

Competency/Performance-based System [14]

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:

- This option presents a hybrid method using both competencies and results as the bases for pay and performance management. The competencies (i.e., the knowledge, skills, abilities and other characteristics) needed to perform the work will be one of the components of the classification system. System components (e.g., when to focus on competencies or results) can be varied to meet different organization/occupation needs and cultures.

Key Features:

Coverage:

This option is designed to cover 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. Moreover, it is designed to cover “blue-collar” employees of DHS with the addition of appropriate clusters/bands.

Pay System

- Establish broad pay ranges based on national surveys. Pay ranges could be tied to General Schedule to ease transition and minimize difficulty for employees transferring between DHS and other agencies.
- Develop occupational pay ranges based on market surveys. Where jobs are difficult to match, compare against sources of competitive recruiting.
- Occupational pay ranges can be further adjusted to reflect local market conditions where competition is local.
- An annual adjustment may be made to the broad pay ranges and occupational pay ranges utilizing the data from the local and national surveys
- “Pay progression” will be based on a combination of acquisition of competencies and/or employee accomplishments, as appropriate for the employee’s level. The entry/developmental level is linked to a minimum two-year developmental period. Increases in salary for the entry/developmental level would be based on passing mandatory training segments and being certified in competencies. The developing professional/intermediate level will get increases in pay based on evaluation of performance in the competencies for the occupation. Typically, this second phase in the career would extend from the third through the eighth or tenth year of the employee’s career. The full-performance and expert levels will get pay increases based on evaluation of contributions to the accomplishment of the mission.
- Base pay levels will be set to minimize competition between federal organizations for employees in occupations common to DHS and other federal agencies.

Classification System

- Jobs will be grouped into occupations or categories used by DHS based on the current General Schedule structure to facilitate movement between DHS and other Executive Branch agencies. Occupations may be combined where knowledge, skills and abilities needed to perform the work are found to be similar, however, distinctions would be maintained for occupations with different skill sets.
- Jobs will be established at only a few levels to simplify the classification process, e.g., entry/developmental, intermediate/developing professional, journey/full-performance and senior/expert (where identified) levels.
- Placing a job into an occupation and a level is done by identifying the competencies (i.e., the knowledge,

Competency/Performance-based System [14]

skills, abilities and other characteristics) needed to perform the work and duties to be assigned.

- A streamlined work evaluation method, e.g., job profile, will be developed that will identify the range of types of work expected to be accomplished and the competencies needed to perform at each job level.

Performance Management System

- At lower work levels, greater emphasis will be placed on how the work gets done, i.e., the skills and abilities the employee develops to become proficient within the occupation. At higher work levels, the emphasis will shift more toward what gets done, i.e., the employee's commitments, accomplishments, and results produced as the employee advances toward higher levels of independence and responsibility.
- Performance will be evaluated at three levels: exceptional contributor, valued contributor, and unacceptable.
- The performance appraisal process will highlight areas for employee development, which will result in appropriate training and development activities.
- The performance rating will be considered in selection for DHS vacancies, progress in a career path, and as a factor in making pay decisions.

Sub-Options:

- The pay system could include a variable pay component as part of the compensation decision.
- The pay system could include differentials to address cost of living issues or time-limited use of specialized skills.

Relation to Other Options:

- This option covers the pay, classification and performance management systems.
- It 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

- This system would be somewhat more performance sensitive while not moving into a pure pay-for-performance system in occupations where outputs and outcomes may be difficult to measure, and where use of inappropriate measurements can have unintended impacts. The system could allow DHS to vary the emphasis on competencies vs. results for different occupations or levels within occupations to best reflect value to the agency.
- This system would allow DHS to value experience that comes from applying job knowledge, skills, abilities and other characteristics for a period of time as a critical commodity. It could also specify the kind of experience that it believes is valuable. For example, a list of specific assignments could be established for each occupation or job, and an employee would have to gain experience in each one of the required assignments before being qualified to move on to the full professional level.
- The new system is designed to provide a level of pay that recognizes the variety and level of the competencies needed to perform the work as well as the employee's accomplishments, either individually or as a member of a team/group. As a result, employees would be paid based both on their achievements and the competencies they bring to or develop on the job under these systems.

