

## Competency-based System [13]

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 system bases pay on relevant competencies possessed and needed by employees on the job. In addition to specified base rates of pay for each occupation, additional components of pay are provided as employees develop and successfully use competencies required by the job.

- Competencies can provide a unified platform around which base pay, position classification, and performance management systems may be developed.
- This option sets entry base pay levels for each occupation and increases pay through competencies, making it more performance sensitive. This system rewards those employees who are capable of performing more competencies/skills.

### Key Features:

#### Coverage

This option is designed to cover all “white-collar” DHS employees who are now covered by chapter 53 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.

The system design focused primarily on law enforcement, inspection, screener, and intelligence employees and supervisors who are now covered by chapter 53 of title 5. However, other DHS occupations doing primarily qualitative work, such as administrative occupations, could be covered by this system.

A suboption provides for skill based pay for “blue-collar” employees.

#### Pay System

- Establish overall pay levels based on local area surveys for occupations where competition is local, and on national surveys for occupations where competition is broader in scope. Where recruiting difficulties exist in specific locales, additional surveys will be performed to assure that pay rates being established are, in fact, competitive with the local market.
- Identify a base rate for each job level using the market data from the appropriate survey, e.g., for the entry, developmental, journey/full performance and senior/expert levels, supervisors and managers.
- A job profile will be developed that will identify the range of competencies needed to perform at each job level. Each competency will be priced appropriately. As the employee receives training in a competency, demonstrates on the job and is certified, the amount allocated to that competency will be added to the employee’s salary. This approach to setting pay is loosely based on the Riverside County, CA “IT Skill Pay” model.
- An annual adjustment will be made to base pay utilizing the data from the local and national surveys; “pay progression” will be through the acquisition of competencies. Payments for individual competencies will be adjusted also based on survey data.
- Base pay levels will be set to minimize competition between federal organizations for employees in occupations common to DHS and other federal agencies.

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### 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, journey/full performance and senior/expert practitioner. Other levels may be needed for some jobs, e.g., secretary or administrative assistant, where work is independently performed at two or more levels.
- Placing a job into an occupation and a level will be accomplished by identifying the competencies (i.e., the knowledge, skills, abilities and other characteristics) needed to perform the work

### Performance Management System

- Performance will be evaluated on the basis of the proficiency with which the employee demonstrates the competencies needed to perform the work of his or her job.
- Performance will be evaluated on three levels – does not meet expectations, valued contributor, and role model. There will be no forced distribution of ratings.
- 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.

### Key Definition

- **Journey Level** – the level of work the organization expects successful employees hired into an occupation to attain during their career. This option provides for one journey level for each occupation, but the definition of job requirements may vary by DHS component. These journey levels are at least equal to the highest respective journey levels currently recognized in one or more DHS components of similar series.

### **Sub-Options:**

- The jobs currently covered by the Federal Wage System may be considered for transition to skill-based pay along the lines of the North Carolina Department of Transportation model.
- A bonus system (i.e. variable pay) based on individual/team/organization results/contributions can supplement the occupational competency-based pay system.
- Seek legislation to cover other employees/occupations, as appropriate, not currently covered by chapter 53 of title 5, U.S. Code (e.g., senior level and scientific or professional).

### **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

- General Accounting Office research in recent years indicates that competency-based hiring decisions can shift performance upwards of 5-25 percent in jobs that range in complexity from low to high. This research also shows that competency-based training and performance management can shift

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performance upwards between 11-30 percent in jobs that range in complexity from low to high.

