

## Rank in Person System [17]

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 adopts a pay and classification approach that has been used in part or in whole in the military, the uniformed divisions of the Public Health Service and the Secret Service, the Central Intelligence Agency, and the State Department. It provides a rank-in-person concept in pay bands with performance-based increases.
- Rank-in-person is a hierarchical approach to categorizing work and people who are assigned to complete that work.
- The systems are proposed primarily for use in research positions and law enforcement and related occupations.

### Key Features:

#### Coverage:

This option is designed to cover "white-collar" DHS employees in research positions and law enforcement and related occupations who are now covered by chapter 53 of title 5. Other DHS occupations may be covered by these systems as appropriate.

#### Base Pay System

- The rank-in-person concept can use any base pay structure that differentiates levels of work in a way that is compatible with the rank structure; however, one set of market-based compensation ranges is proposed.
- Occupations will be fitted into a select number of the ranges using the TSA/FAA model.
- Pay ranges will be adjusted annually based on survey of relevant markets and competitors.
- Pay range adjustment will not be "passed-through" to employees.
- All pay increases will be based on the value the employee adds to the organization.

#### Work Evaluation (Classification) System

A rank-in-person system is predicated on the value to the organization of the employee, not on the value to the organization of a work assignment or position.

#### Rank-in-Person/Employee Evaluation

- Rank is held by the person regardless of the work being performed, although extended performance of a lower level of work may lead to a reduction in rank
- Typically management tries to match the rank of the person and the level of the work in making assignments
- Rank of the person is predicated on the employee's value to the organization, and rank is earned through a combination of testing/panel review, fulfilling specified requirements, successful completion of varied types of assignments, etc.
- Personal rank is evaluated using a limited number of factors, such as skill requirements (e.g., skill and ability to carry out the most complex and difficult investigations of alleged or suspected violations of criminal laws), experience requirements (e.g., years of experience applying investigative skills to specific kinds of investigations, e.g., fraud, money laundering, etc.), and performance requirements (e.g., demonstrating a consistently high level of performance leading complex, multi-organization investigations)

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### Performance Management System

- Performance standards will be developed to support attainment of specific goals, acquisition/maintenance of required skills, and accomplishment of the organization's strategic goals
- Standards may be set for individuals or for teams or work units
- Standards will cascade from the Department's mission, goals and objectives to the bureau and unit, to the individual employee or team
- The employee's overall performance rating will be measured by combining: (1) the rating against standards, (2) an evaluation of the employee's overall contribution to the organization, and (3) an estimate of the complexity or impact of the assignment

### Sub-Options:

- Possible to have more than one type of rank-in-person system, e.g., one for law enforcement and one for scientists
- Pilot the program with the GS management cadre.

### 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

- Could expedite the hiring process since strong potential candidates with needed skills could be brought on board in advance of establishing a specific position.
- Assignment of duties can be more flexible; employees can be assigned to any job/work for which they qualify by rank.
- Facilitates broad cross-training of employees to support rapid deployment to any assignment for which an employee's rank is qualifying.
- Many employees may already view themselves as possessing a job-related designation (e.g., "I am a GS-X").

### Possible Problems/Challenges

- Making pay more performance sensitive may concern employees who value the stable, predictable nature of GS pay increases. The lack of guaranteed increases may lessen acceptance of the system.
- Although the pay increases for "valued contributors" at a rate of 1.75% per year (in addition to the annual structure adjustment) may represent the average value of current within-grade increases, the value of pay increases under this option may be less for many employees because more of the money is deferred. 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.
- 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.
- Complexity of this system might lead to disruption and loss of focus on mission, in both transition and in administration.
- By moving to a banded pay structure, if no conversion adjustment is provided for loss of the value of the current system of career ladder promotions, this could lessen acceptance by employees currently in

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career ladder positions, since new employees could be hired at higher pay rates.

