

## General Schedule (current range with 16 steps) [3]

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 GS grades.
- For each grade, there would be 16 possible step rates; however, these steps would be smaller than under the General Schedule (2 percent of step 1 versus 3.3%). Pay rates for each grade and step would be set and adjusted annually by the same amount as the annual change in GS rates.
- Step progression is tied directly to employee performance, with each employee receiving zero to three steps each year, depending on his/her performance rating.

### 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 30 percent.
- Each grade has 16 steps and an employee’s pay is fixed at one of these steps.
- 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.
- Pay progression is based on performance. Step increases are available annually (also in January), eliminating any multi-year waiting periods. Pay progression for employees who meet expectations would, in sum, be similar to the current system. Employees could receive additional annual step increases (of one or two additional steps) based directly on higher performance ratings, allowing high performers to progress through the pay range more quickly, based on higher levels of performance.
- Sub-option would allow for progression beyond step 16 contingent upon demonstration of continued outstanding performance 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 maximum 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)*

## General Schedule (current range with 16 steps) [3]

### 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;
- (4) Pilot implementation for managers and supervisors prior to department-wide implementation.

*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. Use of the pay-for-performance feature of this option (variable step increases) would require adoption of a performance management system with at least two positive rating levels.
- 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 major elements the current GS system prevents temporary disruption of mission focus that might occur if system is changed.
- Supports internal equity across agencies and occupations, and at least 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.
- May reduce disputes regarding pay as compared to other pay-for-performance systems, since virtually all employees receive base pay increase and at least one step increase. Provides appeals rights to employees who are denied a step increase.
- Strives to ensure fairness and build trust by providing appeal rights to employees regarding step determinations.
- Provides a direct, transparent link of pay to performance, by linking pay progression directly to employee performance ratings on an annual basis; the better the performance, the higher the pay increase.
- All pay increases (both general comparability increases and performance-based step increases) could be provided at a single point in the year, which could make the increases more significant and probably more appreciated.
- Sub-option would provide that "experts" and outstanding performers may progress beyond step 16, which might relieve 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).
- Would not impose the burdens associated with creating and implementing an entirely new system.
- Managers would retain their current ability to establish, and change, when necessary, the performance standards employees must meet to qualify for single or multiple step increases, and career ladder promotions.
- Improves external equity, by providing greater pay comparability and market competitiveness for high

## General Schedule (current range with 16 steps) [3]

performers and experts who can achieve higher pay.

- Includes other 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

- 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.
- All employees would receive the annual across-the-board GS increase regardless of performance or contribution to agency mission. (As a practical matter, any pay system with a step structure must pass along any structural pay increase, since employees' pay rates are tied to a step.)
- A decision to grant or deny a one-step increase is still an all-or-nothing determination. However, pay differentiation based on performance is now provided through the provision for additional steps to be provided to those receiving higher ratings. In addition, performance awards may also be used, which also allow for differentiation based on performance).
- Federal agencies who use a performance appraisal system with three positive ratings typically rate most employees at the top two levels (in 2001, 43% at the top level and 28% at the second level). If DHS follows this pattern, then most DHS employees under this option would receive annual pay increases equal to 4 to 6% of step 1, which is significantly more generous than the current GS system (in which the annualized average value of step increases is closer to 1.7%). However, it is possible that managers and supervisors will be more diligent in making ratings determinations where there are pay and budget implications.
- By moving through the pay range more quickly, top performers would "top out" sooner, absent adoption of the sub-option to provide additional steps for outstanding performers (and "experts").
- This option does not make it any easier (or harder) to impose a pay consequence on poor performers through denial of a step increase. However, this challenge could be addressed to some extent by additional training and HR support for managers.
- Maintenance of GS classification system with so many categories and levels of work requires considerable resources, which generally are not provided.
- Converting employees from one step structure to another means that employees will receive varying conversion adjustments depending on various factors (e.g., current step, step relationships, what portion of the GS step waiting period an employee has completed) and that small differences within those factors can produce significantly different conversion adjustments. Conversion adjustments will range from 0-3%. Some employees may complain about the impact of this conversion process.
- 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

## General Schedule (current range with 16 steps) [3]

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.
- Sub-options to allow DHS to establish alternative locality payments and special rates, or to reclassify positions, could result in pay levels that exceed GS pay levels. This could give DHS a competitive advantage over other Federal agencies, which might cause those agencies to lose employees to DHS.

### Cost

- Possible cost of moving excellent and outstanding performers through the pay range more quickly than under current system (the calculation of additional costs depends on the extent to which Quality Step Increases are currently utilized by an agency). In addition, a number of fully successful performers will also have more rapid pay progression than they would have had under the GS (e.g., those who are currently at GS step 4 or higher, or who in the future have their pay within a grade initially set above the GS step 4 equivalent level upon promotion or a superior qualifications appointment). These costs may be partially offset by the less generous annual adjustments given to employees in the bottom part of the range. Net costs depend on the current and future distribution of employees across ranges.
- Cost of sub-option of providing additional step increases (beyond step 16) to outstanding performers and certified “experts.” (If 5 steps are added, the maximum pay potential for any grade would be increased by 10%, which would have long-term cost implications. Costs would depend on the percentage of employees that are allowed to progress into the higher steps.)
- 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. The system would also require placing them on steps in the new system.
- The cost of funding the pay-for-performance features of this option could be phased in as changes in the performance management system are developed and validated, and training is provided.