- Competency-based systems have been used in at least two of the DHS legacy organizations (i.e., legacy INS and legacy Customs) for some time in the areas of selection and promotion decision making. Thus, competencies are not a completely new concept for the staff in those organizations.
- Extensive work has been performed with competencies by other federal agencies such as the U.S. Office of Personnel Management, the GAO and the NASA, and many non-federal organizations as well. This earlier work will provide a base from which development of this option can proceed.
- This system will 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.
- This system could allow DHS to pay for experience that comes from applying job knowledge, skills, abilities and other characteristics over time. In law enforcement and other appropriate occupations, one of the competencies could be identified as “significant on-the-job experience” or “historical knowledge” and would be a separate addition to the employee’s salary.
- Well-developed competency-based systems can be transparent and predictable. Employees can know what is expected of them to progress in their chosen career path and employees can be able to better manage their own careers.
- The system is designed to provide a level of pay that recognizes the variety and level of the competencies needed to perform the work. As a result, employees would be paid based on the competencies they bring to or develop on the job.
- 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, validating, valuing, and automating 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.).
- A method will be required to value the market rates of individual competencies. The appropriate market(s) needs to be identified for cost comparisons and data collected to establish DHS’ pay levels as compared to market (see table B, structure of pay ranges, for more detail). Based on the market data collected, pay rates need to be set for the base level and competencies in each of the occupations/levels. Accurate valuation of some competencies may be difficult to achieve due to lack of available market 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.
- A method will be required to determine how to deal with changes in employee pay resulting from fluctuations in the market rates.
- This system would require an ongoing maintenance of the competency definitions, levels, and “market” values, 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 and to enable them to manage their own careers. Competencies should be revisited on a regular or periodic basis (e.g., every two

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years) to assure they are necessary and current and are updated when needed. This will be critical as the competencies are the cornerstone of the system. Flexibility should be provided to add new or delete old competencies when recognized, e.g., between periodic reviews.

- One system does not necessarily fit all: while this model may fit better for law enforcement and related occupations, which make up well over half of DHS employees, it may not be as beneficial or easy to adopt for some other occupations, e.g., research engineers and physical scientists. However, it may be usable for contingent workforces, such as those currently covered by the Stafford Act.
- Accurate measurement of non-technical competencies could be difficult, especially those that require subjective assessments.
- DHS would need to identify appropriate cost-of-living indices on which to base additional pay adjustments (see Table B, "Other Compensation") if used.

### 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.
- 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 and how to communicate performance information to create an atmosphere that is most supportive of success for the new system.
- To facilitate implementation, DHS might choose to use a phased implementation approach by, for example, identifying those occupations where the greatest impact is expected and moving on to other occupations in a prioritized order.
- This system will require an automation platform to facilitate its use, track DHS' on-board competencies, identify competency gaps, and track the results/contribution measures that support the variable pay sub-option, if used, as well as organizational accomplishments toward meeting GPRA objectives and other DHS overall measures.
- 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. The system would also require placing them at the new rate for the position with appropriate pay for competencies.
  - Employees whose pay under the new system would be less than their rate adjusted for a step buy out would remain on a retained rate until their rate under the new system catches up.
  - 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 would come initially 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 competency-based system focuses on the knowledge, skills and abilities needed to achieve the

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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 variable pay sub-option would 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 competency-based system focuses on the knowledge, skills and abilities needed to achieve the mission and how employees use them. It will support mission accomplishment by focusing on identifying needed competencies, developing staff so they have needed competencies, and recognizing those who utilize these competencies at a higher level of proficiency. In addition, individual/team/organization goals could be identified and communicated, and accomplishment of these goals can be rewarded if the sub-option is used.

### Contemporary and Excellent

- The competency-based system is contemporary, as evidenced by the recent adoption of such systems by an increasing number of federal and non-federal organizations. While the excellence of the system can only be determined after its full implementation, it is intended to enable the Department to attract and retain employees by offering competitive salaries and developmental opportunities. It also is intended to be responsive to agency needs, demographics, and labor market changes. This approach will readily incorporate system automation.

### Generate Trust and Respect

- Because the competency-based systems can be transparent and give employees the ability to better manage their own careers, it should generate respect and trust.

### Based on Merit System Principles and Fairness

- This system focuses on the competencies needed to perform the assigned jobs 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 all the required core competencies can be brought into the job at the entry level and develop them over time, thus adding to the fairness of the system.

### **Transition & Implementation:**

- DHS must identify both common (i.e., core) and specific competencies, and competency level indicators, for covered occupations. While major efforts have been made in this area by some legacy organizations and OPM, few efforts of the breadth and depth envisioned here have been undertaken by an Executive Branch agency. Thus, a consistent commitment by all DHS components would be required to identify, develop, test and deploy appropriate batteries of competencies.
- As with any system adopted by DHS, this competency-based 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 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 an employee perspective.
- This system may be subject to collective bargaining, depending on the labor relations option selected.

