

## 15 GS-linked Grades with 45-60% Open Ranges [9]

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, using grading standards for individual occupations established by OPM.
- For each grade, there would be an open pay range of 45 – 60% (increasing the rate range maximum by 11 – 23%). However, a “control point” is established at two-thirds of each pay range, so that only “outstanding” performers and those certified as “experts” may receive these higher rates of pay.
- Minimum and maximum pay rates for each grade would be adjusted annually by the same amount as the annual change in GS rates; however, receipt of the annual adjustment would no longer be automatic, but would be based on performance.
- Pay progression within the range for each grade is tied directly to employee performance ratings, with no increase for unacceptable performers.

### 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 45 - 60% (45% at lower grades and 60% at higher grades). The GS pay cap of level V of the Executive Schedule would not apply.
- Each employee may be paid at any rate within the pay range for his/her grade level, up to a ‘control point’ set at two-thirds of the range. Only “outstanding” performers and certified “experts” may progress into, and through, the highest third of the pay range for each grade.
- Base pay range for a given grade is the same for all agencies and occupations; however, 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) The GS locality rate cap of level IV of the Executive Schedule would not apply.
- Pay progression within the range for each grade is based entirely on the employee’s annual performance evaluation rating. The annual comparability adjustment to the salary schedule becomes a component of each employee’s annual performance-based pay determination. Employees with an unsatisfactory rating do not receive any pay increase.
- Additional pay flexibility allowed by (1) authority to set starting pay up to the “control point” rate of a grade based on superior qualifications, and (2) special pay rates for an occupation due to serious recruitment and/or retention problems. *(See Base Pay System – Other Compensation for additional pay flexibilities)*

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### 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 differentiate employee performance. The performance management system must provide for at least 2 positive rating levels to enable identification of top performers who may progress past the control point.
- 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 the grade structure of the current GS system prevents temporary disruption of mission focus that might occur if the grade structure is changed.
- Supports internal equity across agencies and occupations, and 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 a direct link of pay to performance, by linking pay progression directly to employee performance ratings on an annual basis. Holds unacceptable performers accountable by denying them the general increase (linked to the structural increase) as well as a performance-based increase (i.e., all employees would no longer receive the annual across-the-board GS increase regardless of performance or contribution to agency mission).
- A "control point" in the pay range for each grade would allow only outstanding performers and certified "experts" to progress to the top end of the range. This would allow for more appropriate recognition of the contributions of these employees, and would also relieve the pressure to otherwise 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 may still be motivated to seek even higher pay through promotion.
- All pay increases would be provided at a single point in the year, which makes the increases more significant and probably more appreciated.
- Would not impose the burdens associated with creating and implementing an entirely new classification system.
- Managers would retain their current ability to establish, and change, when necessary, the performance standards employees must meet to qualify for pay increases.
- Includes features that address external equity such as (1) annual changes to DHS pay structure follow changes to the General Schedule, which are based on the nationwide Employment Cost Index (ECI),

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(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 “control point” rate of a grade based on superior qualifications and/or market factors.
- Provides ability to reclassify positions to a higher grade when job complexity and/or responsibilities increase.

### Possible Problems/Challenges

- 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, as 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.
- This option provides an 11-23% across-the-board increase in grade maximum rates, which will have long-term cost implications; the costs depend on how many employees gain access to extended portion of the range. Recent government-wide 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. Therefore, to control costs associated with the extended pay ranges, DHS may need to be more stringent in applying performance standards or may need to adjust standards to limit the number of outstanding employees. Some may question whether there is a staffing-based justification for increasing pay potential by 11-23% for all grades and all jobs in all locations, even if the extended portion of the range is limited to outstanding/expert performers. Also, for employees in grades 13-15, which have a 60% range, the control point is about 8% above the current GS step 10 rate; thus, all employees (not just outstanding performers/experts) in those grades would have access to significantly higher pay.
- Since pay ranges are significantly higher, some may question the appropriateness of continuing to use GS locality rates that were designed to address pay gaps between regular GS rates and non-Federal rates. Over time, the average pay gaps for DHS employees will become significantly less than the average pay gap for GS employees, which might justify lower locality payments for DHS employees (if necessary, an appropriate adjustment could be made to GS locality pay rates).
- The proposed performance pay adjustment methodologies guarantee an increase of 2% of the employee’s current rate for all employees rated fully successful or higher. The increase for higher-level performers could mean that the average increase is around 4%. In contrast, the average annual increase attributable to regular within-grade increases is about 1.7% of step 1 (or about 1.5% of the employee’s rate on average; if GS quality step increases are included, the average annual GS within-grade increase is still less than 2%). Note, however, that under this option, employees in the lower end of the range for each grade receive smaller annual increases than the 3.3% (of step 1) received under the General Schedule, so it will probably take longer for an employee to move to an equivalent point in the range, and the employee loses the time value of money during this period; the 2% annual increase rate was designed, in part, to offset these effects.
- Requires a valid and credible performance management system that accurately and fairly evaluates and differentiates employee performance.
- Maintenance of GS classification system with so many categories and levels of work requires considerable resources, which generally are not provided.
- Eliminating the premium pay cap would require legislation and would create increased pay compression vis-à-vis Senior Executive Service and Executive Schedule officials.

