

General Schedule (expanded range with 15 steps) [2]

NOTE: The content of this document has not been reviewed by legal counsel, nor does it represent a consensus view of the Design Team or indicate any kind of preference among options presented to the Senior Review Committee.

Summary Description

- The DHS system would classify all positions at one of 15 grade levels based on the GS classification criteria set in law. Grading standards for individual occupations are established by OPM.
- The DHS pay structure would consist of 15 pay ranges corresponding to the 15 grades. For each grade, there would be 15 possible step rates. These pay rates would be set and adjusted annually by the same amount as the annual change in GS rates.
- For an employee who is determined to be performing at an acceptable level of competence, step progression within a grade through step 10 is based on completion of specified waiting periods, although step progression may be accelerated for outstanding performers.
- Pay progression beyond step 10 would be provided only on a determination of outstanding performance and/or technical expertise.

Key Features

Coverage

Covers all “white-collar” DHS employees who are now covered by chapter 53 of title 5, and, additionally, all “white-collar” TSA employees under the authority provided by law to the TSA Administrator.

Classification System

- Uses grades defined in statute and differentiated by complexity of work and level of responsibility.
- Positions classified using classification standards issued by OPM.
- Classification standards are narrative or use point factor method.

Pay System

- 15 grades with pay ranges of about 47 percent.
- Each grade has 15 steps, and an employee’s pay is fixed at one of these steps. The first ten steps are identical to the current steps under the General Schedule; five new steps are added.
- Base pay range for a given grade (and for each step within that grade) is the same for all agencies and occupations; however, varying locality payments are added.
- Annual pay comparability increases are provided to all employees each January (corresponding to the GS increase).
- Progression through step 10 is based on a determination that employee is performing at an “acceptable level of competence,” so there is a strong correlation between pay progression to step 10 and length of service.
- Progression beyond step 10 (steps 11 – 15) is contingent upon demonstration of continued outstanding performance (as identified through a performance appraisal) and/or determination that employee possesses exceptional expertise in his/her field.
- Differences in local job markets are recognized through locality adjustments which are added on top of the DHS base rates; locality rates would either be set at the GS locality rate, or alternatively, determined based on occupational families using private sector/federal wage gap data collected by the Bureau of Labor Statistics (BLS) .
- Additional pay flexibility allowed by (1) authority to set starting pay up to the step 10 rate of a grade based on superior qualifications, (2) special pay rates for an occupation due to serious recruitment and/or retention problems, and (3) acceleration of movement between steps 1 and 10 for a high-

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performing employee by awarding a Quality Step Increase. (See Base Pay System – Other Compensation for additional pay flexibilities)

Sub-Options

- (1) Convert all blue-collar employees covered by the Wage Grade system to the new DHS system;
- (2) Convert Stafford Act employees;
- (3) Enact legislation to extend coverage to other DHS employees currently covered by statutory pay systems outside chapter 53.

Note: Other sub-options related to a specific system element are identified within that element.

Relation to Other Options:

- Covers pay and classification.
- Would require a performance management system that is able to fairly and accurately identify outstanding performers. The performance management system could be based on evaluation of individual results, individual competencies, or various measures of organizational or team performance, or some combination of these factors.
- Could work with any labor relations, discipline and appeal system.

Implications: (This section contains "possible advantages/benefits" and "possible problems/challenges" and "other implications" suggested by design team members. The views expressed in these "implications" represent the opinions of one or more members of the design team and therefore reflect sometimes opposing points of view. These opinions do not reflect the collective judgment of the entire design team on any of the issues addressed, nor have they been reviewed by legal counsel.):