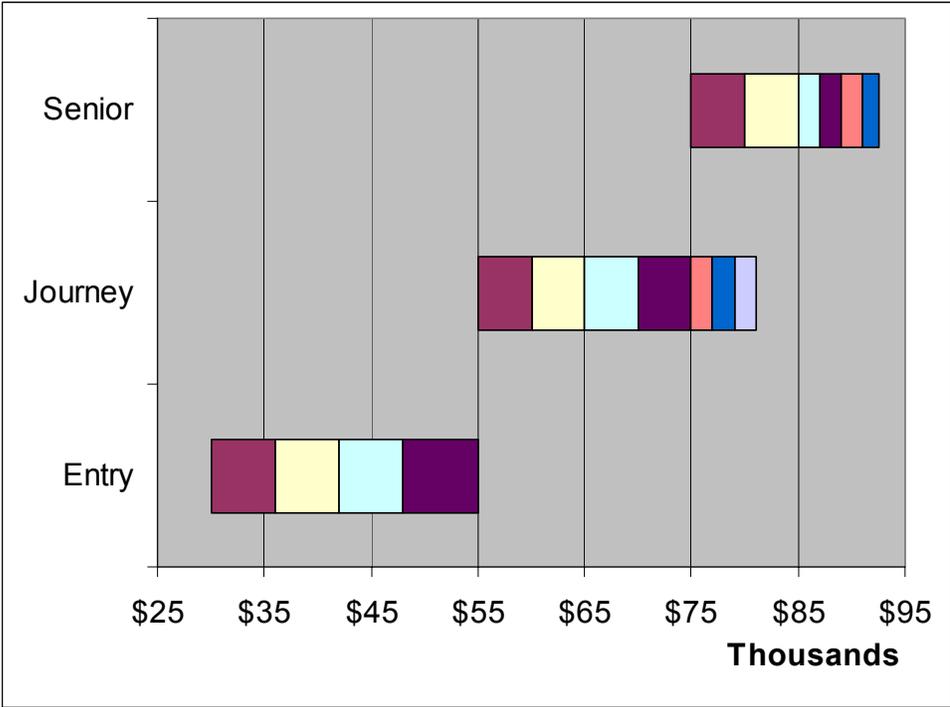
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- DHS will need to develop policies regarding how and when component agencies can modify competencies. The policies should include the flexibility to react quickly and make additions to the list of competencies mid-cycle.
- DHS will have to develop or purchase market-based surveys to base the cost of each competency.
- DHS must develop “competency-based” training for supervisors and employees. All employees must understand the basis from which their pay has been/will be determined.

### Sub Options:

- The system would be subject to collective bargaining prior to implementation for bargaining unit employees.
- This competency-based system would not be subject to negotiations. It is expected that employee representatives would be involved in the development of the options and the implementation plans.

### 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>• Establish a base pay rate for each occupation/level based upon the minimum competencies necessary to qualify for the job. This would comprise some percentage of the total pay available at that level for the occupation (e.g., 68% at journey level) – see example. Each core or additional competency, as learned and certified, will add a specified amount to base pay. Pay ranges, per se, will not exist. Base pay will be set in accordance with DHS philosophy on pay point in market (e.g., base rate set at minimum market rate for occupation, each competency within the levels of the occupation set based on total base pay for all competencies matching 75% of market rate). An exception to standard DHS market comparability might be allowed for special circumstances where DHS has recruitment/retention problems.</li> </ul>  <p>(The bar chart, above, is meant to graphically illustrate how pay would be set in a</p>