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### Other Implications

- Unless the current labor relations system is modified, a DHS independent pay system, including the rates of pay, would be subject to collective bargaining.
- Pay for performance systems may not be appropriate for all occupational groups.
- Some believe that not allowing collective bargaining over system design would be contrary to the intent of the Homeland Security Act and lessen employee acceptance of the system.
- Providing DHS employees with higher pay potential (through extended ranges and lifting of caps) would give DHS a competitive advantage over other agencies. Other agencies could 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

- Possible cost of moving excellent and outstanding performers through the pay range more quickly than under current system (depending on the extent to which Quality Step Increases are currently utilized by an agency, as well as the distribution of ratings under the new system).
- Cost of providing additional increases (into highest portion of the pay range) to outstanding performers and certified “experts.”
- Cost of more generous promotion increases (minimum 10%, versus current minimum two-step rule).
- Few, if any, administrative costs beyond those required to administer the required performance management system.
- Transition of employees to the system would require “buying out” employees for accrued time toward their next step increase, in order to promote employee acceptance of the new system.

### **Evaluation in Terms of Guiding/Design Principles:**

#### Mission Centered

- This option seeks to enhance accomplishment of the mission by providing a stable, predictable and credible system of incentives to motivate employee performance, while minimizing 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. However, moving toward a pay system that places more emphasis on individual performance would require significant administrative resources, which could be a detriment to the agency mission.
- The 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.
- The system retains current 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. Also, 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.

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- Some may view the extension of all rate ranges, even though limited to top performers, as creating costs without providing strategic benefits of equal value, thus resulting in the diversion of limited funds that could be applied to more critical mission-related purposes.

### Performance Focused

- This option establishes a direct link between employee performance and annual pay increases. Employees at the highest performance levels receive the highest pay increases, and employees who are rated as “unsatisfactory” do not receive any pay increase. In addition, the highest levels of the pay range for each grade level is reserved for outstanding performers and other employees meeting agency requirements for certification as “experts.”
- Promotion decisions also take into account performance. Pay may also be supplemented by performance rating-based lump-sum awards.

### Contemporary and Excellent

- 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).
- Adoption of more performance-based pay features would help DHS compete more effectively with the external market for top performers.
- 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.

### Generate Trust and Respect

- The pay and classification systems would remain understandable and easy to use. Employees would know their rate of pay and level of pay increase if they perform at an acceptable level, and what additional levels of pay increase they may receive for higher levels of performance. However, employee trust and respect could be reduced, particularly among high-performing employees, if sufficient funding is not provided to ensure distribution of performance-based pay increases.
- Accountability for performance-based pay determinations is provided through appeal rights under negotiated grievance procedures (or, for non-unit employees, under the agency grievance procedure).

### 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 undermine 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).
- Recognizing individual performance supports the merit system principle of equal pay for work of equal

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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).)

- Accountability for performance-based pay determinations provided through appeal rights under negotiated grievance procedure or agency grievance procedure.

### Transition & Implementation:

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

### Detailed Description By System Component and System Element

<b>B</b>		<b>Base Pay System</b>
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. Grade/pay levels are determined based on the same factors related to difficulty and responsibility associated with the work that are used to classify General Schedule positions.</p> <p>Pay ranges (see attached chart):            45% from minimum to maximum at Grades 1 – 8            50% at Grades 9 – 12            60% at Grades 13- 15</p> <p>A control point has been established within each range, at two-thirds of the range between the minimum and maximum. Pay progression beyond this control point in the range provided to an employee only after a determination of outstanding performance and/or technical expertise.</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 (including DHS employees in this modified GS system) 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). This could result in higher or lower locality payments depending on occupation-specific data on average pay for DHS and non-Federal employees.</p> <p>OPM may establish special salary rate schedules for groups of employees in positions experiencing significant recruitment or retention problems. Thus, rates can be adjusted 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</p>