Competency/Performance-based System [14]

- This would eliminate all of those still identified as GM in their pay plan, which could simplify administration of the new system.
- The performance management system could be easier to administer since it has some similarities with the existing performance management system (supervisors issue ratings and supervisors and employees are encouraged to discuss performance throughout the year).

Possible Problems/Challenges

- DHS and component agencies would need to appropriately budget sufficient time to train and implement throughout their organization (e.g. developing, and validating competencies for all positions, combining various grades, classification of jobs, and pay structure modifications, developing and automating performance standards, developing and conducting training of supervisors and employees, etc.). To the extent that DHS uses employee input and involvement in this process, this could distract line employees from performing their normal duties.
- Determining labor market rates to establish the pay structure and occupational groupings may be difficult, particularly for occupations that may have few matches in available salary survey data or where DHS dominates the market for a particular occupation.
- If this system results in employees receiving less compensation than they would have received under the General Schedule, it may lessen acceptance of the system.
- If training and job assignments are not distributed in a fair and equitable manner, employees' opportunity to acquire or demonstrate skills needed for advancement could be limited.
- This system will require an ongoing commitment to maintain the competency definitions and levels, as well as to provide information and training, in a variety of media, to assure that managers and employees have the tools they need to operate the system successfully. Competencies should be revisited on a regular or periodic basis (e.g., every 2-3 years on rotation) to assure they are necessary and current and are updated when needed. Commitments/accomplishments at the valued contributor level will need to be addressed annually and would cascade from the agency mission and current goals and objectives. Flexibility should be provided to add new or delete old competencies or revise commitments/accomplishments as needed, e.g., between periodic reviews.
- Accurate measurement of non-technical competencies could be difficult, especially those that require subjective assessments.
- Employees may find it difficult to understand the concept of pay progression stages.

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.
- This system will require an automated platform to facilitate its use, track DHS' on-board competencies, identify competency gaps, and track the results/contribution measures as well as organizational accomplishments toward meeting GPRA objectives and other DHS overall measures.
- DHS must develop a pay philosophy (e.g., pay to percentile of market, centralize position within pay level, pay for experience, etc.)
- Before full implementation of the system, i.e., before compensation-related decisions are made, the position classification and performance management systems should be completely defined and put into place. This will require significant efforts, involving HR staff, frontline employees, managers and employee representatives (if any) to identify and verify the competencies required across all DHS jobs, those needed to perform individual jobs, and proficiency levels for each competency, as well as identifying the goals and objectives to be accomplished.
- A Departmental strategic plan and annual performance plan identifying goals and objectives must be in

Competency/Performance-based System [14]

place before they can be cascaded down throughout the organization and form the basis for employee or team/group commitments/accomplishments.

- Significant training should be deployed in a variety of media to ensure both employees and managers fully understand the new system. Specific training must be provided to managers on how to utilize the system, how to communicate performance information and the like to create an atmosphere that is most supportive of success for the new system.
 - A method will be required to review and certify the competencies a newly hired employee brings to the job prior to setting the employee's pay.

Cost

- Initial start-up costs:
 - "Buying out" employees for accrued time toward their next increase, in order to promote employee acceptance of the new system.
 - Developing, validating and tracking competencies for each occupation.
 - Conducting market surveys, if contracted.
 - Training and administrative costs associated with implementing completely new pay, classification and performance management systems.
- Funding for pay increases under this system initially would come from funds used for within grade increases, annual adjustments, quality step increases, and locality adjustments provided for in the current General Schedule system. DHS may request additional funding, as needed, using its normal budget appropriations process.

