

FDA STAFF MANUAL GUIDES, VOLUME III - GENERAL ADMINISTRATION

PERSONNEL

INCENTIVE AWARDS

QUALITY STEP INCREASES

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NOTE: This SMG is being revised.

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1. PURPOSE.

This Guide provides procedural instructions for recommending and approving quality step increases. A quality step increase is an extra within-grade increase granted in recognition of sustained high quality performance.

2. REFERENCES.

- A. Federal Personnel Manual, Chapter 531, Subchapter 4, Within-Grade Increases.
- B. HHS Personnel Instruction 430-4, department Employee Performance Management System.
- C. HHS Personnel Instruction 531-5, Quality Increases.

- D. Staff Manual Guide FDA 1431.3, Authority to determine Action on Within-Grade Increases.
- E. Staff Manual Guide 1431.5, Authority to determine Action on Quality Step Increases.
- F. Staff Manual Guide FDA 3113.2, FDA Local Incentive Awards Officers.
- G. Staff Manual Guide FDA 3113.8, Cash Awards for Sustained Superior Performance and Special Acts or Services.

3. COVERAGE.

- A. Employees Covered.** Employees in permanent General Schedule positions, (who are at less than the maximum step of their grade), including part-time and intermittent employees, as well as General Schedule employees who are under other than permanent appointments of more than one year may be considered for a quality step increase.
- B. Employees not Covered.** The following employees are not eligible to receive quality step increases:
 - 1. Employees covered by the Performance Management and Recognition System
 - 2. Members of the Senior Executive Service
 - 3. Employees covered by the Federal Wage System
 - 4. Individuals appointed by the President by and with the advice and consent of the Senate
 - 5. Temporary GS employees with appointments limited to one year or less.

4. CRITERIA FOR A QUALITY STEP INCREASE.

- A. Only those employees with a current performance rating of outstanding are eligible to be considered for a quality step increase. However, the assignment of an outstanding rating does not automatically require that the employee be given a quality step increase. A current performance rating is the rating given at the end of the most recently completed rating year. The rating given an employee after the performance appraisal was postponed under circumstances delineated in Section 430-4-90, Appraising Performance of HHS Personnel, Instruction 430-4, Department Employee Performance Management System, is also considered a current

performance rating. It is anticipated that such postponed appraisals will be rare.

- B. Employees who meet the basic criterion of having a current performance rating of outstanding must also meet all of the following criteria
 - 1. The rating must have been determined through observation of the employee's work performance for no less than six months:
 - 2. The employee will be serving in the same or similar position at the same grade for at least 60 days following the date the quality step increase becomes effective:
 - 3. The employee's outstanding performance is expected to continue for 60 days following the date the quality step increase becomes effective:
 - 4. The employee has not received a quality step increase during the preceding 52 calendar weeks;
 - 5. The employee has not already been given a cash award for the high quality level of performance for the same period of time and performance;
 - 6. The employee has not been promoted during the past six months:
 - 7. The employee has not reached the maximum step of his or her grade:
and
 - 8. The area of work performance for which a quality step increase is being considered is not a special short-term or atypical assignment that will not continue.

5. QUALITY STEP INCREASES AND REGULAR WITHIN-GRADE INCREASES.

- A. Quality step increases are in addition to the within-grade increases to which employees are entitled upon completion of the required service period and a determination that their work is of an acceptable level of competence. An employee who receives a quality step increase does not start a new waiting period to meet the requirements for a regular within-grade increase. However, a quality step increase which places an employee in the fourth or seventh rate of his or her grade extends the employee's waiting period for a regular within-grade increase by 52 weeks.