Possible Advantages/Benefits

- Keeping most of the current GS system prevents disruption of mission focus that might occur if system is changed.
- Provides the ability to deal with the best and worst performers, without significant disruption to the entire workforce.
- Should be easy to implement, and will require minimal efforts to educate and train employees and supervisors on changes.
- GS step progression system is simpler to administer than more performance-sensitive systems. Places minimal burden on supervisors and managers.
- Step progression through Step 10 would not generally be subject to complaints of discrimination or favoritism since they occur routinely at set time intervals. Minimizes disputes regarding pay since virtually all employees receive base pay and standard step increases through Step 10. Provides appeals rights to employees who are denied a step increase.
- Supports internal equity across agencies and occupations.
- Supports one aspect of the merit principle of equal pay for work of substantially equal value, through a classification system designed to recognize that positions with more difficult/complex responsibilities should be assigned a higher grade, with corresponding higher pay.
- Provides linkage of pay to high performance:
 - through step 10, pay progression for outstanding performers can be accelerated by providing Quality Step Increases; and
 - Only outstanding performers (and those certified as "experts") can progress beyond step 10 in the pay scale.
- Provides a mechanism to motivate employees who are at or near the current Step 10 cap toward high performance and continuous learning.

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- By allowing “experts” and outstanding performers to progress beyond step 10, may relieve some of the pressure to reward these employees by promoting them to management positions (thereby taking them out of the jobs where they may be able to contribute most effectively to the agency’s mission). However, some employees could still seek higher pay through promotions.
- Improves external equity, by providing greater pay comparability and market competitiveness for high performers and experts who can achieve higher pay.
- Managers would retain their current ability to establish, and change, when necessary, the performance standards employees must meet to qualify for regular step increases, quality step increases, and career ladder promotions.
- Would not impose the burdens associated with creating and implementing an entirely new system.
- Includes features that address external equity such as (1) annual changes to GS structure based on changes to nationwide Employment Cost Index (ECI), (2) locality pay adjustments, and (3) special salary rates for categories of positions based on recruitment and retention difficulties. Sub-option identified for locality pay would allow for greater market-sensitivity and external equity, by allowing pay rates to be adjusted by occupational job families based on the local labor market.
- Provides ability to set starting pay up to the maximum rate of a grade based on superior qualifications.
- Provides ability to reclassify positions to a higher grade when job complexity and/or responsibilities increase.

Possible Problems/Challenges

- Would require adoption of a credible performance management system.
- If locality pay feature is not changed (e.g., through sub-option identified herein) the system may not place enough emphasis on market (external) equity. The core GS system is not sensitive to the labor market for specific occupations. The same pay ranges apply to employees at the same grade in any occupation. Use of special rates authority is more cumbersome than a change to the core system that allows occupation-sensitive pay ranges.
- Even with the extra steps for outstanding performers and experts, the system may not place enough emphasis on individual equity. All employees would receive the annual across-the-board GS increase regardless of performance or contribution to agency mission (which is an inherent feature of any step structure system). Also, regular progression through step 10 of the rate range for a grade is usually based on time in step, which reflects a judgment that the value of employees at same grade is best measured by years of experience. In terms of base pay, individual performance or contributions can only be addressed through the award of Quality Step Increases (QSIs), until the employee reaches step 10 and becomes eligible for further increases based on outstanding performance. Decisions to grant or deny step increases (regular or QSI) are all-or-nothing determinations – there is no flexibility to differentiate base pay based on performance by granting less than a full step increase (although performance awards may also be used, and these allow for differentiation based on performance).
- If QSIs and performance awards continue to be underutilized, it may de-motivate top performers in the early steps of the rate range. To address this, QSIs would need to be funded, and supervisors trained on their use.
- Managers have limited flexibility in adjusting pay (other than through decisions on within-grades and QSIs) which reduces their accountability. HR specialists who administer centralized rules have dominant role.
- Some supervisors view that imposing a pay consequence on poor performers is a difficult and time-consuming process and therefore often take no action, and this option does not make any changes in that process. However, this challenge could be addressed to some extent by additional training and HR support for managers.

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- Maintenance of GS classification system with so many categories and levels of work requires considerable resources, which generally are not provided. However, a sub-option would give DHS the authority to reclassify positions based on factors related to external and internal equity (e.g., market competitiveness), without a requirement for OPM approval.
- Eliminating the premium pay cap would require legislation and would create increased pay compression vis-à-vis Senior Executive Service and Executive Schedule officials.
- Unless the current labor relations system is modified, a DHS independent pay system, including the rates of pay, would be subject to collective bargaining.

