610
6	\$109,344	\$2,843	\$39,768
7	\$110,984	\$2,886	\$40,961
8	\$112,649	\$2,929	\$42,190
9	\$114,339	\$2,973	\$43,455
10	\$116,054	\$3,017	\$44,759
TOTALS	\$1,086,326	\$28,244	\$358,954

Capped Total Salary And Retirement Annuity After Twenty Years: \$1,473,524

DIFFERENCE: \$1,706,569 - \$1,473,524 = \$233,045

2. Budget Neutrality – A MYTH

Under Section 1 of the FAA Core Compensation Plan, Dated September 30, 1997, we find:

Cost Implications

Cost Requirements: Budget Neutrality

The Compensation Framework requires that any new compensation plan be budget neutral.

Budget Neutral is defined as spending:

- The same or less than . . .
- **What would have been spent had the existing compensation programs not changed.**

Budget Neutrality must be achieved:

- Within LOB/Staff Office and for FAA as a whole.
- Over a one and a multi-year time period.
- Within the PC&B budget.

This implies that:

- The estimated cost of benefits must be assessed, even if only changing the base pay programs.
- Increased PC&B costs cannot be funded through reductions in other budget object classes.
- Incentives, however, (such as gainsharing) may be funded through reductions in operation costs (to be further defined as incentive program recommendations are finalized).

There is no stretch of the imagination that would lead anyone to believe that Core Comp is compensating FAA employees to the level they would be compensated under the General Schedule.

3. Arbitrary Nature of Pay Bands (regardless of performance)

NOTE - ZOOM IN AS NEEDED FOR DETAIL

- The below table is the official FAA means to convert FG (General Schedule) employees to Core Comp
- **Yellow** - where some personnel are converted into Core Comp at or above Pay Band Maximum
- **Orange** - Areas with 3, 4, or even 5 GS Grades placed in one Pay Band
- **Blue** - Areas with GS-6, -7, -8, -9, -10s placed in a Pay Band below GS-5s in another Job Category
- **Red** - Hardest hit Job Categories (though all of AFGE Job Categories are hit)

2007 Conversion From FG to Core Compensation Plan

AFGE Local 200 Serflec	Pay Band	A	B	C	D	E	F	G	H	I	J	K	L	M
	Minimum	\$16,500	\$18,900	\$21,300	\$24,500	\$28,100	\$32,300	\$37,800	\$46,100	\$56,100	\$68,500	\$81,900	\$97,900	\$115,900
	Maximum	\$23,900	\$27,400	\$32,000	\$36,800	\$42,200	\$48,500	\$56,600	\$71,400	\$87,000	\$106,200	\$127,000	\$151,800	\$177,800
	Minimum w/loc													
	Maximum w/loc													
	Student		Level 1 PG-1/2	Level 2 PG-3/4	Level 3 PG-5/6									
303	Clerical Support			Level 1 PG-3/4	Level 2 PG-5/6	Level 3 PG-7/8	Mgr. 1	Mgr. 2						
318 335	Admin. Support			Level 1 PG-5/6	Level 2 PG-7/8	Level 3 PG-9/10	Mgr. 1	Mgr. 2						
	Technical Support				Level 1 PG-5/6	Level 2 PG-7/8	Level 3 PG-9/11		Mgr. 1 PG-11 & below	Mgr. 2 PG-12 & above				
	Para-Professional					Level 1 PG-7/9	Level 2 PG-10/11	Level 3 PG-12/13		Mgr. 1 PG-13 & below	Mgr. 2 PG-14 & above			
343 1083	Professional					Level 1 PG-5/9	Level 2 PG-10/11	Level 3 PG-12	Level 4 PG-13	Level 5 PG-14/15				
	Technical						Level 1 PG-5/9	Level 2 PG-10/12	Level 3 PG-13	Level 4 PG-14	Level 5 PG-15	Mgr. 3 PG-15		
855	Engineering						Level 1 PG-5/9	Level 2 PG-10/12	Level 3 PG-13	Level 4 PG-14	Level 5 PG-15	Mgr. 3 PG-15		
	Specialized 602 (Physician)												Level 2 FG-13/14	Level 2** FG-15
	Specialized 610 (Nurses), 602 (Phys. Ass)						Level 1 PG-9 & below	Level 2 PG-10/12	Level 3 PG-12	Level 4 PG-14	Mgr. 3 PG-14 & below			
856	Specialized 802 (Eng. Tech), 836 (Elec. Tech), 2101 (Trans. Spec)					Level 1 PG-9 & below	Level 2 PG-10/11	Level 3 PG-12	Level 4 PG-13	Level 5 PG-14/15				
	Specialized 902 (Attorney)						Level 1 PG-11 & below	Level 2 PG-12	Level 3 PG-12	Level 4 PG-14	Level 5 PG-14	Mgr. 1 PG-14 & below	Mgr. 2 PG-15	Mgr. 3 PG-15
	Specialized 1815 (Investigator) 1825(ASD)						Level 1 PG-9 & below	Level 2 PG-10/12	Level 3 PG-12	Level 4 PG-14	Level 5 PG-15	Mgr. 1 PG-14 & below	Mgr. 2 PG-15	Mgr. 3 PG-15
2152	Specialized 2152 (Air Traf. Cont. - except Flight Service)						Level 1 PG-9 & below	Level 2 PG-10/12	Level 3 PG-12	Level 4 PG-14	Level 5 PG-15	Mgr. 1 PG-14 & below	Mgr. 2 PG-15	Mgr. 3 PG-15
	Specialized 2152 (Air Traf. Cont. - Flight Service field positions)						Level 1 PG-9 & below	Level 2 PG-10/11	Level 3 PG-12	Level 4 PG-12	Mgr. 1 PG-12 & below	Mgr. 2 PG-14	Mgr. 3 PG-15	
	Specialized 2181 (Pilot)							Level 1 PG-9/11/12	Level 2 PG-12	Level 3 PG-14	Level 4 PG-15	Mgr. 1 PG-15		