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		<p>competency based system. The black vertical line on the left of each bar is the base rate, e.g., \$30,000 for entry level. The broad bands of color on each bar are the required or core competencies, each of which would add a specified number of dollars to the employee's base pay when certified. The narrow bands of color are specific or optional competencies that might be needed in some positions, each of which also would add a specified number of dollars to the employee's base pay.)</p> <ul style="list-style-type: none"> <li>• Establish pay levels based on local area surveys for positions where competition is local, and on national surveys for positions where competition is broader in scope. Where recruiting difficulties exist in specific locales, additional surveys will be performed to assure that pay rates being established are, in fact, competitive with the local market.</li> <li>• Each component will determine and publish applicable core and additional competencies at each level for each occupation within its organization. DHS will not pay for competencies not identified for a specific occupation/level.</li> <li>• Pay levels are based on employment cost data, not on cost of living. However, additional supplemental payments might be made where cost of living causes recruitment/retention problems that cannot be addressed through normal recruitment/retention bonuses. (See other compensation, Table B.)</li> </ul> <p><b>Sub Option:</b></p> <ul style="list-style-type: none"> <li>• Have a small number of <i>pay ranges</i> for each occupation that will be attached to the fewer job levels established in the classification system, i.e., entry, journey, senior specialist. (The pay range(s) can be used as a check and balance to minimize disparities in pay.) <ul style="list-style-type: none"> <li>○ <i>Pay ranges</i> will be established based on local or national surveys, as appropriate, depending on comparable occupations or recruitment sources.</li> <li>○ <i>Pay ranges</i> are based on employment cost data, not on cost of living. However, additional supplemental payments might be made where cost of living causes recruitment/retention problems that cannot be addressed through normal recruitment/retention bonuses. (See other compensation, Table B.)</li> </ul> </li> </ul>
2	Adjustment of pay ranges	<ul style="list-style-type: none"> <li>• Pay levels (base rates and competency amounts) will be reviewed annually based on occupational 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 rates are not automatically "passed through" to individual employees. All changes to employees' pay will be based on assessment of employees' competencies, e.g., by a supervisor or panel.</li> </ul>
3	Pay progression methodology	<ul style="list-style-type: none"> <li>• Automatic increases in pay will not be provided. As competencies are certified, the amount associated with the competency is added to the employee's salary. Some occupations might require a specific sequence for acquiring competencies, while in other occupations the sequence of acquisition is not relevant.</li> <li>• 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.</li> <li>• Annual employee pay adjustments will be based on the following: <ul style="list-style-type: none"> <li>○ Scheduled assessment that the competency is still relevant to the job,</li> <li>○ Determination of the "value" of the competency,</li> <li>○ Periodic certification that the employee still possesses the competency (e.g., via</li> </ul> </li> </ul>

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		<p>completion of competency refresher training or supervisor certification), and</p> <ul style="list-style-type: none"> <li>○ Evaluation of the employee's performance on the competencies (performance rating).</li> </ul> <ul style="list-style-type: none"> <li>● Those rated as a "valued contributor" or "role model" will receive an amount equal to the pay level adjustment . Denial of a pay increase would require a rating of "does not meet expectations." A pay increase can be delayed if a supervisor and employee are working to improve the employee's performance to the "valued contributor" level.</li> <li>● Those rated as "does not meet expectations" will receive no adjustment to base pay and may, as a result, be paid below established rates. Once employees improve and maintain their performance, they could receive the appropriate base pay adjustment prospectively.</li> </ul> <p><b>Sub Options :</b></p> <ul style="list-style-type: none"> <li>● Utilize pay ranges instead of one pay rate for each job level. Those rated as a "valued contributor" or as a "role model" will receive an amount equal to the structure adjustment plus 1.75 percent of the minimum rate [this is derived by dividing the rate range for a GS grade level (30%) by the number of years to move from step 1 to step 10 w/o any QSIs (18 years), to produce approximately the same progression delivered in annual increases]. Structure adjustments could be based on market survey data or adjustments to the General Schedule or other general Government pay scale.</li> <li>● As an alternative to the preceding bullet, the additional adjustment would be increased from 1.75 percent to 2.0 percent of the minimum rate, which provides a slightly faster progression than the current GS.</li> <li>● As another alternative, the additional adjustment for a "valued contributor" would be 1.75 percent and the additional adjustment for a "role model" would be 2.5 percent. This alternative provides a base pay differential based on performance.</li> <li>● As another alternative, those rated as a "valued contributor" or "role model" also will be eligible for variable pay based on their success in meeting assigned goals/objectives. This alternative applies the variable pay suboption.</li> <li>● As another alternative, only those rated as a "role model" will be eligible for variable pay in addition to the adjustment to base pay.</li> </ul>
4	Pay administration rules	<p><i>New Hire.</i> If the employee brings only the basic qualifications required for hiring, then the base pay rate for the entry level, based on market rates, is provided. If the employee brings more than the basic competencies required for hiring, then pay is set based on the pre-identified occupation/level competencies the employee brings to the job.</p> <p><i>Promotion.</i> Here, too, the general rule is to set pay based on the competencies the employee has. Movement from entry/developmental to journey level is noncompetitive after the employee has demonstrated all the core competencies for the entry/developmental level and been certified on a core competency at the journey level. Promotions to expert/master positions, where identified within certain occupations/organizations, will be competitive and may require the demonstration of at least one competency at that level. Promotions to a different occupational group also are competitive. No employees will lose money as a result of being promoted. If necessary, an employee changing occupations will be provided "retained pay" until he or she develops the applicable competencies to increase pay to equal/exceed that under the prior position.</p> <p><i>Geographic Movement.</i> If an employee moves from one location to another without a change in job level/competencies (grade) and is in an occupation where market surveys are local in nature, an employee's pay will be adjusted to the local pay level for the same job level/competencies in the new location (this could result in a lower or higher rate of</p>