Other Implications

- Unless the current labor relations system is modified, some aspects of a DHS pay system would be subject to collective bargaining.
- Providing DHS employees with higher pay potential may give DHS a competitive advantage over other agencies, causing other agencies to lose employees to DHS. Also, sub-options to allow DHS to establish alternative locality payments and special rates, or to reclassify positions, could have the same effect.

Cost

- This option provides a 13% across-the-board increase in maximum rates, which will have long-term cost implications. The costs depend on how many employees gain access to steps 11-15. Recent Governmentwide data (for 2001) show that in agencies using the most common rating pattern (5 levels with 3 positive levels), about 43% of employees were rated at the top (outstanding) level. To control costs, DHS may need to be more stringent in applying performance standards or may need to adjust standards to limit the number of outstanding employees. There could be considerable variation in funding base pay adjustments among DHS subcomponents if the only control is overall budget. Costs are controlled through a fixed step progression system through step 10 (same costs as GS system.) However, there are additional costs associated with providing step increases beyond step 10 to outstanding performers and certified "experts," who depend on how many employees at step 10 or higher are rated outstanding or determined to meet expertise requirements.
- Possible increase in cost if sub-option is adopted to ensure some fixed budget or distribution for Quality Step Increases (QSIs) for employees in steps 1 -10.
- Few, if any, administrative or conversion costs (no need for pay adjustment at conversion).

Evaluation in Terms of Guiding/Design Principles:

Mission Centered

- The system maintains stability that reduces the risks of favoritism and bias in treatment of employees. This could help the workforce remain focused on mission rather than on internal management issues. Moving toward a pay system that places more significant emphasis on individual performance would require significant administrative resources, which could be a detriment to the agency mission.
- Some believe if implemented and funded as intended (5 U.S.C. 5301), the GS system could provide competitive pay levels that would allow the Government to maintain a high quality workforce, which would tend to enhance mission accomplishment. However, the current GS locality pay system does not take into account differences across occupations. As a result some occupations may be paid above the market and others below the market. Mission accomplishment may be better served by directing resources to provide occupation-specific, market-based compensation, as provided under a sub-option identified herein.
- This system maintains flexibilities that support mission accomplishment, such as the ability to establish special salary rates for a category of jobs experiencing serious recruitment and retention problems.

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Also, GS pay can be supplemented by awards, performance bonuses, retention and relocation bonuses, and retention allowances.

- Administering the 15-grade classification system for hundreds of job categories requires resources which might otherwise be directed towards mission accomplishment (depending on the design of any alternative system).
- The system's emphasis on internal equity (across jobs) can come at the expense of individual equity (based on performance or contributions) and external equity (based on the labor market), which has implications for mission accomplishment. For example, because of internal equity concerns, the approval of special rates is an exception process requiring considerable scrutiny.
- If the across-the-board extension of all rate ranges creates additional costs without providing strategic benefits of equal value (e.g., through higher performance, better retention and use of expertise, etc.), then this may result in the diversion of limited funds that could be applied to more critical mission-related purposes.

Performance Focused

- This option retains many performance-based features from the current GS system. Regular within-grade increases are provided to all employees at an acceptable level of competence, which is tied to a performance rating of record of Fully Successful or higher. Quality step increases (QSIs) may be given to top performers. Promotion decisions also take into account performance. GS pay may also be supplemented by performance rating-based lump-sum awards.
- Since granting regular within-grade increases is an all-or-nothing determination with no provision for partial increases, and since less than 1 percent of employees are denied an increase, regular within-grade increases are of limited utility as a performance-sensitive reward tool. However, one point of view is that the regular within-grade increase provision is an appropriate way to recognize the value of experience, and that other tools are available to recognize performance. An alternative view is that movement through a rate range based almost exclusively on time in step is not equitable nor an efficient use of payroll dollars.
- QSIs can provide recognition for individual performance, but their actual usage in the GS system has been limited due to budget pressures and management policies. While funding and management policies can be changed to increase usage of QSIs, the current authority provides limited flexibility in that the increase must equal a one-step increment.
- Enhancing current GS system with additional steps accessible only to top performers (as well as to certified "experts") provides mechanism to recognize and reward top performers, which may be particularly useful at a stage when these employees otherwise may lack incentives for top performance because of inadequate opportunities for further pay increases.