Evaluation in Terms of Guiding/Design Principles:

Mission Centered

- The hybrid competency/contribution-based system focuses on the knowledge, skills and abilities needed to achieve the mission. Thus, it could help to focus employees on accomplishing the mission by having the competencies needed to do the work. It could facilitate assuring that the competency base needed to achieve the mission is enhanced as new dangers develop and the techniques needed to combat them must evolve. The evaluation of the employee's contribution to mission accomplishment will be tied to cascaded goals from Departmental planning documents (e.g., GPRA strategic goals and annual performance plans) and focus employees on attaining those goals that support the agency's mission.

Performance Focused

- The hybrid competency/contribution-based system will focus on two things. First, the knowledge, skills and abilities needed to achieve the mission. Second, the contributions that individual employees or teams make toward supporting the mission and accomplishing the strategic and short-term goals and objectives established by the organization. Identifying and training employees in needed competencies and focusing the use of these competencies on accomplishing the mission will lead to a performance-focused organization.

Contemporary and Excellent

- The hybrid competency/contribution-based system is contemporary and blends both the competency approach that has recently been adopted by a number of federal and non-federal organizations and the results-based approach favored by many in the private and public sectors. While the excellence of the system can only be determined after its full implementation, it is designed to enable the Department to attract and retain employees by offering competitive salaries and developmental opportunities. It also

Competency/Performance-based System [14]

is designed to be responsive to agency needs, demographics, and labor market changes. In addition, this approach will readily incorporate system automation and support e-Gov initiatives.

Generate Trust and Respect

- The proposed hybrid competency/contribution-based system is designed to be transparent and to identify the requirements for advancing one's career. Organizations will clearly identify performance expectations, which should reduce confusion and develop trust. As employees gain confidence in managing their own careers under this innovative system, it should generate respect as well.

Based on Merit System Principles and Fairness

- This system focuses on the competencies needed to perform the assigned jobs and the results that are expected and, therefore, supports merit principles and engenders fairness and openness of competition for all those holding the required competencies. Because a method is provided for learning on the job, those without the required core competencies can be brought into the job at an entry level and develop them over time, thus adding to the fairness of the system.

Transition & Implementation:

- This hybrid system will require development of procedures and practices that will cover the various directorates, bureaus, agencies and occupations. This system should be well tested and validated, especially the classification and performance management aspects, before compensation or award decisions are made. Trust must be developed before compensation decisions are made. This can be accomplished only by demonstrating that using the system will result in fair, consistent, objective and predictable results from an employee perspective.
- An automated platform and decision support system is needed to facilitate use and maintenance of this system.
- This system must be evaluated for compliance and effectiveness; recommendations for evaluation schemes are included in this proposal.
- This system may be subject to collective bargaining, depending on the labor relations option selected.
- DHS will need to develop policies regarding when and how component agencies can modify competencies and revise results-based expectations. The policies should include the flexibility to react quickly and make additions to the list of competencies or communicated results mid-cycle if needed.
- DHS will have to develop or purchase market-based surveys, including costs for each competency.
- DHS must develop training for supervisors and employees. All employees must understand the basis for their pay.
- Develop and train employees, managers and HR specialists in the use of this system.
- To facilitate implementation, DHS might choose to use a phased implementation approach, identifying those occupations where the greatest impact is expected and moving on to other occupations in a prioritized order or identifying specific groups of employees (e.g., managers) for pilot testing.

Transition Sub Options:

- The system would be subject to collective bargaining prior to implementation for bargaining unit employees.
- This system option, which includes pay, performance, and classification, is based on competencies and results that would not be subject to negotiations. It is expected that employee representatives are involved in the development of the competencies and the system's implementation plans.