- B. A recommendation for a quality step increase may be initiated at any time the employee meets the criteria in Section 4 and when the recommending official believes the employee's most recent performance warrants a quality step increase. Supervisors are encouraged to consult the servicing personnel office before the recommendation for the quality step increase is initiated. If possible, quality step increases should be submitted to maximize the financial benefit to the employees. For example, awarding a quality step increase to an employee just before the employee will receive a within-grade increase in most cases is appropriate: however it may not be to the employee's benefit if the quality step increase places the employee in step 4 or 7 and thereby would require the employee to wait 52 more weeks to advance to step 5 or 8. In such cases, it is recommended that the regular within-grade increase be effected and then the quality step increase initiated so that the employee can be advanced to step 5 or 8 immediately.

6. QUALITY STEP INCREASES AND CASH AWARDS.

- A. Performance that does not meet all the criteria for a quality step increase but does significantly exceed fully satisfactory job requirements of the position may be eligible to be considered for a cash award for sustained superior performance. Cash awards are also appropriate for employees who are not eligible for quality step increases, who are already at the top step of their grade (either GS or GM), for special achievements of a non-recurring nature, for high quality performance in special work situations of a limited duration, for recognition of group achievement, for employees who would receive the benefits of an additional pay increase for too short a time, and for employees whose contribution is so great that a large cash award is more suitable. For more detailed information on cash awards, consult SMG 3113.8, Cash Awards for Sustained Superior Performance and Special Acts or Services: the appropriate incentive awards officer: and/or the FDA Awards Coordinator.
- B. In unusual situations an employee may receive both a quality step increase for sustained high quality performance and a cash award for a special act or service or unusually valuable contribution made during that same period. The cash award for a special act or service or unusually valuable contribution may be based upon a single action or a series of actions which were either within or outside the employee's normal duties. The distinguishing factor is that the cash award should not be for sustained superior overall performance. [See 4b(4) above.]
- C. The combined total of quality step increases and cash awards for sustained superior performance granted to EPMS employees shall not exceed ten percent of the total number of EPMS employees in the organizational unit. The organizational units within FDA are defined as:

1. The Immediate Office of the Commissioner, which consists of:
 - a. the Commissioner's immediate staff,
 - b. the Office of Equal Employment and Civil Rights,
 - c. the Office of Orphan Products Development,
 - d. the Office of the Administrative Law Judge, and
 - e. the Executive Secretariat;
2. Each Staff Office in the Office of the Commissioner, e.g., Office of Health Affairs;
3. The Centers, e.g., Center for Drugs and Biologics;
4. The National Center for Toxicological Research;
5. Each of the ten Regional Field Offices.

7. INITIATING, APPROVING, PROCESSING, AND AUDITING QUALITY STEP INCREASES.

A. Recommending Official.

1. Identifies employees who warrant consideration for a quality step increase based on outstanding performance rating.
2. Determines eligibility by applying criteria and provisions described in paragraph 4 of this Guide.
3. Consults with servicing personnel office or local incentive awards officer on questions concerning the application of criteria, employee's eligibility, and related procedures.
4. Completes FDA Form 1607 "Recommendation for Quality Step Increase" (Attachment A). A copy of the entire EPMS performance plan showing that the employee received a rating of outstanding must be attached to the recommendation. If the appraisal is more than sixty days old, the recommending official must submit written documentation to support the determination that a quality step increase is considered appropriate. Retains the yellow copy of the FD Form 1607 for the records and forwards the original and four copies to the local incentive awards officer.

5. Upon notification that the quality step increase has been approved and processed, prepares FDA Form 1607b, "FDA Quality Increase Certificate," for signature and presentation by the concurring official.