Contemporary and Excellent

- Providing higher pay potential for outstanding performers and experts could make DHS more competitive in the labor market. This would support the objective of attracting, retaining, and motivating a world-class workforce.
- Even with the enhancements provided under this option, the system may not be flexible enough to more effectively compete with external competition. Although the current system contains market-based features, these have not been fully implemented and are not occupation specific, which impedes the ability to compete for high-demand occupations and high-caliber employees (absent greater use of special salary rates, or adoption of the sub-option to provide occupational-based locality pay).
- Present classification system is restrictive and impedes the ability to easily move from one occupational series or career ladder to another without loss of pay and/or grade.

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Generate Trust and Respect

- The system is understandable and easy to use. The basic rules are simple – for example, time-in-grade generally dictates one’s placement within the pay schedule. Employees know their rate of pay and level of pay increase if they perform at an acceptable level, and pay determinations are therefore not generally the result of subjective determinations.
- Lack of transparent standards for distribution of QSIs may lessen trust and respect for the system.

Based on Merit System Principles and Fairness

- Provides for distinctions based on grade level and, to a degree, protects against favoritism in receiving base pay increases. Classification and grading system designed to implement the merit principle of requiring equal pay for work of equal value (5 U.S.C. 2301(b)(3)). Classification determinations are outside the scope of bargaining and negotiated grievance procedures. Employees may appeal the classification of their positions within the agency and have a statutory right to appeal the classification to the Office of Personnel Management.
- Inconsistent treatment of seemingly similar occupations with respect to classification, premium pay, and retirement systems creates barriers between positions, and tends to reduce the credibility of these systems. These discrepancies also interfere with integration of functions and the creation of a single organizational culture, and can lead to competition for employees between agencies within DHS. However, since the foundational premise of the entire system is equal pay for work of equal value, these flaws might be corrected by application of rules that provide the employee with greater ability to appeal and challenge pay and classification issues (assuming fair and consistent outcomes on these appeals).
- Granting regular within-grade increases based almost exclusively on time in step may raise questions of fairness on the part of higher performing employees, particularly if they are not otherwise recognized through QSIs and/or performance awards. However, these concerns may be tempered by extending the pay range to provide additional steps to top performers. Recognizing individual performance supports the merit system principle of equal pay for work of equal value, since that principle includes the requirement that appropriate incentives should be provided for excellence in performance. (See 5 U.S.C. 2301(b)(3).)

Transition & Implementation:

No transition or implementation required for employees currently under General Schedule – no conversion pay adjustments are required.

For employees not currently under the General Schedule, conversion could be accomplished without a reduction in base pay. Many employees’ pay would increase as they are slotted into the lowest GS step that equals or exceeds their current base rate. Some employees would have a retained rate.

To the extent covered under this system, white-collar positions currently under other systems would need to be classified using GS standards.

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**Detailed Description
By System Component and System Element**