Competency/Performance-based System [14]

Detailed Description By System Component and System Element

B		Base Pay System
System elements:		Summary description:
1	Structure of pay ranges	<ul style="list-style-type: none"> • Broad pay ranges set based on market surveys. Pay ranges apply to broad categories of work (e.g., professional, administrative, technical, support) (e.g., law enforcement, intelligence, inspectors and screeners could be one group). <ul style="list-style-type: none"> <i>Suboption:</i> Pay ranges could be tied to General Schedule to facilitate transition and minimize difficulty for employees transferring between DHS and other agencies. • Pay bands set for occupational job families to better reflect market differences, maintaining desired internal equity relationships, difficulty to recruit/retain/ replace, etc. • Pay levels set to correspond to job categories; movement between pay bands constitutes a “promotion.” Movement between pay levels or job categories within a job (e.g., from entry to journey) is non-competitive; but movement between pay bands or job families and into supervisory positions is competitive. <ul style="list-style-type: none"> <i>Suboption:</i> pay levels can be set at fixed steps like GS • Supervision and management established as a separate job family <ul style="list-style-type: none"> <i>Suboption:</i> supervision is an additional pay level/job category within a family and management is a separate family <i>Suboption:</i> supervisors kept in same pay band as employees supervised but paid a differential for supervisory responsibilities
2	Adjustment of pay ranges	<ul style="list-style-type: none"> • Pay ranges will be reviewed annually and adjusted as appropriate based on market data for benchmark occupations bought from “best provider” (TBD) <ul style="list-style-type: none"> <i>Suboption:</i> pay ranges adjusted annually by amount of GS general increase • Where occupations have no match or benchmark, market comparisons based on recruitment sources <ul style="list-style-type: none"> <i>Suboption:</i> ranges for occupations with no matches adjusted to maintain internal equity (relative value to the organization) • Where national schedules are used, GS locality adjustments are added <ul style="list-style-type: none"> <i>Suboption:</i> BLS locality pay data applied by occupations • Some portion of schedule adjustment given to valued and exceptional contributors; no portion of schedule adjustment passed on to unacceptable employees • Where necessary, occupational ranges can be further adjusted to reflect local market conditions where local competition is affecting recruitment/retention/ replacement that cannot be resolved through the use of recruitment bonuses and retention allowances
3	Pay progression methodology	<ul style="list-style-type: none"> • Pay progression is divided into three phases – entry/developmental, developing professional/intermediate, and full performance <ul style="list-style-type: none"> ○ No base pay adjustment for identified unacceptable performers; prospective pay adjustment permitted once employee returns to being a valued or exceptional contributor and continues at that level for one quarter (3 months) ○ Entry/Developmental – valued and exceptional contributors receive the adjustment to the basic rate for the job, any adjustment to the value of certified competencies, and any locality adjustment if used. In addition, base pay will be adjusted by the value of an applicable competency as each competency is mastered. Pay involves a base rate plus competencies and is not concerned with progress through a pay range. ○ Developing Professional/Intermediate – those at the valued contributor level

Competency/Performance-based System [14]

		<p>are provided with the structure adjustment plus 1.66 percent of the range minimum (the width of the current GS range divided by the number of years to progress through it without QSIs). Those at the exceptional contributor level would receive the structure adjustment plus 2.5 percent of the range minimum. Employees with these ratings also receive any locality adjustment, if used. Pay involves movement through the pay range for the job or occupational group, and is based both on competencies and performance.</p> <p><i>Suboption:</i> If a variable pay component is part of the compensation system, achievement of commitments/results would be the basis of the payments.</p> <ul style="list-style-type: none"> ○ Full Performance and Expert Levels – Base pay adjustments are the same as for the Developing Professional/Intermediate employees; however, the basis of the performance rating is different (see Table P, Performance Management). Pay involves movement through the pay range for the job or occupational group, and is based primarily on performance. <p><i>Suboption:</i> Additional variable pay payments may be used based on criteria developed by the Department/component.</p> <div data-bbox="664 789 1130 1096" data-label="Diagram"> </div> <p style="text-align: center;">Entry \longrightarrow Expert</p> <ul style="list-style-type: none"> ○ Employees at top of the pay range receive earned increases as variable pay (e.g., a bonus or other one-time payment)
4	Pay administration rules	<p><i>New Hire.</i> Individual pay set based on competencies employee brings to the job. Those hired at the entry level will be paid the basic rate for the job. For each competency certified, the value of that competency is added to the employee's base pay.</p> <p><i>Promotion.</i> The general rule is to set pay based on the competencies the employee has. Movement from entry to developing professional level is noncompetitive based on the certification of all the core competencies and evaluation at the valued contributor level or above. Movement from the developing professional to the full performance level is based on mastery of the competencies required in the job, significant experience in applying the competencies (e.g., experience working a specific list of assignments), and evaluation at the valued contributor level or above. Pay is set no lower than the minimum rate of the full performance pay range. Promotions above the full performance level, where such positions are identified within certain occupations/organizations, will be competitive. Basic pay is increased by 7% or set at the minimum rate of the expert range, whichever is greater. Promotions to a different occupational group and to managerial positions are competitive. Such competitive promotions would be based on consideration of the employee's competencies and his or her record of performance, and pay rates set accordingly, but no lower than the corresponding minimum rate for the new range. No employees will lose money as a result of being promoted.</p>