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		<p>pay). If the position is one where the market surveys are national in scope, there should be no need to adjust pay upon geographic movement with no change in job level/competencies.</p> <p><i>Use of Past Rates.</i> Upon reemployment, transfer, reassignment, promotion, demotion, or change in type of appointment, the agency will set pay commensurate with the competencies held by the employee. Retained pay may be offered under the same conditions as currently permitted for the GS until the employee develops applicable competencies needed to increase pay to equal/exceed that under the previous position.</p> <p><i>Pay Reduction.</i> Other than geographic movement, an agency will not reduce an employee's base rate without cause; however, an employee who does not reach the valued contributor level may be reduced in job level or reduced in pay by the removal of pay associated with specific competencies. Ratings of "does not meet expectations" may result in a pay level lower than the base rate of the job 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 level (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 level 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 scheduled rate "catches up" to the retained rate.</p> <ul style="list-style-type: none"> <li>• When pay levels for a job or competency drop or when a competency becomes obsolete, an employee's salary level will be protected until the market "catches up" with the employee's pay level or the employee equalizes the pay level by gaining other competencies.</li> </ul> <p><i>Conversion.</i> 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"> <li>• Must assure 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.</li> </ul>
5	Managerial compensation	<ul style="list-style-type: none"> <li>• Supervisors and managers are covered by a competency-based system also.</li> <li>• Management is recognized as a distinct occupation with a separate/additional set of competencies needed to perform well.</li> <li>• 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.</li> </ul>
6	Appeals	<ul style="list-style-type: none"> <li>• Reductions in pay, not pay potential, can be appealed through departmental procedures.</li> <li>• Appeals would be within DHS but outside the chain of command.</li> </ul> <p><b>Sub Option</b></p> <ul style="list-style-type: none"> <li>• All negative pay decisions (loss of pay or pay potential) subject to external appeal or</li> </ul>

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		<p>appeal through a negotiated grievance procedure.</p> <ul style="list-style-type: none"> <li>All pay decisions subject to external appeal or appeal through a negotiated grievance procedure.</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 competencies 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> <p><b>Sub Option</b></p> <ul style="list-style-type: none"> <li>Establish oversight board composed of managers, employees, and employee representatives (if any) to monitor and assess program effectiveness.</li> </ul>
8	Other compensation	<ul style="list-style-type: none"> <li>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.</li> <li>Additional supplemental payments might be made where cost of living causes recruitment/retention problems that cannot be addressed through normal recruitment/retention bonuses/allowances (e.g., San Francisco, New York, etc.).</li> <li>This proposal intends to make no changes to COLA for non-foreign locations outside the U.S., and allowances and differentials for locations outside the U.S. that currently are in place for DHS employees.</li> </ul>