B		Base Pay System
System elements:		Summary description:
1	Structure of pay ranges	<p>Common 15-grade classification and pay structure applies to all covered employees across all occupations. (See Classification System.) Does not cover senior executives and certain other senior officials. Pay ranges originally fixed in law and then adjusted as required by law. Grade and pay range based on statutory factors related to difficulty and responsibility associated with the work. Pay ranges are approximately 47 percent from minimum (step 1) to maximum (step 15); however, movement to the top third of the range (i.e., beyond Step 10) would be limited to employees with a demonstrated record of outstanding performance or technical expertise. Pay ranges overlap. At lower grades, difference between grades is about 10 percent. At higher grades, difference is about 20 percent.</p> <p>Locality pay supplements apply in the 48 contiguous States and in Washington, DC. Locality pay is basic pay for retirement and certain other purposes. Locality pay amounts are based on BLS surveys, Presidential actions, or specific law. Same locality pay percentage applies to all GS employees stationed in the same locality pay area, regardless of occupation or grade. Thus, survey data consolidated to produce a single percentage payment for each area. Unions have advisory role as part of the Federal Salary Council.</p> <p><i>Sub-option:</i> Modify the use of the locality pay data produced by BLS to establish locality pay rates for occupational families within each locality (e.g., calculate separate locality pay rates for each PATCO category).</p> <p>OPM may establish special salary rate schedules for groups of employees in positions experiencing significant recruitment or retention problems. Thus, Government can adjust rates to be more competitive with the labor market, as necessary.</p> <p><i>Sub-option:</i> Allow DHS to establish special salary rates without requirement for OPM approval.</p> <p>While pay rates are expressed as annual rates, the annual rates are converted to hourly rates (using a 2087 divisor) and employees are paid on an hourly basis.</p>
2	Adjustment of pay ranges	<p>The DHS pay range would be adjusted by an amount equal to the General Schedule increase. General Schedule base rates are adjusted each January by a statutory formula based on changes in the Employment Cost Index (ECI) or by specific Presidential action or specific law. The statutory ECI adjustment is 0.5 percentage points less than ECI change for private industry workers' wages and salaries. (Compare 3rd quarter ECI in year before preceding year to 3rd quarter ECI in second year before preceding year.)</p> <p>Locality payments are adjusted each January based on BLS surveys and on Presidential action or specific law.</p>
3	Pay progression methodology	<p>Each grade has 15 pay steps with fixed dollar increment (equal to about 3.3 percent of the step 1 rate) between steps. Any employee below step 10 who is at an acceptable level of competence receives a step increase or within-grade increase (WGI) after satisfying prescribed waiting periods (52 weeks to advance to steps 2, 3, and 4; 104 weeks to advance to steps 5, 6, and 7; and 156 weeks to advance to steps 8, 9, and 10). In addition, between steps 1 and 10, agencies may provide a "Quality Step Increase" (QSI) for outstanding (or equivalent) performance. Only one QSI may be granted in a 52-week</p>

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		<p>period. QSIs do not trigger the commencement of new waiting period but may result in next regular WGI being pushed back 1 year because waiting period for the new next step may be 1 year longer.</p> <p>Progression beyond step 10 (in the form of a step increase), would be limited to those employees who meet defined criteria based on either performance or expertise (DHS may modify the performance and expertise criteria over time, as appropriate). There would be a minimum one-year waiting period for such step increases. To receive a step increase beyond the Step 10 level based on performance, an employee would need to have at least two consecutive Outstanding ratings. To receive a step increase beyond Step 10 based on expertise, the employee would have to meet defined criteria established by the agency which demonstrates an outstanding level of technical knowledge, skills or competencies that significantly contribute to the mission of the agency.</p> <p><i>Sub-option:</i> Require a fixed budget, or a fixed percentage distribution, for Quality Step Increases (QSIs) to ensure recognition of outstanding performance at all levels.</p> <p>All regular step increases are effective on an employee's service anniversary date (same as GS). Also, progression in steps 11-15 would also occur on those anniversary dates. QSI's in steps 1-10 may take effect at any time (same as GS).</p> <p>All employees receive a general increase equal to the structural increase, since step rates are adjusted with the structure.</p> <p>Employees would no longer be subject to the annual rate cap (Executive Level V) on base pay, or the bi-weekly or annual pay caps on premium pay. Note that legislation would be required to eliminate premium pay caps.</p> <p><i>Sub-option:</i> Retain the current bi-weekly and annual pay caps, but provide any money that would have been provided as a base pay increase as a lump sum payment.</p>
4	Pay administration rules	<p><i>New Hire.</i> For newly hired employees below the journey level, an agency may set pay at any appropriate grade and step based on qualifications and/or market factors.</p> <p><i>Promotion.</i> The general rules for setting pay upon promotion are (1) boost the current rate by the value of two step increases for the current grade; (2) compare that boosted rate to the rate range for the new, higher grade and set pay at the lowest step rate that equals or exceeds the boosted rate. In many cases, this means a promotion increase of roughly 6 percent; however the increase may be considerably greater if the employee is at a low step when promoted and/or if it is a two-grade promotion, since the new rate must at least equal step 1 of the new grade.</p> <p><i>Geographic Movement.</i> Base pay does not change upon geographic movement; however, the locality payment may change based on the new duty station. Thus, adjusted base pay may be increased or reduced upon geographic movement.</p> <p><i>Use of Past Rates.</i> Upon reemployment, transfer, reassignment, promotion, demotion, or change in type of appointment, the agency may apply the "maximum payable rate rule." Under that rule, an employee's base rate may be set based on his/her highest previous rate received as a Federal employee.</p> <p><i>Pay Reduction.</i> An agency may not reduce an employee's base rate through downward step progression; however, a poor performer could be reduced in grade and thereby</p>