HIGHLIGHTING ANALYSIS FOR AFGE LOCAL 200 PERSONNEL ONLY

- Some personnel (mostly high 'steps', but not all) automatically converted into Core Comp at or above the Pay Band Maximum
- Areas where 3, 4, or even five GS Grades are placed in one Pay Band
- Areas where GS-6, -7, -8, -9 and 10s are placed in a Pay Band below GS-5s in another Job Category
- Hardest hit Job Categories (though all of AFGE Job Categories are hit)

3. Arbitrary Nature of Pay Bands (cont'd)

- The below table shows actual conversions of personnel based on the preceding table
- Those with % Difference in parentheses are automatically converted to Core Comp at or above the Pay Band Maximums
- Upon the same conversion, those without parentheses have a "Safety Margin" before they reach the Pay Band Maximums
- This implies that the OPM established General Schedule is woefully inaccurate
- AFGE Local 200 believes the opposite to be true: **Core Comp is job categorization gone wrong**
- The determination that a person converted into Core Comp being at the Pay Band Maximum has nothing to do with their performance
- Based on the FAA FG to Core Comp **conversion** chart, employees may have as much as 43% higher "Caps" than Base Pay while others are **automatically 22% ABOVE THE "Caps"**

ARBITRARY NATURE OF PAY BAND MAXIMUM IMPACT

FG Grade	Step 10 w/o Locality	Pay Band	Pay Band Max	% Difference (margin to Max)
1	\$20,798	Student - B	\$27,400	24.09
1	\$20,798	Clerical - C	\$32,000	35.01
2	\$23,527	Student - B	\$27,400	14.14
2	\$23,527	Clerical - C	\$32,000	26.48
3	\$26,521	Clerical - C	\$32,000	17.12
3	\$26,521	Admin - D	\$36,800	27.93
4	\$29,769	Clerical - C	\$32,000	6.97
4	\$29,769	Admin - D	\$36,800	19.11
5	\$33,309	Clerical - D	\$36,800	9.49
5	\$33,309	Prof - F	\$48,500	31.32
5	\$33,309	Tech - G	\$58,600	43.16
6	\$37,130	Admin - D	\$36,800	(0.90)
6	\$37,130	Prof - F	\$48,500	23.44
7	\$41,262	Clerical - E	\$42,200	2.22
7	\$41,262	Tech - G	\$58,600	29.59
8	\$45,699	Clerical - E	\$42,200	(8.29)
8	\$45,699	Tech - G	\$58,600	22.02
9	\$50,470	Prof - F	\$48,500	(4.06)
9	\$50,470	Admin Mgr - H	\$71,400	29.31
10	\$55,580	Admin - F	\$48,500	(14.60)
10	\$55,580	Tech - H	\$71,400	22.16
11	\$61,068	Prof - G	\$58,600	(4.21)
11	\$61,068	Tech - H	\$71,400	14.47
12	\$73,194	Prof - H	\$71,400	(2.51)
12	\$73,194	Tech Sup Mgr - I	\$87,000	15.87
13	\$87,039	Para - H	\$71,400	(21.90)
13	\$87,039	Tech - I	\$87,000	(0.04)
14	\$102,848	Tech - J	\$106,200	3.16
14	\$102,848	Spec - K	\$127,000	19.02
15	\$120,981	Prof - J	\$106,200	(13.92)
15	\$120,981	Tech - K	\$127,000	4.74