<b>C Classification System</b>		
<b>System elements:</b>		<b>Summary description:</b>
1	Functions	<ul style="list-style-type: none"> <li>To determine the competencies, i.e., the knowledge, skills, abilities and behaviors needed to accomplish the mission and to perform the job.</li> <li>The competencies are used as the basis for most other HR functions including employee development, performance management, pay determinations, workforce planning, etc.</li> <li>To assure competencies needed to accomplish the work are added or removed, as appropriate.</li> </ul>
2	Categorization of type of work	<ul style="list-style-type: none"> <li>Group jobs into occupations based on the current General Schedule structure to facilitate movement between DHS and other Executive Branch agencies.</li> <li>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.</li> <li>Establish jobs at a few levels to simplify the classification process, i.e., entry/developmental, journey and expert/master, where appropriate. Other levels may be needed for some jobs, e.g., secretary or administrative assistant, where competencies required represent varying levels of complexity and responsibility.</li> </ul>
3	Work valuation method	<ul style="list-style-type: none"> <li>Jobs within occupations will be established at a limited number of levels, e.g., entry/developmental, journey, and expert/master, where appropriate.</li> <li>The appropriate level for a job will be determined by the competencies needed to perform the work.</li> <li><i>Competencies</i> – the knowledge, skills, abilities and other observable and measurable behavioral characteristics required for successful performance of a job.</li> <li>Each component will identify and publish a list of competencies (incorporated into an</li> </ul>

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		<p>automated database) needed to perform at each level for each occupation within its organization. Once added to the list, a core competency will be required, and appropriate training and development activities will be provided to all employees in the occupation/level to assist in gaining the certification. DHS will pay only for competencies required for a specific occupation/level.</p> <ul style="list-style-type: none"> <li>• There may be some core competencies required of all jobs within DHS, primarily at entry levels. <ul style="list-style-type: none"> <li>○ Core competencies specific to an occupation would be identified to reflect the various levels (equivalent to grade levels) of work demonstrated in an occupation (e.g., entry/developmental and journey).</li> <li>○ Additional competencies would be identified where appropriate to reflect areas of specialization within occupations or other selected competencies that would lead to being placed in an expert/master level.</li> </ul> </li> <li>• Competencies would be developed, validated and reviewed by a “Competency Advisory Group” composed of managers, employees and employee representatives (if any).</li> <li>• Competencies will be reviewed to assure they are necessary and current and are updated when needed. Flexibility should be provided to add new or delete old competencies when recognized, e.g., between periodic reviews.</li> </ul>
4	Qualifications	<ul style="list-style-type: none"> <li>• Each occupation, such as criminal investigator, is divided into several levels, for example – entry/developmental, and journey – based on the levels of knowledge, skills, abilities and other (behavioral) characteristics required for success in that line of work.</li> <li>• Movement from the entry/developmental to journey level is based on completion of a minimum 2-year developmental period, specified training, demonstration of the identified competencies, and a performance rating at the “valued contributor” level or above (i.e., noncompetitive promotion). Employees below the “valued contributor” level would be deemed no longer qualified to hold the position at that level.</li> <li>• Movement from the journey to master level, where one exists, is via competition and may involve (1) applying to a vacancy announcement or taking a validated competency-based test, (2) demonstrating the core competencies at the journey level and being certified in at least one competency for the senior level, and (3) a performance rating of “valued contributor” or higher.</li> <li>• Movement from a non-supervisory job to one with managerial responsibilities is via competition and involves applying to a vacancy announcement. Prior to applying for a managerial job, the employee must participate in various activities (e.g., assessment for managerial potential and various training and developmental experiences) designed to identify the ability to develop management competencies and to foster their development.</li> </ul> <p><b>Sub Options:</b></p> <ul style="list-style-type: none"> <li>• Movement from entry to journey level is based on fulfillment of time in job and demonstration of ability to perform at the journey level.</li> <li>• Seek legislation to make 2-year developmental period a probationary period.</li> </ul>
5	Applying system	<ul style="list-style-type: none"> <li>• 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 or work expected of the employee. If an employee is currently performing the work, she or he should be involved in developing the description. For example, a criminal investigator will require the ability to investigate suspected or alleged violations of criminal law. This competence might be written at three levels. <ul style="list-style-type: none"> <li>○ <i>Entry</i> – requires the education and ability to learn the techniques, methods and procedures for investigating suspected or alleged violations of criminal laws related to importation of goods and entry of non-citizens into the U.S. Assists</li> </ul> </li> </ul>