Competency/Performance-based System [14]

		<p><i>Geographic Movement.</i> Typically, a lateral move without change in level would result in no change to base pay. Where a local adjustment to deal with recruitment/retention has been instituted or pay is set based on comparison to local market, it will be paid upon assignment to the station and lost upon transfer out of the station.</p> <p><i>Use of Past Rates.</i> Upon reemployment, transfer, reassignment, promotion, demotion, or change in type of appointment, the agency may take account of the highest base rate earned as a Federal employee under the same conditions as currently permitted for the GS.</p> <p><i>Pay Reduction.</i> Other than geographic movement, an agency will not reduce an employee's base rate without cause. However, a poor performer can be reduced in job level or reduced in pay. Pay may be reduced for an employee who is appraised at the "unacceptable" level. Employees also will have their pay reduced when they voluntarily take changes to lower job levels at their own request.</p> <p><i>Pay Retention.</i> An employee's base pay may be protected from reduction when a management action (not for personal cause) would otherwise result in a reduction in pay bands (e.g. directed reassignment). If the employee's current base pay is above the pay level of the position to which the employee is being moved because of the management action, an above band retained rate may be created. An employee on a retained rate will receive lump sum payments instead of adjustments to base pay when pay levels are increased until the pay band "catches up" to the retained rate.</p> <p><i>Conversion.</i> DHS must deal with "buying out" employees from their current system, i.e., paying them for any pay changes they may have earned before moving into the new system. Consideration should be given, for example, to paying employees a partial or whole step if they are in a waiting period for a within grade increase.</p> <ul style="list-style-type: none"> • DHS must ensure that no employees experience a pay decrease as a result of the implementation. This may result in many employees with "retained pay," which may complicate administration of the new system.
5	Managerial compensation	<ul style="list-style-type: none"> • Supervisors and managers are covered by a hybrid system also. • Management is recognized as a distinct occupation with a separate set of competencies needed to perform well. <p><i>Suboption:</i> supervision is an additional pay level/job category within a family and management is a separate family</p> <p><i>Suboption:</i> supervisors kept in same pay band as employees supervised but paid a differential for supervisory responsibilities</p> <ul style="list-style-type: none"> • For succession planning purposes, employees will be assessed early in their careers to determine if they have the potential to become good managers. If the assessment indicates the employee has management potential and is interested, developmental assignments and training will be offered to the employee. Those who opt out of the developmental activities early in their careers may opt in later if they have demonstrated managerial potential in an assessment. Pay levels for managerial jobs typically will be higher than those for non-supervisory/non-managerial jobs. • Pay progression as a manager will parallel the method used for full performance in the non-managerial ranks, i.e., primarily performance-based and including assessment of any competencies considered critical to success.
6	Appeals	<ul style="list-style-type: none"> • Appeals would be within DHS but outside the chain of command.