- Some believe that not providing external appeal rights to an independent third party could reduce management accountability and may lessen acceptance of the system. A sub-option is provided to allow employee appeal of performance ratings affecting pay to an independent (external) third party (e.g., through a negotiated grievance/arbitration procedure).
- 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.
- Some employees may not have confidence in current performance appraisal process, which could result in concerns about implementation of a pay for performance system.
- Some believe that pay for performance could result in competition between employees and lessen incentive for teamwork and cooperation.
- Although the concept is not completely new, it does represent a culture change.
- 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.

### 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.
- DHS currently has two rank-in-person systems in operation: the Coast Guard military and the Secret Service Uniformed Division. This option does not anticipate changing either of these two systems for the time being. (DHS also has employees in the government-wide Senior Executive Service, which is a rank-in-person system.)
- Some rank-in-person systems use an "up or out" method of discharging employees who are not selected for promotion to higher levels within a pre-set window of time. This option does not include such a mechanism. Requires establishing both a hierarchy of ranks for the employees and a hierarchy of positions to prevent underutilization of employees (i.e., an employee who is at a certain rank being assigned levels of work characteristic of a lower rank).
- Requires extensive and rigorous monitoring of the development and retention of employee skills and competencies and of the acquisition of needed experience in varied assignments
- In order to implement this system effectively, a strong and well-managed performance management system is required. The performance management system could be implemented prior to implementation of the pay system, which might promote employee confidence and acceptance of the pay for performance system.

### Cost

- Cost control can be more difficult in rank-in-person systems because they require controlling both the employee's placement in a rank (qualifications) and the appropriate level of the employee's duties (work assignment). Cost containment requires a strong system for ensuring that underutilization of employees does not become a problem.
- 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.
- At least a portion of the funding for this system will come from within grade increases not given.

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

#### Mission Centered

- Enables DHS to build the kind of workforce needed to support the full range of possible staffing needs related to DHS missions
- The rank-in-person system could allow the organization to make mission-essential skills and competencies continually available by compensating employees directly for the capacities that will be needed both in day to day and crisis situations

#### Performance Focused

- Through promoting employees based on their competencies and skills, and providing pay increases based on performance, this system could reward high performers, and hold poor performers more accountable.

#### Contemporary and Excellent

- Rank-in-person systems are in wide use in military, public safety and other organizations that must retain high levels of human capital in readiness for specific threats or challenges.

#### Generate Trust and Respect

- Rank-in-person systems are built to be open processes that use established and stable procedures and practices to make staffing and compensation decisions.

#### Based on Merit System Principles and Fairness

- Rank-in-person systems can support adherence to merit systems principles through use of established requirements and open procedures.

### Transition & Implementation:

- Will require development of procedures and practices that will cover the various directorates, bureaus, agencies and occupations as with any system adopted by DHS. All three systems should be well tested and validated, especially the classification and performance management systems, 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 a given employee perspective.
- No portion of these three systems – pay, performance, and classification – based on rank in person would be the subject of negotiations during the developmental or implementation phases.