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		<p>reduced in pay.</p> <p><i>Pay Retention.</i> In certain cases when an employee's grade or base pay is reduced by a management action (not for personal cause), grade or pay retention may apply. A grade can be retained for 2 years in certain circumstances connected to a reduction in force or a reclassification action. Under pay retention, the former rate is either slotted into the new rate range or an above-range retained rate is created. A retained rate is adjusted by 50 percent of any change in the maximum rate of the employee's grade.</p>
5	Managerial compensation	<p>Supervisors and managers are covered under the same pay system and rules as other employees (unless their position is classified above the General Schedule). Generally, supervisors and managers are at a higher grade than subordinates but exceptions are possible. There are no supervisory differentials except in the case of supervisors/managers whose subordinates are paid under a different pay system (e.g., the Federal Wage System).</p> <p><i>Sub-option:</i> Provide a supervisory differential for supervisors who supervise employees at the same grade level by adding this as a criterion to provide increases beyond the Step 10 level.</p>
6	Appeals	<p>For steps 2 – 10: an employee may request formal reconsideration of an agency's denial of a within-grade increase (WGI). Agency must follow specified procedures, including the issuance of a written decision. If WGI denial is upheld, employee may appeal externally (to the Merit Systems Protection Board) or through a negotiated grievance procedure, where applicable.</p> <p>Beyond step 10: an employee may appeal internally (e.g., through the agency grievance procedure), or a bargaining unit employee may appeal through the negotiated grievance/arbitration procedure.</p>
7	Evaluation	<ul style="list-style-type: none"> • Collect data on performance ratings, performance pay distribution, etc. • Conduct employee feedback surveys. Also have managers meet with groups of employees to discuss issues and concerns. • Require supervisors, managers and executives to be evaluated based on results of data and survey results.
8	Other compensation	<p>For some employees, overtime pay and other premium pay are a significant part of regular compensation.</p> <p>Under the GS system, the average amount spent on lump-sum cash awards is about 1 to 1.5 percent of base payroll. DHS will need to establish its own awards program to provide appropriate use of lump sum awards, in addition to the base pay increases provided under this system.</p> <p>Some employees may receive recruitment/relocation bonuses of up to 25 percent of base pay in exchange for a service agreement. Some employees receive a retention allowance of up to 25 percent. These payments are not basic pay for retirement or other purposes.</p> <p>Agencies have considerable discretionary authority to use other pay flexibilities including but not limited to: (1) performance awards; (2) retention allowances; (3) superior qualifications appointments; (4) use of highest previous rate when placing employees from other federal agencies; (5) waiver of dual payment limitation; (6) travel/transportation expenses for interviews/new appointments; (7) advanced payment (up to two paychecks) for new appointees; (8) premium pay exceptions to the biweekly pay limitation in emergency situations; (9) honorary awards; (10) gainsharing awards; and, (11) time off</p>

