

DHS Classification System [20]

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 system would keep the current GS grade structure, with bargaining over any changes to classification
- The DHS classification system would retain, at least initially, the 15 grade levels based on the GS classification criteria set in law, and the grading standards for individual occupations as established by OPM.
- An employee may grieve any question concerning the application of the classification criteria through the agency administrative grievance procedure or, where applicable, pursuant to the terms of a negotiated grievance procedure.
- DHS changes to the classification system or grade structure, or to the classification of any position, would not require review or approval by OPM, although DHS could seek advice or guidance from OPM on such matters. However, for bargaining unit positions, such changes would be subject to negotiation with the exclusive representative(s).
- To the extent that DHS elects to follow OPM classification standards, changes by OPM to these standards would be subject to impact and implementation bargaining if bargaining unit employees are adversely affected.

Key Features:

Coverage:

This option is designed to cover all “white-collar” DHS employees who are now covered by chapter 51 of title 5. Additionally, all “white-collar” TSA employees under the authority provided by law to the TSA Administrator could be covered under this system.

Classification System

At least initially,

- 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.
- DHS would have the flexibility to adopt a new classification system and grade structure. It could 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. However, changes to classification and grade which impact bargaining unit employees would be subject to negotiation with the exclusive representative(s).

Sub-Options:

(1) Convert all blue-collar employees covered by the Wage Grade system to the new DHS system; Enact legislation to extend coverage to other DHS employees currently covered by statutory pay systems outside chapters 51 and 53.

Relation to Other Options:

- Would work with any other GS-based pay system. If DHS sought to implement a broadband pay system, this option would require it to bargain over the classification changes necessary to implement a broadband system.
- Would work with any performance management, labor relations, discipline, or appeals option.

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 of the current grade structure, at least initially, could prevent temporary disruption of mission focus that might occur if system is changed.
- May promote internal equity across agencies and occupations within DHS. To the extent that DHS continues to follow the GS classification standards, equity would be also be maintained with other government agencies and occupations.
- Would not impose burdens that may arise with creating and implementing an entirely new system at one time.
- Provides ability to reclassify positions to a higher grade when job complexity and/or responsibilities increase.

Possible Problems/Challenges

- National security concerns in addressing the continued threat of terrorism in our homeland necessitate that management be provided with the ability to determine when it is appropriate to make quick decisions, especially in the deployment of resources, without the impediment of drawn out resource-intensive collective bargaining procedures either pre- or post-implementation and the subsequent dealing with a myriad of time-consuming grievances. Inclusion of any collective bargaining in assignment of work or location in deploying resources could adversely impact the mission of DHS.
- An effective and meaningful collective bargaining relationship over matters of classification could require disclosure to unions of information that is either classified or law enforcement sensitive and would likely result in operational security concerns.
- Maintenance of GS classification system with a large number of categories and levels of work requires considerable resources, which may not be available.
- Changes made by DHS (unilaterally or through collective bargaining) may create inequities vis-à-vis employees at other Federal departments and agencies who remain in the General Schedule system.
- By allowing collective bargaining, there could be inconsistent results of bargaining for occupations that are covered by different unions, or that include both covered and non-covered employees.

Other Implications

Cost

- Few, if any, immediate administrative or conversion costs.
- Costs are dependent on the extent of any changes to the classification system by DHS (unilaterally or through collective bargaining).
- Allowing grade levels to be subject to collective bargaining could produce higher grades for certain occupations and, thus, higher payroll costs.

Evaluation in Terms of Guiding/Design Principles:

Mission Centered

- The GS system provides a stable system that some believe reduces the risks of favoritism and bias in treatment of employees. This might help the workforce remain focused on mission rather than on internal management issues.
- The GS 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.
- 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 GS system's emphasis on internal equity (across jobs) can come at the expense of individual equity (based on performance or contributions) and external equity (based on the labor market), which has implications for mission accomplishment. For example, because of internal equity concerns, the approval of special rates is an exception process requiring considerable scrutiny.
- Opportunity to change the current classification system, subject to the requirement of collective bargaining, may provide DHS an opportunity to tailor the classification system to better serve its mission.

Performance Focused

- The classification system, by itself, is not concerned with performance, but merely provides the framework for pay determinations and any associated linkage to performance.