**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"> <li>• To assign personal ranks to pay ranges</li> <li>• To assure that selected pay ranges are aligned with appropriate markets</li> <li>• A number of ranges will be established similar to the TSA/FAA model (see option 12)</li> <li>• Each occupation will be placed in a select number of these ranges based on its value in the market and its value to the organization</li> <li>• Where recruiting difficulties are encountered, additions to pay may be made to ensure competitiveness in the market place</li> </ul>
2	Adjustment of pay ranges	<ul style="list-style-type: none"> <li>• Pay ranges will be open (i.e., without steps) and adjusted annually based on surveys of relevant markets and competitors as well as value to the Department</li> <li>• Pay levels will be adjusted annually based on survey data from the best provider, e.g., Bureau of Labor Statistics, Departmental staff, commercially available or designed to DHS specifications, and on availability of funding (budget limitations) and analysis of turnover and recruitment data.</li> <li>• Proposed changes could be reviewed by the National Homeland Security Council or an equivalent body, sitting as a board of directors, to assure that proposals meet both the President's priorities, and the accomplishment of departmental mission and objectives.</li> <li>• Annual adjustments to DHS or bureau salary structures are not "passed through" to individual employees. All changes to employees' pay will be based on assessment of the employees' performance.</li> </ul>
3	Pay progression methodology	<ul style="list-style-type: none"> <li>• Pay range adjustments will not be "passed through" to employees</li> <li>• All increases in pay will be based on the value the employee adds to the organization</li> <li>• All those at the satisfactory or valued contributor level will receive the full annual structure adjustment plus 1.75 percent of base pay added to the current rate of pay</li> <li>• All those at the exceptional or role model level of performance will receive the full annual structure adjustment plus 2 percent of base pay added to the current rate of pay</li> </ul>
4	Pay administration rules	<p><i>New Hire.</i> Pay based on degree of relevant skills, competencies and experience possessed by applicant.</p> <p><i>Promotion.</i> Employee moves to appropriate point in new band based on skills and experience possessed and performance demonstrated.</p> <p><i>Geographic Movement.</i> As with other rank-in-person systems, one set of rates covers all employees. When an employee moves from one location to another, there may be a need to provide additional allowances or payments to compensate for differences in costs at varying locations. Such allowances would apply to a specific geographic location and would end when the employee leaves the location.</p> <p><i>Use of Past Rates.</i> Consideration can be given to current rank held for employees transferring in from similar rank-in-person systems. Rank equivalency tables may be developed to evaluate experience.</p> <p><i>Pay Reduction.</i> Inability to perform the work assignments for the current rank or extended performance of a lower level of work may lead to a reduction in rank..</p>

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		<p><i>Pay Retention.</i></p> <p><i>Conversion.</i> Must deal with “buying out” employees from their current systems, 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"> <li>• Must assure that no employees experience a pay decrease as a result of the implementation. This may result in many employees with “saved pay” which may complicate administration of the new system</li> </ul>
5	Managerial compensation	<ul style="list-style-type: none"> <li>• Managerial ranks will be part of the overall structure</li> </ul>
6	Appeals	<ul style="list-style-type: none"> <li>• Within DHS but outside the chain of command</li> </ul>
7	Evaluation	<p>A two pronged system for evaluating the pay system will be developed.</p> <ul style="list-style-type: none"> <li>• First, 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 skills/experience/performance are accurately compensated. The first review will establish a baseline from which later surveys will measure progress.</li> <li>• Second, 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.</li> </ul> <p>Adjustments will be made to the system based on findings, as appropriate.</p>
8	Other compensation	<ul style="list-style-type: none"> <li>• The rank-in-person concept would not affect an employee’s right to other compensation, e.g., overtime, repayment of student loan, for which she or he would otherwise be eligible.</li> <li>• 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.</li> </ul>

C Classification System		
System elements:		Summary description:
1	Functions	<ul style="list-style-type: none"> <li>• To determine the value added to the organization of an individual’s qualifications, competencies, years of experience, training, and expected performance. In addition, to determine the value to the organization of specific work assignments.</li> <li>• To determine the value of the job in order to assign employee’s at the appropriate rank to perform the work</li> <li>• To determine the qualifications required by the work; these are used as the basis for many other HR functions including hiring, employee development, pay determinations, workforce planning, etc.</li> </ul>
2	Categorization of type of work	<ul style="list-style-type: none"> <li>• Group jobs and employees into occupations based on the current General Schedule structure to facilitate movement between DHS and other Executive Branch agencies.</li> <li>• A rank-in-person system may facilitate occupational specialization by employees</li> <li>• A rank -in-person also may facilitate broadening an employee’s experience in a variety of occupational areas by establishing diverse occupational experience as a requirement</li> </ul>