Competency/Performance-based System [14]

		<p>Sub Option</p> <ul style="list-style-type: none"> • All negative pay decisions subject to external appeal or appeal through a negotiated grievance procedure. • All pay decisions subject to external appeal or appeal through a negotiated grievance procedure.
7	Evaluation	<ul style="list-style-type: none"> • A periodic employee survey to determine if employees perceive the system as fair and transparent, if it is well understood, and if employees believe their competencies/ contributions are accurately compensated. The first review will establish a baseline from which later surveys will measure progress. The review will include a statistical analysis to determine if the system is being operated within established rules, if desired goals are being achieved, and if the system is having a disparate impact on protected classes of employees. • Adjustments will be made to the system based on findings, as appropriate.
8	Other compensation	<ul style="list-style-type: none"> • Differentials could be paid to address cost of living issues impacting recruitment/retention of employees where the use of recruitment bonuses and retention allowances do not resolve the problem. • Other provisions already in place that authorize payment of recruitment and relocation bonuses, retention allowances and repayments of student loans, etc., will remain in use. • Other differentials (TBD) permitted for special skills needed on time-limited basis rather than inherent in position. • An awards program under 5 U.S.C. 45 would provide recognition and incentives. • This proposal intends to make no changes to COLA for non-foreign locations outside the U.S., and allowances and differential for locations outside the U.S. that currently are in place for DHS employees.

C Classification System		
System elements:		Summary description:
1	Functions	<ul style="list-style-type: none"> • To determine the competencies (i.e., the knowledge, skills, abilities and other characteristics) needed to accomplish the mission and to perform the job and the duties required by the position. • To support other HR functions including employee development, performance management, pay determinations, workforce planning, etc., • To assure competencies needed to accomplish the work and duties required are added or removed, as appropriate.
2	Categorization of type of work	<ul style="list-style-type: none"> • Occupational job families would be limited in number (e.g., 4-7) grouping related occupations, e.g., law enforcement, intelligence, inspectors and screeners could be one group. • Occupations will be based on current General Schedule to facilitate movement between DHS and other federal agencies • Occupations may be combined where knowledge, skills and abilities needed to perform the work are found to be similar; however, distinctions would be maintained for occupations with different skill sets. • Job categories defined based on competencies needed to perform duties and responsibilities of the position (e.g. inspector I, II, and III; or entry, developmental, journey, expert), and can be used for promotion and workforce planning
3	Work valuation method	<ul style="list-style-type: none"> • The appropriate level for a job will be determined by the competencies needed to perform the duties and responsibilities assigned. • There may be some core competencies required of all jobs within DHS, primarily at entry levels. Core competencies within an occupation may vary by component. <ul style="list-style-type: none"> ○ Core competencies specific to an occupation would be identified to reflect the

Competency/Performance-based System [14]

