

Elimination of Wage System [27]

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 would eliminate the Wage System for the entire Department and merge the current wage series positions into the position classification and pay system the department deploys, e.g., General Schedule or Broad Banding.

Key Features:

Coverage

This a plug and play option that covers blue-collar employees currently covered by chapter 53 of title 5 and OPM regulations governing the Federal Wage System (FWS).

- Wage system position descriptions would be converted or merged into the white-collar job classification process using the General Schedule or a more streamlined broad banding system. This would simplify and streamline the current job classification system by using one system for all employees.
- Wage system employees would be treated exactly the same as white-collar employees for both job classification and pay system rules. This would entail moving FWS employees into a different system and providing premium pay for the entire workforce in accordance with the same system as most other white-collar employees (under chapter 55 of title 5).

Sub-Options:

Sub-options for premium pay:

- Night Differential for trade positions could be handled the way the current FWS is handled, and all other positions be handled like the current General Schedule or whatever new pay system DHS deploys. This would offer a status quo proposition funding wise, and take nothing away from anyone.
- Grandfather everyone in the current system until they separate and convert to a single system for everyone as DHS hires new employees. Whether the conversion process would favor the old FWS standard or a new standard could be determined later.

Relation to Other Options:

- This is a plug & play option that could work with almost any combination of options. However, the cost implications would be greater for options under which former wage system employees would have access to higher rate ranges.

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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

- The biggest advantage would be the reduction of the numbers of different classification and pay systems within DHS. There are currently approximately 2500 wage system employees in DHS. Having two different ways of classifying positions and determining pay can be streamlined by this option and save time and effort.
- Combining all employees into one classification and pay system will encourage assimilation of cultures within DHS and move the entire organization forward to a "team" environment.

Possible Problems/Challenges

- The conversion process may require a significant level of effort. Position descriptions would have to be developed and/or converted from the current classification system to the system the Department intends to deploy.

Other Implications

- There may be situations where employees applying for jobs outside of DHS may have difficulty qualifying for positions that used to be categorized as wage series & vice-versa. A crosswalk may need to be developed to assist the transition process.

Cost

- The short-term cost of this option should be minimal, as the current wage salary scale would be converted to the same amounts of pay in either the General Schedule or whatever new pay scale that is deployed by DHS.
- Transition of employees to the system would require "buying out" employees for accrued time toward their next increase, in order to promote employee acceptance of the new system. If the standard DHS system for white-collar employees has steps (like the General Schedule), the system would also require placing them on steps in the new system.
- One cost implication that must be addressed is the affect this would have on current FWS workers who receive a night differential. The night differential for GS is not within the scope of the DHS HR Design Team, since it is found in chapter 55 of title 5, United States Code. But the FWS night differential is found in chapter 53, so it can be waived. The two differentials vary from one another, and the current entitlement under chapter 53 is greater than for white-collar employees under chapter 55.
- There would be substantial long-term costs associated with moving wage system employees to any white-collar pay system that provides for significantly higher pay potential within the same position. The General Schedule system, for example, has 10 steps, instead of 5. Broad banded systems likely would provide for even greater long-term pay potential.

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Evaluation in Terms of Guiding/Design Principles:

Mission Centered

Eliminating duplicative HRMS systems will assist the Department in merging all of the different cultures from predecessor organizations into one organization focused on the business of the Department. Eliminating these differences will allow a new DHS "culture" to develop and thrive.

Performance Focused

Many wage system employees have complained that they are treated differently when compared to General Schedule workers. They also have difficulty breaking out of the blue-collar job pool and into GS positions which might provide more career enhancement opportunities. Eliminating this barrier should improve performance over time and remove this perceived stigma.

Contemporary and Excellent

Merging wage system employees into the new DHS HRMS and not allowing them to stay in the current blue-collar environment will definitely change the culture of this workforce. The current wage system is perceived as limiting employees from branching out into white-collar positions and as placing barriers in front of employees to branch out and expand their own personal careers. Merging those jobs into a single HRMS that treats everyone the same will provide an additional flexibility to employees in the current wage system.

Generate Trust and Respect

Eliminating an HRMS system that is perceived as being limiting and unfair and as preventing employees from attaining the same potential as others will definitely fulfill this guiding principle.

Based on Merit System Principles and Fairness

This change option will not remove any of the protections afforded to employees under Merit System Principles. To the contrary, it will treat all employees the same and provide a standard approach to classifying positions and paying people equally for substantially equal levels of work.

Transition & Implementation:

The major transition and implementation issue associated with this option will be to develop classification descriptions for all DHS positions that can be used to evaluate jobs using whatever classification and pay system the Department decides to use.