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		<p>for moving from one rank to another. Broad experience in a number of occupational areas may be of benefit in preparing employees for managerial assignments.</p>
3	Work valuation method	<p><u>Rank-in-Person/Employee Evaluation</u></p> <ul style="list-style-type: none"> <li>• A rank in person system is predicated on the value to the organization of the employee, not on the value to the organization of a work assignment or position.</li> <li>• Establish personal ranks at an appropriate number of levels depending on the occupation</li> <li>• Personal ranks will be based on three factors – (1) skill requirements, (2) experience requirements, and (3) performance requirements. For example the criminal investigator might look like the following: (1) skill requirements such as skill and ability to carry out the most complex and difficult investigations of alleged or suspected violations of criminal laws; (2) experience requirements such as “x” years of experience applying investigative skills to various kinds of investigations, e.g., fraud, money laundering, etc.; and (3) performance requirements such as demonstrating a consistently high level of performance leading complex, multi-organization investigations.</li> <li>• Additional factors used in other rank-in-person systems to determine personal ranks include (a) professional learning requirements, (b) stature in the occupational community, or (c) career record of contribution to the occupational field or the organization.</li> </ul> <p><u>Work/Job Evaluation</u></p> <ul style="list-style-type: none"> <li>• Classify positions at a reduced number of levels for each occupation, e.g., entry, full performance, senior/expert, manager.</li> <li>• Classify positions based on established factors such as skill, effort, responsibility and working conditions. A method of evaluating positions, such as a point factor evaluation system like the FES, may be developed or adopted.</li> </ul>
4	Qualifications	<ul style="list-style-type: none"> <li>• Career growth (i.e., movement from one rank to the next) will be based on a panel review of the breadth and complexity of the employee's experience, levels of skills and competencies acquired, and personal performance.</li> <li>• An employee hired at the entry level in a particular occupation can expect to progress from the entry level to the full performance or journeyman level within three years. A panel of others in the same occupation will review the employee's case to assure satisfactory or better performance, successful completion of all training requirements, demonstration of required skills and competencies, and completion of on-the-job developmental activities, e.g., successful performance of specified tasks or assignments.</li> </ul>
5	Applying system	<ul style="list-style-type: none"> <li>• Rank of the person will be determined through a peer review panel that will be composed of individuals in the same occupation, an HR specialist, and a manager.</li> <li>• Panel members will evaluate the employee in each of the three areas using a tool developed for the purpose. Due weight should be given to complexity of the assignment and whether the assignment was chosen by the employee or by management.</li> <li>• An information package will be developed for each individual seeking promotion that will highlight the breadth and complexity of experience, level of skills and competencies achieved (including, perhaps, the level of education, or efforts to upgrade or maintain currency in the occupation), and the employee's record of performance and contribution to the organization's mission in the current rank.</li> <li>• A comprehensive mechanism for gathering information for the panel review should be developed by each directorate, bureau or component to assure the nature, importance and significance of the employee's efforts are properly documented. A “champion”</li> </ul>

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		<p>should be identified for each employee seeking promotion to become more familiar with the employee's efforts and to represent them to the panel, as part of the panel's deliberations.</p> <ul style="list-style-type: none"> <li>• Position determinations are made jointly with managers and HR specialists. Position descriptions are developed around the factors used to evaluate the work. If an employee is performing the work she or he should contribute to this process.</li> <li>• 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.</li> </ul>
6	Appeals	<ul style="list-style-type: none"> <li>• An employee should discuss any disagreements regarding rank with his or her supervisor.</li> <li>• When a question cannot be resolved in this manner, the HR staff should be contacted to discuss the situation further and to clarify the requirements for the higher rank level being questioned. Involving one or more of the panel members who reviewed the employee's promotion dossier may also be beneficial.</li> <li>• Panels should be held on an annual basis. If an employee is not satisfied with the results of a panel's review, the employee's case should be presented to the next panel.</li> <li>• Panel members shall be trained for their responsibilities. A pool of potential members should be available, with the members of any particular panel drawn at random. If there is an indication that proper procedure or policy was not followed, it may be appropriate to convene an ad hoc panel to review the employee's situation.</li> </ul>
7	Evaluation	<p>The position and rank-in-person system will be evaluated by performing an annual survey.</p> <ul style="list-style-type: none"> <li>• The purpose of the survey will be to determine if the system is operating as it was designed to do. The survey will probe whether managers and employees understand the goals and objectives of the system, whether they perceive the system as fair and transparent, and whether they understand how it operates. It will question whether current criteria are sufficient and relevant.</li> <li>• The survey also will consist of 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.</li> </ul> <p>Adjustments will be made to the system, as appropriate.</p>