		<p>various levels (equivalent to grade levels) of work demonstrated in an occupation (e.g., entry, developing professional/intermediate, and full performance).</p> <ul style="list-style-type: none"> ○ Additional competencies would be identified where appropriate to reflect areas of specialization within occupations/levels or other selected competencies that could lead to being placed in an expert/master level. ● Competencies would be developed, validated and reviewed by a “Competency Advisory Group” within each component that is composed of managers, employees and employee representatives (if any). ● Competencies and duties required will be reviewed on a periodic basis to assure they are necessary and current and are updated when needed. Flexibility should be provided to add new or delete old competencies or duties when recognized, e.g., between periodic reviews.
4	Qualifications	<ul style="list-style-type: none"> ● A job profile will be developed that will identify the competencies needed to perform at each job level expected in each job family or occupation. ● Movement from the entry/developmental level, to the developing professional/intermediate level will be based on an assessment of competencies. When all required competencies have been certified and the two year developmental period has been completed, the employee can be moved to the developing professional level. ● Movement to the full performance level indicates the employee has mastered the required competencies and has gained experience in applying them to a wide variety of occupational assignments of increasing complexity and difficulty. ● Movement above the full performance level is based on complete mastery of the competencies required in the job, significant experience in applying the competencies (e.g., experience in several specialized assignments), and demonstration of achieving agreed upon results/commitments. ● Movement between any job levels requires an evaluation at the valued contributor level or above. ● DHS will develop a methodology for certifying competencies that will include both formal training and demonstration of the competency, and may include supervisory certification, passage of a certification test, review by a competency board, or other appropriate methodology. Decertification would require a similar formal review process.
5	Applying system	<ul style="list-style-type: none"> ● Position descriptions may be developed in an automated decision support system by the manager responsible for the work. In addition to the core competencies and any applicable additional competencies, the description will reflect the types and level of work expected of the employee. If an employee is currently performing the work, she or he should be involved in developing the position description. ● Standard position descriptions will be written to cover most jobs in the directorate, bureau or agency, and managers are encouraged to use them to the greatest extent possible. ● The manager works with employees and the HR staff to identify the appropriate competencies required to perform the required duties and responsibilities. Based on the classification system, the manager and HR staff member determine the appropriate occupation and job level for the new or revised position description.
6	Appeals	<ul style="list-style-type: none"> ● Appeals of classification determinations will be internal to DHS but external to the chain of command. <p>Sub Options:</p> <ul style="list-style-type: none"> ● Provide for an external appeal of the Group decision. ● Provide for a panel of “work evaluation” experts to review the Group decision.
7	Evaluation	<ul style="list-style-type: none"> ● Periodic review of the classification system will be performed. It may include a periodic survey to determine if employees are performing work described in their job profiles; whether managers and employees perceive the system as fair and transparent, whether

Competency/Performance-based System [14]

	<p>they understand how it operates, and whether identified competencies and duties are sufficient, relevant, and current, and ask whether the work has changed or new lines of work developed. This information will be provided to the “Competency Advisory Group” before its next regular meeting for their consideration.</p> <ul style="list-style-type: none"> • The review also will involve an analysis of the results to determine if the system is being operated within established rules, if desired goals are being achieved, and if the system is having a disparate impact on protected classes of employees. • Adjustments will be made to the system, as appropriate.
--	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

P		Performance Management System
System elements:		Summary description:
1	Purpose	<ul style="list-style-type: none"> • Identify mission-related gaps and developmental needs of employees and to track progress in closing gaps/achieving needs. • To assure competencies needed to accomplish the mission are being developed as turnover occurs. • To communicate organizational goals and objectives that support the agency’s mission and cascade them down to the individual employee or team/work group level, as appropriate. • To support a line of sight throughout the organization and enhance employees understanding of the role they play in enabling the agency to attain its goals and accomplish its mission. • As one factor in determining the appropriate increase in base pay. Other factors may include accomplishment of specified goals and objectives. • Considered in other HR activities such as selection, promotion, reduction in force, etc.
2	Measures	<ul style="list-style-type: none"> • Initially, performance will be evaluated on the basis of competencies the employee has been certified as mastering and how the work gets done (the proficiency with which the employee demonstrates the competencies needed to perform the work of his or her job). Later in the career, performance will be evaluated on the basis of the work that needs to be done (employee accomplishments or commitments). <ul style="list-style-type: none"> ○ Entry/Developmental – during this phase of the employee’s career, she or he would be learning the competencies needed to perform the work. To determine that a competency has been mastered, any required training must be taken and passed, on the job experience with and demonstration of the competency must have occurred, and the mastery of the skill certified by a supervisor, mentor, panel review or passage of a test. Typically, this phase covers the first two years of an employee’s career in an occupation. ○ Developing Professional/Intermediate – during this phase the employee is evaluated based on his or her performance in the competencies for the occupation as they impact the organization’s goals and objectives, and any commitments made or objectives assigned. Typically, this second phase in the career would extend from the third through the eighth to tenth year of the employee’s career. ○ Full Professional – during this phase, the employee is evaluated primarily on the employee’s accomplishments. At this level the employee should be a master of the required competencies. Thus, she or he can focus completely on contributing to the accomplishment of organizational goals and objectives. In job profiles where the application of certain competencies is critical to success, such as in supervisory/managerial jobs, those competencies will continue to be measured and factored into the summary rating or compensation determination, as applicable. ○ Expert – during this phase, the employee is evaluated primarily on the employee’s accomplishments. At this level the employee is considered a role model for the competencies needed in the job and is recognized as a valuable resource for others