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		<p>awards.</p> <p>With OPM and/or OMB approval, agencies can use pay flexibilities such as: (1) special pay rates for hard to recruit/retain positions; (2) retention allowances of 10% to 25%; (3) critical position pay for positions requiring extremely high levels of expertise; (4) physicians comparability allowances; (5) additional flexibilities for health care employees; and, (6) for Federal Wage System employees – special rates, increased minimum hiring rates; special schedules, and unrestricted rate authority.</p> <p>Numerous non-economic flexibilities and discretionary economic rewards (which can be tied to performance) include alternative work schedules, transit subsidies, and telework programs.</p>
x	Other	

C Classification System		
System elements:		Summary description:
1	Functions	<ul style="list-style-type: none"> • DHS would continue to use the classification system established under 5 U.S.C. chapter 51. • Positions are classified based on the duties and responsibilities assigned and the qualifications required to do the work. • The DHS Schedule would follow the General Schedule, which is divided into 15 grades based on level of difficulty and responsibility. Fundamental classification criteria are in statute to reinforce internal equity. • 5 U.S.C. 5104 provides definitions for the grade levels. • Official titles published in classification standards must be used for personnel, budget, and fiscal purposes.
2	Categorization of type of work	<ul style="list-style-type: none"> • Like the GS system, work would be categorized into occupational families and specific “series.”
3	Work valuation method	<ul style="list-style-type: none"> • Positions under the DHS Schedule would be classified using standards developed by OPM for the General Schedule. The standards define Federal occupations, establish official position titles, and describe the grades of various levels of work. • Classification standards may be in either narrative or point factor format. <ul style="list-style-type: none"> – <i>Narrative</i> - Standards describing the nature of work and level of responsibility for each grade covered by the standard. – <i>Point factor</i> - Standards describing work in terms of individual evaluation factors that are assigned points for different levels.
4	Qualifications	<ul style="list-style-type: none"> • Qualifications required by a position are tied to the classification standard. • An employees may move up to a higher grade level based on either (1) competitive selection for a higher-graded position; or (2) noncompetitive advancement to a higher grade within his/her current job series as a “career ladder” promotion.
5	Applying system	<ul style="list-style-type: none"> • Levels of work are defined in statute (5 U.S.C. 51). • An agency covered by 5 U.S.C. 51 is required by statute to classify its positions using OPM classification standards.

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		<ul style="list-style-type: none"> • Generally, agency HR offices classify positions, although classification authority can be delegated to managers. • The duties of the position are compared with the appropriate classification standard(s) and assigned to the appropriate occupational series and grade. • Commercial automated systems to classify positions are available. • Sources of information: <ul style="list-style-type: none"> Incumbents Supervisors Position descriptions Organization chart, functional statements, mission statements <p><i>Sub-option:</i> Give DHS the authority to reclassify positions based on factors related to external and internal equity (e.g., market competitiveness), without requirement for OPM approval. For example, DHS could modify the qualifications criteria, and associated grade levels, for hiring or placing employees.</p>
6	Appeals	<ul style="list-style-type: none"> • Appeal within agency: If an agency has a classification appeals process, employees may appeal the classification of their position to their agency. If dissatisfied with the agency's decision on the appeal, the employee may then appeal to OPM. • Appeal directly to OPM: employees may appeal the classification of their position directly to OPM without appealing within their agency. If an employee or agency disagrees with OPM's decision on the classification appeal, the employee or agency may ask OPM to reconsider its decision. OPM may grant the request for reconsideration if the request meets regulatory criteria. • <i>Sub-option:</i> As an alternative to OPM review of classification determinations, allow appeal through negotiated grievance/arbitration procedures for bargaining unit employees.
7	Evaluation	<ul style="list-style-type: none"> • Agency or OPM may conduct reviews to assess whether positions are classified to the proper series and grade.
x	Other	<ul style="list-style-type: none"> • Commercial automated systems to classify positions are available.