B. Local Incentive Awards Officer.

1. Promptly reviews FDA Form 1607 to insure adherence to requirements described in Paragraph 4 of this Guide on consistent effective use of the quality step increase authority within the organization. Advises recommending official concerning revision of justification for quality step increase for employees whose performance rating is over 60 days old when justification does not clearly show the reasons why the quality step increase is considered appropriate as described in Paragraph 4 of this Guide.
2. Obtains clearance from the Executive Officer for the organizational unit to assure that the total number of cash awards for sustained superior performance and quality step increases for EPMS employees does not exceed ten percent of the unit. (See section 6.c. above.)
3. Signs FDA Form 1607 in Block 16, thereby indicating that the recommendation is in the proper format, that it meets the requirements for a quality step increase, and that it is within the unit's ten percent of performance awards and quality step increase; allowed. Forwards original and three copies to concurring official and retains pink copy of the form for the record.
4. After the quality step increase nomination is signed by the concurring official and returned to the Incentive Awards Officer, the Incentive Awards Officer will obtain and document budget clearance by:
 - a. Calling the Chief, Budget Execution and Control Branch, Division of Financial Management, Office of Management and Operations (HFA-140), to obtain budget clearance:
 - b. Filling out the budget clearance section of FDA Form 1607, indicating the date that the budget official provided the clearance and indicating the employee's common account number (CAN) in block 20.
 - c. Forwarding the original and three copies of the form to the servicing personnel office.
5. Periodically advises the organization head of the status of the program within the organization.

C. Concurring Official.

1. Promptly reviews FDA Form 1607 and concurs or nonconcur with the recommendation, consulting with the recommending official, the local incentive awards officer, and/or the servicing personnel office, as necessary.
 - a. If the concurring official does not concur with the recommended quality step increase, the FDA Form 1607 is returned unsigned to the recommending official through the incentive awards officer with a written explanation for the nonconcurrency.
 - b. If the concurring official concurs with the nomination, he/she signs the FDA Form 1607 (See Attachment A). The concurring official advises the incentive awards officer, and returns the original and three copies of the form to the local incentive awards officer for further processing.
2. Upon being notified by the recommending official of the effective date of the quality step increase, signs the FDA Quality Increase Certificate and presents it to the employee.

D. Servicing Personnel Office.

1. Upon request, provides advice and technical assistance to recommending and concurring officials and local incentive awards officers.
2. Reviews FDA Form 1607 for adherence to principles outlined in paragraph 4.b. of this Guide.
3. Assures that the official within the servicing personnel office who has been delegated appointing authority approves the payment of the quality step increase and authorizes the processing of the personnel action to effect the quality step increase.
4. If FDA Form 1607 does not meet one or more of the conditions described in Paragraph 4, returns the recommendation to the appropriate incentive awards officer providing advice about problems noted and/or corrections needed.
5. Completes Blocks 21, 22, and 24 of the FDA Form 1607.
6. Processes SF-50, "Notification of Personnel Action."

7. Notifies the recommending official, through administrative channels, of the effective date of the quality step increase.
8. Files the green copy of the approved FDA Form 1607 on the permanent side of the employee's Official Personnel Folder.
9. Sends a copy of the SF-50 to the employee through established administrative channels.
10. Sends the goldenrod copy of the approved FDA Form 1607 to the Chief, Budget Execution and Control Branch, Division of Financial Management, Office of Management and Operations (HFA-140).
11. Attaches original of FDA Form 1607 to the copy of SF-50 that is processed through to Central Payroll.

E. Approving Official.

1. The Director, Division of Human Resources Management and other officials in the Division who have been delegated appointing authority, are the approving officials for Headquarters and Headquarters Field employees. For Field positions under the appointing authority of HHS Regional Directors, Regional Personnel Officers are the approving official for FDA Field employees assigned within their respective Regions.
2. Signs FDA Form 1607 in Blocks 17 and 25 approving and authorizing payment of the quality step increase after it has been reviewed by the servicing personnel office.

F. Division of Human Resources Management. Periodically audits approved quality step increases for compliance with applicable regulations and to ensure consistent and effective use of the quality step increase authority throughout the Agency.

8. EFFECTIVE DATE OF QUALITY STEP INCREASE.

The quality step increase will be effective at the beginning of the first pay period after approval by the official in the servicing personnel office with appointing authority.