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

#### Mission Centered

- The system provides a stable system 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. This option seeks to strike a balance between the stability, predictability and accountability provided under a step-based system with the potential benefits to the accomplishment of the mission by adopting a system that provides greater incentives for employee performance. 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 has 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, 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

## General Schedule (current range with 16 steps) [3]

(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.

- The proposed performance payments may be viewed by some as overly generous and as diverting limited funds that could be applied to other 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. Additional step increases may be given to top performers. Promotion decisions also take into account performance. Pay may also be supplemented by performance rating-based lump-sum awards.
- Under this option, the step-based mechanism for pay progression within the pay range for each grade has been made performance sensitive. Employees with higher performance ratings may receive additional step increases, and progress more quickly through the salary range, which should provide significant incentives for high performance.
- Enhancing this system with additional steps (through adoption of the sub-option identified herein) accessible only to top performers (as well as to certified “experts”) provides a means 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

- 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 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.
- 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 could, therefore, lessen the credibility of these systems. These discrepancies also interfere with integration of functions and the creation of a

**General Schedule (current range with 16 steps) [3]**

<p>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).</p> <ul style="list-style-type: none"> <li>• 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).)</li> <li>• Accountability for performance-based pay determinations provided through appeal rights under negotiated grievance procedure or agency grievance procedure.</li> </ul>
<p><b>Transition &amp; Implementation:</b></p> <ul style="list-style-type: none"> <li>• To the extent covered under this system, white-collar positions currently under other systems would need to be classified using GS standards.</li> <li>• Upon conversion, employee pay would be rounded up to the next highest step, resetting the clock and providing a common date for all future step increases.</li> </ul>

**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. Pay ranges are based on the General Schedule, which is 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 30 percent from minimum (step 1) to maximum (step 16). Pay ranges overlap. At lower grades, difference between grades is about 10 percent.</p> <p><i>Sub-option:</i> Add more steps (3 – 5) beyond Step 16, with pay progression beyond step 16 provided only on 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 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. Locality-adjusted GS rate may not exceed level IV of the Executive Schedule (\$134,000 in 2003).</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>

## General Schedule (current range with 16 steps) [3]

		<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 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>Each grade has the same pay range as under the General Schedule, but each grade is now divided into 16 pay steps with fixed dollar increments (instead of the current 10). Each step is equal to about 2 percent of the step 1 rate (as opposed to 3.3% under the GS system). Step increase determinations would be made annually, based on the employee's summary performance rating. Any employee with a performance rating of at least "Meets Expectations" or "Fully Successful" (or equivalent) would receive an annual increase of one step. Employees under a four or five-level appraisal system with a summary rating of "Superior" or "Exceeds" (or equivalent) would receive an increase of two steps. Any employee rated "Outstanding" (or equivalent) under either a three, four or five-level system would receive an increase of three steps.</p> <p><i>Sub-option:</i> For employees under a two-level (pass/fail) performance management system, each employee rated "pass" (or equivalent) would receive an annual one step increase. Additional step increases, or bonuses, may be provided to either individuals or groups based on individual, team or organizational performance, but only based on clearly defined standards that are articulated in advance.</p> <p><i>Sub-option:</i> Provide 3 – 5 additional steps (beyond step 16) for pay progression for outstanding performers and technical experts.</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 three step increases for the current grade; (2) compare that boosted rate to</p>

**General Schedule (current range with 16 steps) [3]**

		<p>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 to 8 percent of step 1 (with the amount depending on how much of a “bump-up” the employee receives by being slotted into a step rate in the higher grade)]; 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 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> <p><i>Conversion to New System.</i> Employees on board at the time the new system is established would be placed, at the time of conversion, at the lowest step in the new structure that equals or exceeds the employee’s current rate, as long as their performance is currently at an acceptable level. However, if this would result in a pay adjustment of less than 1% (of the step one rate) for an employee who has accrued at least 50% of the time towards his/her next scheduled step increase, then he/she will receive an additional step (under the new pay structure) in the conversion process.</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> If the sub-option identified above to add steps (beyond step 16) exclusively for outstanding performers and experts, then a supervisory differential for supervisors who supervise employees at the same grade level could be provided by adding this as a criterion to provide increases beyond the Step 16 level.</p> <p><i>Sub-option:</i> For any employee “promoted” to a supervisory position without a change in grade level, provide an increase of up to three steps.</p>
6	Appeals	<p>An employee may appeal the agency’s determination with respect to step increases through the agency grievance procedure or, for bargaining unit employees, through the</p>

## General Schedule (current range with 16 steps) [3]

		negotiated grievance/arbitration procedures.
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 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</li> </ul>

**General Schedule (current range with 16 steps) [3]**

		<p>grades based on level of difficulty and responsibility. Fundamental classification criteria are in statute to reinforce internal equity.</p> <ul style="list-style-type: none"> <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>• Sources of information: <ul style="list-style-type: none"> <li>Incumbents</li> <li>Supervisors</li> <li>Position descriptions</li> <li>Organization chart, functional statements, mission statements</li> </ul> </li> </ul> <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,</li> </ul>

**General Schedule (current range with 16 steps) [3]**

		allow appeal through negotiated grievance/arbitration procedures for bargaining unit employees.
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>