## Competency-based System [13]

		<p>journey level investigators by carrying out specific tasks or assignments related to ongoing investigations.</p> <ul style="list-style-type: none"> <li>○ <i>Journey</i> – requires the ability to carry out the most difficult and complex investigations of alleged or suspected violations of criminal laws by exhibiting leadership skills in an investigation that, for example, involves organized criminal activity, or involves a taskforce composed of multiple law enforcement organizations.</li> <li>○ <i>Master/Expert</i> – requires the competencies to carry out such advanced assignments as trainer, leading major initiatives, represent a bureau or agency to an international organization, such as INTERPOL.</li> </ul> <ul style="list-style-type: none"> <li>● Standard position descriptions will have been written to cover most jobs in the directorate, bureau or agency, and managers are encouraged to use them to the greatest extent possible.</li> <li>● The manager works with employees and the HR staff to identify the appropriate competencies required to perform the work as described. Based on the competency-based classification system, the manager and HR staff member determine the appropriate occupation and job level for the new or revised position.</li> <li>● An occupation-based board composed of managers, employees and employee representatives (if any) will periodically review established competencies and position descriptions to assure that they remain current and relevant. Where appropriate old competencies will be deleted, new competencies added and existing competencies brought up to date.</li> </ul>
6	Appeals	<ul style="list-style-type: none"> <li>● Appeals of classification decisions would be within DHS but outside the chain of command.</li> </ul> <p><b>Sub Options:</b></p> <ul style="list-style-type: none"> <li>● Provide for an external appeal or appeal through a negotiated grievance procedure of the final board decision.</li> <li>● Provide for a panel of “work evaluation” experts to review the final board decision.</li> </ul>
7	Evaluation	<p>The classification system will be evaluated by performing a periodic survey of a sample of positions.</p> <ul style="list-style-type: none"> <li>● The purpose of the survey will be to determine if employees are performing work described in their position descriptions. The survey will probe other topics including whether managers and employees perceive the system as fair and transparent, and whether they understand how it operates. It will question whether current competencies are sufficient, relevant, 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.</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>● Identify mission-related gaps and developmental needs of employees and to track progress in closing/achieving them.</li> <li>● To assure competencies needed to accomplish the mission are being developed as turnover occurs.</li> </ul>

## Competency-based System [13]

P		Performance Management System
System elements:		Summary description:
		<ul style="list-style-type: none"> <li>As one factor in determining the appropriate increase in base pay. The other factors are: scheduled assessment that the competency is still relevant to the job, determination of the “value” of the competency, and periodic certification that the employee still possesses the competency (e.g., via completion of competency refresher training).</li> <li>Considered in other HR activities such as selection, promotion, reduction in force, etc.</li> </ul>
2	Measures	<ul style="list-style-type: none"> <li><i>Competencies</i> – the knowledge, skills, abilities and other characteristics required for successful performance of the job; this may consist of basic competencies required of all jobs in DHS, especially entry levels, and specific core and additional competencies required for the individual job being evaluated. It is expected that all jobs at the same occupation level, e.g., journey level criminal investigators, would be evaluated against the same set of competencies.</li> <li>Competencies are described at two performance levels: valued contributor and role model. <ul style="list-style-type: none"> <li>The “valued contributor” level describes observable indicators and behaviors that reflect the expected demonstration of the competency.</li> <li>The “role model” level describes observable indicators and additional behaviors that stretch the incumbent (while attainable) and illustrate the differences that demonstrate exemplary execution of the competency.</li> <li>Competency 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).</li> </ul> </li> </ul> <p><b>Sub Option</b></p> <ul style="list-style-type: none"> <li>If the sub-option for variable pay is used, it also measures individual/team/organization commitments (i.e., specific objectives, goals, assignments, projects, tasks that a manager and employee agree that the employee should accomplish during the performance period). These measures would be used to determine variable pay eligibility and amounts. Typically, this type of measure may be more important in managerial jobs where they relate to operational and strategic goals the manager is responsible for accomplishing. However, they also may be present in non-supervisory jobs (e.g., an expert/master agrees to lead a specific investigation or produce an annual report required by the program).</li> </ul>
3	Appraisal	<ul style="list-style-type: none"> <li>Performance is evaluated and summarized at one of three levels: role model, valued contributor, and does not meet expectations. <ul style="list-style-type: none"> <li>Role Model – demonstrates the highest level of performance consistently throughout the year. It may include playing a significant part in team performance by encouraging others or making exceptional progress in a new work area. A summary rating of role model is assigned when a majority of competencies have been appraised at this level and remaining competencies have been appraised at the valued contributor level. (An alternative approach would assign a specified number of points, e.g., 2-1-0; 3-1-0, to each competency appraised at each of the different performance levels and use the sum of the points instead of a summary rating.)</li> <li>Valued Contributor – demonstrates valuable and commendable performance throughout the year. This means performing at positive and effective levels against the competency performance level. It may include making a positive contribution to the team’s performance. A summary rating of valuable contributor is assigned when a majority of competencies have been appraised at this level and no competency has been appraised as does not meet expectations.</li> </ul> </li> </ul>