Competency/Performance-based System [14]

P Performance Management System		
System elements:		Summary description:
		<p>(e.g., the “go to” person for answers or advice) and for his/her success in accomplishing assigned projects. This level may not exist in all occupations.</p> <ul style="list-style-type: none"> • Performance would be evaluated at three levels – exceptional contributor, valued contributor, unacceptable. <ul style="list-style-type: none"> ○ The “valued contributor” level describes observable indicators and behaviors that reflect the expected demonstration of the competency/contribution. ○ The “exceptional contributor” level describes observable indicators and additional behaviors that stretch the incumbent (while attainable) and illustrate the differences that demonstrate exemplary execution of the competency/contribution. • Performance levels need to be written in ways that help the evaluator in reporting on the final performance assessment (e.g., be written as performance indicators that are observable, measurable, attainable and clearly explainable to both evaluators and employees).
3	Appraisal	<ul style="list-style-type: none"> • Require positive distinctions in performance, minimum 3 levels (e.g., unacceptable, valued contributor, exceptional contributor), designations/adjectives TBD by organization/occupation to be meaningful to covered employees, permit additional distinctions based on organization/occupation culture and ability to measure and differentiate. • Summarization of performance is optional, depending on methodology used to determine pay increases (e.g., pay increase assigned to rating or pay increase based on number of points assigned). • Supervisory competencies are required for all supervisory/managerial positions and must be part of formal evaluation.
4	Communication vehicles	<ul style="list-style-type: none"> • Formal performance discussion required at least annually to avoid “surprises”. • Discussion regarding developmental objectives can be simultaneous or held separately. • Informal feedback discussions are expected to take place throughout the year. One of the purposes of this system is to foster an open, ongoing and two-way conversation about performance. Formal or informal discussions can be initiated by either the supervisor or the employee. • Regular and periodic training must be provided for managers and employees. Initially the training is to inform managers and employees of the system’s purposes, methods and desired outcomes. On an ongoing basis, the training should support good decision making by providing the tools needed by managers and employees to hold meaningful discussions that contribute to high levels of performance and employee development, contribute to identifying and improving poor performance, clarify the meaning and progress towards completion of goals and objectives, ensure understanding of how employee competencies and their application support agency/organization goals and objectives, and explain roadblocks and resource shortages that thwart goal accomplishment. • Multi-source input permitted. • This system should be supported by an automated database that contains the competencies and assigned results for each employee. The automated system should have space for noting the content of discussions held throughout the year, and for a final appraisal for each competency/contribution as well as a summary evaluation (e.g., narrative description) of the employee’s performance.
5	Appeals	<ul style="list-style-type: none"> • Appeals of “unacceptable” ratings would be within DHS but outside the chain of command. <p>Sub Option</p> <ul style="list-style-type: none"> • External appeal of “unacceptable” performance ratings or appeal through a negotiated

Competency/Performance-based System [14]

P Performance Management System		
System elements:		Summary description:
		grievance procedure.
6	Evaluation	<ul style="list-style-type: none"> • A periodic review of the performance management system will be undertaken. It will include a baseline employee survey, followed by periodic employee surveys, to determine if employees perceive the system as fair and transparent, if it is well understood, and if employees believe they are valued for doing a good job. It also will include a statistical analysis to determine if the system is being operated within established rules, if desired goals are being achieved, and if the system is having a disparate impact on protected classes of employees • Adjustments will be made to the system based on findings, as appropriate.