Contemporary and Excellent

- Opportunity for DHS to change the current classification system, subject to the requirements of collective bargaining, may provide the flexibility for changes to address market competitiveness and other concerns.
- Due to inherent inflexibilities, the present GS system may not lend itself to making adjustments needed to effectively compete with external/internal competition (e.g., TSA).

Generate Trust and Respect

- The current GS classification system is already in place, and employees may understand and accept it. Maintenance of this system might minimize disruption in the workplace.
- The requirement for bargaining over any changes to the classification system will help ensure accountability and employee acceptance of, and respect for, any resulting changes.

Based on Merit System Principles and Fairness

- 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)).
- May supports the 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.
- Inconsistent treatment of seemingly similar occupations with respect to classification, premium pay, and retirement systems may create barriers between positions, and may lessen the credibility of these systems. These discrepancies can also interfere with integration of functions and the creation of a single organizational culture, and can lead to competition for employees between agencies within DHS. However, since the foundational premise of the entire system is equal pay for work of equal value,

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these issues might be addressed for some employees, by providing bargaining unit employees with ability to appeal pay and classification issues through a negotiated grievance procedure. (Non-bargaining unit employees would have more limited rights of appeal than they currently have.)

Transition & Implementation:

- No transition or implementation required to continue coverage for current GS employees.
- If non-GS employees are included under this option:
 - Rules must be developed to set pay upon conversion. Conversion could be accomplished without a reduction in base pay. Many employees' pay would increase as they are slotted into the lowest GS step that equals or exceeds their current base rate. Some employees would have a retained rate.
 - Positions would need to be classified using GS standards.

**Detailed Description
By System Component and System Element**

C		Classification System
System elements:		Summary description:
1	Functions	<ul style="list-style-type: none"> At least initially, or by default, DHS would continue to use the classification system established under 5 U.S.C. chapter 51. Positions are classified based on the duties and responsibilities assigned and the qualifications required to do the work. The DHS Schedule would follow the General Schedule, which is divided into 15 grades based on level of difficulty and responsibility. Fundamental classification criteria are in statute to reinforce internal equity.
2	Categorization of type of work	<ul style="list-style-type: none"> Using the GS classification structure, work would be categorized into occupational families and specific "series." DHS would have the flexibility to adopt an alternative system or systems to categorize different types of work, subject to the requirement to negotiate any such changes with the exclusive representative(s) of bargaining unit employees.
3	Work valuation method	<ul style="list-style-type: none"> 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. Classification standards may be in either narrative or point factor format. <ul style="list-style-type: none"> <i>Narrative</i> - Standards describing the nature of work and level of responsibility for each grade covered by the standard. <i>Point factor</i> - Standards describing work in terms of individual evaluation factors that are assigned points for different levels. DHS would have the flexibility to develop alternative classification standards, subject to the requirement to negotiate any changes with the exclusive representative(s) of bargaining unit employees.
4	Qualifications	<ul style="list-style-type: none"> Qualifications required by a position are tied to the classification standard. 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. DHS would have the flexibility to develop new qualifications criteria in connection with changes to the classification standards, subject to the requirement to negotiate any changes with the exclusive representative(s) of bargaining unit employees.
5	Applying system	<ul style="list-style-type: none"> Levels of work are defined in statute (5 U.S.C. 51) using OPM classification standards. Generally, agency HR offices classify positions, although classification authority can be delegated to managers. The duties of the position are compared with the appropriate classification standard(s) and assigned to the appropriate occupational series and grade. Sources of information: <ul style="list-style-type: none"> Incumbents

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		<p>Supervisors Position descriptions Organization chart, functional statements, mission statements</p> <ul style="list-style-type: none"> DHS would have the authority to reclassify positions based on factors related to external and internal equity (e.g., market competitiveness), subject to collective bargaining for bargaining unit employees.
6	Appeals	<ul style="list-style-type: none"> Employees could appeal the application of classification criteria through the agency administrative grievance procedure or, for bargaining unit employees, through the negotiated grievance/arbitration procedures.
7	Evaluation	<ul style="list-style-type: none"> Agency or OPM may conduct reviews to assess whether positions are classified to the proper series and grade.
8	Other	<ul style="list-style-type: none"> Commercial automated systems to classify positions are available.