P Performance Management System		
System elements:		Summary description:
1	Purpose	<ul style="list-style-type: none"> <li>• To support promotion decisions</li> <li>• To inform pay increase decisions</li> <li>• To identify training and performance improvement needs</li> </ul>
2	Measures	<ul style="list-style-type: none"> <li>• Attainment of specific goals or completion of agreed-upon assignments</li> <li>• Acquisition/maintenance of required skills and competencies</li> <li>• Support of organizational strategic goals</li> <li>• Performance will be evaluated at three levels: <ul style="list-style-type: none"> <li>○ The "valued contributor" level demonstrates valuable and commendable performance throughout the year. This means performing at positive and effective levels against the performance requirements. It may include making a positive contribution to the team's performance.</li> <li>○ The "role model" level demonstrates the highest level of performance consistently throughout the year. It may include playing a significant part in team performance</li> </ul> </li> </ul>



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P		Performance Management System
System elements:		Summary description:
		<p>by encouraging others or making exceptional progress in a new work area. At this level the requirements stretch the incumbent (but are attainable) and illustrate the differences that demonstrate exemplary execution of the work.</p> <ul style="list-style-type: none"> <li>○ The “does not meet expectations” level demonstrates performance that fails to meet the valued contributor level, e.g., when the employee does not meet performance requirements or negatively impacts or detracts from the team’s performance. Action must be taken to assist these employees to improve their performance.</li> <li>● Performance levels need to be drafted in ways that help the evaluator in reporting on the final performance assessment (e.g., be written as performance indicators that are measurable or observable.)</li> <li>● Performance levels must be observable, measurable, attainable and clearly explainable to both evaluators and employees.</li> </ul>
3	Appraisal	<ul style="list-style-type: none"> <li>● Annual appraisal will involve an overall evaluation of the employee’s performance by looking at (1) an assessment against the standards, described in the cell above, (2) an evaluation of the employee’s overall contribution to the organization, and (3) an estimate of the complexity or impact of the assignment. Due weight should be given to the complexity of the assignment and whether it was chosen by the employee or assigned by management. No credit should be lost in the rating if the assignment was less complex but critical to mission accomplishment.</li> </ul>
4	Communication vehicles	<ul style="list-style-type: none"> <li>● Written performance plan is completed at the beginning of the appraisal period specifying cascaded objectives/responsibilities and agreed-upon commitments for the year.</li> <li>● Formal performance reviews during the appraisal period specified by component/organization.</li> <li>● Ongoing informal feedback is encouraged; can be initiated by either supervisor or employee.</li> </ul>
5	Appeals	<ul style="list-style-type: none"> <li>● Appeals within DHS but outside the chain of command</li> <li>● Promotion decisions overseen by review committee</li> </ul>
6	Evaluation	<ul style="list-style-type: none"> <li>● System is evaluated by results in supporting overall strategic goal attainment, development and maintenance of required skills and competencies.</li> </ul> <p>A two pronged system for evaluating the competency-based performance system can be used.</p> <ul style="list-style-type: none"> <li>○ First, 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.</li> <li>○ Second, 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.</li> </ul> <ul style="list-style-type: none"> <li>● Presentations made to the Design Team consistently indicated that most employees are valued contributors, while a smaller number (perhaps no more than one-third of the employees) will be role models. If large numbers of employees in an organizational unit are rated at the role model level, the manager should be able to demonstrate how the unit as a whole has achieved results that exceeded expectations throughout the performance period.</li> </ul>