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		<p>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 3<sup>rd</sup> quarter ECI in year before preceding year to 3<sup>rd</sup> 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>Depending on the performance management system used to generate employee performance evaluation ratings, pay progression would be based on one of the following methods:</p> <p>Method A: Under any performance management system that retains summary rating levels, pay progression would be provided as follows:</p> <table border="0" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;"><u>Rating Level</u></th> <th style="text-align: left;"><u>Annual Increase</u></th> </tr> </thead> <tbody> <tr> <td>Unsatisfactory/Does Not Meet Expectations</td> <td>0</td> </tr> <tr> <td>Marginal/Partially Meets Expectations</td> <td>Structure Increase (SI)</td> </tr> <tr> <td>Fully Successful/Meets Expectations</td> <td>SI + 2%</td> </tr> <tr> <td>Superior/Exceeds Expectations</td> <td>SI + 3%</td> </tr> <tr> <td>Outstanding</td> <td>SI + 5%</td> </tr> </tbody> </table> <p>If, based on the actual distribution of ratings, insufficient funds are available to pay the identified amounts, payments would be made in the following order of priority:</p> <ol style="list-style-type: none"> <li>(1) SI + 2% all employees Fully Successful or better;</li> <li>(2) extra 3% for employees rated outstanding;</li> <li>(3) extra 1% for employees rated Superior/Exceeds;</li> <li>(4) SI for employees rated Marginal/Partially Meets.</li> </ol> <p>If, within each of these groups, there are insufficient funds to pay all employees in that group at the identified rate, then payments will be made pro rata to all employees in that group.</p> <p>Note: If an employee is in the portion of the range above the control point, the employee would receive SI + 5% if rated outstanding; 0% if rated unsatisfactory; and the SI% for any other rating—subject to the order of priority shown above.</p> <p><i>Sub-option:</i> As an alternative cost-control method (i.e., insufficient funds to pay the identified amounts), provide payment to all employees FS or better first, then reduce <i>all</i> other payments by a pro rata percentage.</p> <p><i>Sub-option:</i> For amounts paid to employees over and above the amount provided to employees at the Fully Successful level, a percentage could be provided as variable pay (e.g., bonuses) rather than as an increase to base pay.</p> <p>Method B: Under a performance management system that provides employees with a rating score (e.g., 1 -100) and no summary rating levels:</p>	<u>Rating Level</u>	<u>Annual Increase</u>	Unsatisfactory/Does Not Meet Expectations	0	Marginal/Partially Meets Expectations	Structure Increase (SI)	Fully Successful/Meets Expectations	SI + 2%	Superior/Exceeds Expectations	SI + 3%	Outstanding	SI + 5%
<u>Rating Level</u>	<u>Annual Increase</u>													
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		<table border="0"> <thead> <tr> <th style="text-align: center;"><u>Rating Score</u></th> <th style="text-align: center;"><u>Annual Increase</u></th> </tr> </thead> <tbody> <tr> <td>0 – 49</td> <td>0</td> </tr> <tr> <td>50 – 59</td> <td>Structure Increase (SI)</td> </tr> <tr> <td>60 – 69</td> <td>SI + 2%</td> </tr> <tr> <td>70 – 79</td> <td>SI + 2.5%</td> </tr> <tr> <td>80 – 89</td> <td>SI + 3%</td> </tr> <tr> <td>90 – 99</td> <td>SI + 3.5%</td> </tr> <tr> <td>100 (or 90+ two consecutive years)</td> <td>SI + 4%</td> </tr> </tbody> </table> <p>If insufficient funds are available to pay the identified amounts based on the actual distribution of ratings, payments would be made first to those with a rating score of 60 or higher (Structure Increase plus 2%), and other Annual Increase amounts would be reduced by a pro rata percentage based on available funds; however, employees above the control point would receive only the structure increase, except for those rated 90 and above.</p> <p>Under either method, to the extent that a base pay increase would otherwise cause the employee to exceed the top of the pay range for his/her grade or, where applicable, the control point within the range, these amounts would be provided to employees as a lump sum rather than a base pay increase.</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.  <i>Sub-option: 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.</i></p>	<u>Rating Score</u>	<u>Annual Increase</u>	0 – 49	0	50 – 59	Structure Increase (SI)	60 – 69	SI + 2%	70 – 79	SI + 2.5%	80 – 89	SI + 3%	90 – 99	SI + 3.5%	100 (or 90+ two consecutive years)	SI + 4%
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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 point within the salary range for that grade, based on qualifications and/or market factors.</p> <p><i>Promotion.</i> Increase base pay by 10%, but no less than the minimum of the range for 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 pay progression; however, a poor performer could be reduced in grade and thereby 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</p>																