## Competency-based System [13]

P Performance Management System		
System elements:		Summary description:
		<ul style="list-style-type: none"> <li>○ Does Not Meet Expectations — performance fails to meet the valued contributor level, e.g., when the employee negatively impacts or detracts from the team’s performance. A summary rating of does not meet expectations is assigned when one or more core competencies fail to meet the valued contributor level. Prior to an adverse action being initiated, efforts must be made to assist these employees to improve their performance consistent with Departmental procedures.</li> <li>● Forced or predetermined ratings distribution will not be utilized.</li> </ul>
4	Communication vehicles	<ul style="list-style-type: none"> <li>● Initially, HR will establish work groups consisting of management, employees, and employee representatives (if any), to develop and verify competencies and their performance levels for the various occupations in order to populate an automated system. If a particular position requires modifying these standardized competency definitions, the manager and employee will propose the modification needed and this will be reviewed by HR and the Departmental Classification Appeals Board, if needed</li> <li>● Supervisors and employees will review and discuss the competencies and occupational level description applicable to the employee’s job as well as the performance level definitions at the beginning of each appraisal period. Standardized performance level definitions may be supplemented to more clearly describe the observable indicators and behaviors expected for specialized assignments/needs.</li> <li>● Periodic formal review sessions will be conducted throughout the appraisal cycle (the number will be established by occupation/organization).</li> <li>● The automated system will have space for noting the content of discussions held throughout the year, and for a final appraisal for each competency as well as a summary evaluation of the employee’s performance. Input can be solicited from customers, colleagues, subordinates and higher level managers to get as complete a picture of employee accomplishments as possible.</li> <li>● 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.</li> <li>● 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 of goals and objectives if the variable pay sub-option is used, 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.</li> <li>● Local ratings review boards should be established at appropriate organizational levels, e.g., Sector, District, SAIC, to review proposed employee ratings in order to assure equity and consistent application of competency levels across the organization involved.</li> </ul>
5	Appeals	<ul style="list-style-type: none"> <li>● Appeals of ratings at the “Does Not Meet Expectations” level will be within DHS but outside the chain of command.</li> </ul> <p><b>Sub Option</b></p> <ul style="list-style-type: none"> <li>● External appeal of “Does Not Meet Expectations” performance ratings or appeal through a negotiated grievance procedure.</li> </ul>
6	Evaluation	<ul style="list-style-type: none"> <li>● A two pronged system for evaluating the competency-based performance system will be developed.</li> </ul>

## Competency-based System [13]

<b>P Performance Management System</b>	
System elements:	Summary description:
	<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> <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> <li>● Adjustments will be made to the system based on findings, as appropriate.</li> </ul> <p><b>Sub Option:</b></p> <ul style="list-style-type: none"> <li>● A Departmental Performance Review Board, composed of management, peers, employee representatives (if any), will review a sample of ratings for consistent interpretation and application of performance level definitions. If the variable pay sub-option is used, the Board may also review documentation of contributions for consistency with organizational accomplishments and appropriate differentiations in amounts of variable pay.</li> </ul>
Other	<ul style="list-style-type: none"> <li>● If an employee's performance is rated "does not meet expectations" in a core competency, the employee may be moved to a position/occupation level that does not require that core competency (if one is available) with an accompanying reduction in pay or may be removed from Federal service. Performance in additional competencies rated "does not meet expectations" will result in loss of certification for that competency with an accompanying reduction in pay.</li> <li>● An employee's performance can be rated at the "does not meet expectations" level on a core competency only after complying with Departmental procedures for addressing poor performance during the appraisal period.</li> </ul>