4. Some known insidious aspects of the system (others believed to exist, but not yet found)

- a. "Those employees who have received...suspension for any duration... will not be eligible" for any raise in pay the following year. This means that an extremely minor offense, currently punishable by a 1hour or day loss of pay, will result in tens of thousands of lost wages.
- b. The FAA Administrator can wait to 'award' pay increases until the end of the year.
- c. FAA Service contracts have automatic upward adjustment in Labor Rates each Year. Contract employees will continue to receive raises to their Base Pay.
- d. Employees may not be eligible for the annual pay "raise" due to "raise" timing restrictions.
- e. There is no documented Performance Measurement System that guarantees:
 - (1) Consistent guidelines for allocation of percentages of personnel receiving Superior Contribution Increases (SCIs). This should include guidelines on how percentages are propagated to lower level groups and accommodations if any one group has a number of 'top performers' that exceeds their allocation.
 - (2) Visibility into the SCI process
- f. The FAA may impose its own Locality Pay Program.
- g. A promotion to a position of higher expertise and responsibility may result in a 0% pay raise.
- h. "Pay Parity" between government agencies and between civilian agencies and the DoD will never be possible again leading to perpetual inconsistency in Federal Employee pay. Will FAA Administrator pay be capped-out while the EPA Administrator continues to receive appropriate raises? The union doesn't believe so.

5. Undisciplined means by which the "System" is documented

- a. Core Comp is not in any one document. It is a compilation of:
 - (1) **Over 300** Web Pages, Adobe files, MS Word Documents, MS Excel spreadsheets, and web-based automated "Tools".
 - (2) Over 151 folders containing 1,097 files, not counting over 100 inaccessible Web Pages and over 50 Web Pages which cannot be saved.
 - (3) **There is NO Comprehensive Change History.** There is no viable accountability for changes to any one or all web pages.
- b. FAA Web Locations for Core Compensation information is on multiple sites (and hundreds of web pages). The site contained in the FAA Management proposal to AFGE Local 200 on pay as of June 2006 is:
http://www.faa.gov/corecomp/plans_policies.cfm . ***It no longer exists!*** Known sites include:
 - (1) www.faa.gov/corecomp/ leads to → http://employees.faa.gov/jobs_pay/pay/
 - (2) http://employees.faa.gov/library/policies_guidance/hr_policies/hrpm/comp/comp-2-14c/
 - (3) <http://www.faa.gov/ahr/POLICY/comp/comp.cfm>
 - (4) <http://www.faa.gov/ahr/super/pay/index.cfm>
 - (5) <http://www.faa.gov/ahr/policy/hrpm/hrpmtoc.htm#comp>
 - (6) <https://www.faa.gov/ahr////////POLICY/comp/comp.cfm>
 - (7) <http://jobs.faa.gov/FAACoreCompensation.htm>
- c. AFGE has accessed multiple FAA Core Comp locations through simple internet searches recorded in an available document ([FAA Core Comp Search Results.pdf](#))
- d. AFGE has recorded the removal of access to the AHR Web Site with loss of an unknown number of web pages, documents and files in an available document ([AHR Core Comp Web Site Gone.pdf](#))
- e. AFGE has recorded the existence of approximately 50 Unsaveable Web Pages in an available document ([Unsaveable Web Pages.pdf](#))
- f. AFGE has recorded the existence of approximately 100 Inaccessible Web Pages in an available document ([Inaccessible Web Pages.pdf](#))

- **FAA proposal to AFGE Local 200 on pay specifics:** http://www.faa.gov/corecomp/plans_policies.cfm . ***This site no longer exists!***
 - Shown Below - Two Different “Home Pages” for Core Comp accessed as of the writing of this paper (note the URLs)

Updated: 9:48 am ET November 8, 2005

Updated: 1:30 pm ET August 16, 2006

FAA Employee Site - Core Compensation Plan - Microsoft Internet Explorer

Address: http://employees.faa.gov/jobs_pay/pay/pay_plans/core_comp_plan/

FAA employee site

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