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		<p>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> <p><i>Conversion to New System.</i> Employees on board at the time the new system is established who have accrued service toward a within-grade increase would receive the prorated value of the within-grade increase as a base pay adjustment at the time of conversion, as long as their performance is currently at an acceptable level.</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> Supervisors who supervise employees at the same grade level could be allowed to move beyond the "control point" in the pay range.</p>
6	Appeals	<p>Employees may appeal decisions regarding annual pay increases through the agency grievance procedure or, for bargaining unit employees, through the applicable negotiated grievance procedure.</p>
7	Evaluation	<ul style="list-style-type: none"> <li>• Collect data on performance ratings, performance pay distribution, etc.</li> <li>• Conduct employee feedback surveys. Also have managers meet with groups of employees to discuss issues and concerns.</li> <li>• Require supervisors, managers and executives to be evaluated based on results of data and survey results.</li> </ul>
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 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</p>

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		<p>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	

<b>C Classification System</b>		
System elements:		Summary description:
1	Functions	<ul style="list-style-type: none"> <li>• DHS would continue to use the classification system established under 5 U.S.C. chapter 51.</li> <li>• Positions are classified based on the duties and responsibilities assigned and the qualifications required to do the work.</li> <li>• 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.</li> <li>• 5 U.S.C. 5104 provides definitions for the grade levels.</li> <li>• Official titles published in classification standards must be used for personnel, budget, and fiscal purposes.</li> </ul>
2	Categorization of type of work	<ul style="list-style-type: none"> <li>• Like the GS system, work would be categorized into occupational families and specific “series.”</li> </ul>
3	Work valuation method	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Classification standards may be in either narrative or point factor format. <ul style="list-style-type: none"> <li>– <i>Narrative</i> - Standards describing the nature of work and level of responsibility for each grade covered by the standard.</li> <li>– <i>Point factor</i> - Standards describing work in terms of individual evaluation factors that are assigned points for different levels.</li> </ul> </li> </ul>
4	Qualifications	<ul style="list-style-type: none"> <li>• Qualifications required by a position are tied to the classification standard.</li> <li>• 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.</li> </ul>
5	Applying system	<ul style="list-style-type: none"> <li>• Levels of work are defined in statute (5 U.S.C. 51).</li> <li>• An agency covered by 5 U.S.C. 51 is required by statute to classify its positions using OPM classification standards.</li> <li>• Generally, agency HR offices classify positions, although classification authority can be delegated to managers.</li> <li>• The duties of the position are compared with the appropriate classification standard(s) and assigned to the appropriate occupational series and grade.</li> <li>• Commercial automated systems to classify positions are available.</li> <li>• Sources of information:</li> </ul>

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		<p>Incumbents Supervisors Position descriptions Organization chart, functional statements, mission statements</p> <p><i>Sub-option:</i> Give DHS the authority to reclassify positions based on factors relating 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"> <li>• 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.</li> <li>• 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.</li> <li>• <i>Sub-option:</i> As an alternative to OPM review of classification determinations, allow appeal through negotiated grievance/arbitration procedures for bargaining unit employees.</li> </ul>
7	Evaluation	<ul style="list-style-type: none"> <li>• Agency or OPM may conduct reviews to assess whether positions are classified to the proper series and grade.</li> </ul>
x	Other	<ul style="list-style-type: none"> <li>• Commercial automated systems to classify positions are available.</li> </ul>

## 15 GS-Linked Grades with 45-60% Open Ranges (Spreadsheet) [Option 9]

### Pay Scale for Open Ranges

Note to reader: 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.

Grade	Min	Control Point	Max
1	15214	19801	22060
2	17106	22263	24804
3	18664	24291	27063
4	20952	27269	30380
5	23442	30510	33991
6	26130	34008	37889
7	29037	37792	42104
8	32158	41854	46629
9	35519	47418	53279
10	39115	52219	58673
11	42976	57373	64464
12	51508	68763	77262
13	61251	85874	98002
14	72381	101478	115810
15	85140	119366	136224