

Pay, Performance Management and Classification options overview

Time-Focused	Performance-Focused	Competency-Focused
<ul style="list-style-type: none"> ▶ Traditional graded systems with pay progression based primarily on time in grade ▶ Strict cost controls, but little flexibility to adjust individual pay ▶ GS pay system: 15 grades with narrow pay ranges, guaranteed annual pay increases & regular step increases ▶ Possible modifications include broader pay ranges, smaller step increases & open pay ranges ▶ Some options introduce greater performance sensitivity 	<ul style="list-style-type: none"> ▶ Different pay structures for major DHS occupational groups (e.g., law enforcement, supervisor/manager), based on national and/or local labor markets ▶ Most use wide pay bands or current grades, with or without linkage to GS structure ▶ Individual pay increases may or may not be linked to structural pay increases 	
	<ul style="list-style-type: none"> ▶ Progression based on individual and/or organizational performance ▶ Open pay ranges or step structure ▶ Increased funding for variable pay/bonuses ▶ Cost management thru forced distribution of ratings, pay pools, or ranking by review panels 	<ul style="list-style-type: none"> ▶ Progression based on acquisition & evaluation of competencies ▶ Could use base pay structure with add-on pay for competencies or open pay ranges ▶ Hybrids use combinations of time, competency & performance approaches

4 Options

8 Options

4 Options

Rank in Person	Collective Bargaining	Other
<ul style="list-style-type: none"> ▶ Person-based, rather than position-based, pay & classification system (similar to military or Foreign Service systems) ▶ Attainment of rank based on performance or competencies ▶ No “up or out” provision ▶ Wide pay bands or current grades, with or without linkage to GS structure ▶ May be suited for employees in law enforcement, inspector & intelligence jobs 	<ul style="list-style-type: none"> ▶ DHS unions & management bargain over all issues relating to pay, performance & classification ▶ Covers bargaining unit employees only ▶ Bargaining at national or local level 	<ul style="list-style-type: none"> ▶ Includes stand-alone classification and performance management systems ▶ Includes “plug & play” options addressing cost controls, awards, and hiring system

1 Option

1 Option

9 Options

The following pages highlight current options under each category

There are 4 time-focused options

General Characteristics: Pay & classification systems based on General Schedule system, with 15 grades

Options	Index #	Key Features
General Schedule (status quo)	1	<ul style="list-style-type: none"> ▶ Pay: 15 grades, 10 steps, time-focused; annual general (structural) & locality increases apply to all; steps granted upon meeting specified waiting periods provided performance is acceptable; additional step increases may be granted based on highest level of performance ▶ Performance Management: option will work with any performance system that results in the issuance of a summary rating ▶ Classification: based on duties/responsibilities and qualifications required for the job
General Schedule (expanded range with 15 steps)	2	<ul style="list-style-type: none"> ▶ Pay: adds 5 steps above step 10; progression through steps 1-10 granted upon meeting specified waiting periods provided performance is acceptable; progression through the top 5 steps based on (1) outstanding performance, or (2) senior level expertise ▶ Performance Management: option will work with any performance system that results in the issuance of a summary rating ▶ Classification: status quo
General Schedule (current range with 16 steps)	3	<ul style="list-style-type: none"> ▶ Pay: divides current GS rate ranges into 16 steps; 0-3 step increases granted annually based on performance rating (below acceptable-no step granted, acceptable-1 step, exceeds-2 steps, outstanding-3 steps) ▶ Performance Management: option will work with any performance system that has at least 1 summary rating level above acceptable ▶ Classification: status quo
General Schedule (current range with constant progression)	4	<ul style="list-style-type: none"> ▶ Pay: GS rate ranges without steps; employees receive annual 1.75% pay increases through the 80th percentile of rate range based on acceptable performance; high-performing employees may be granted a total of 2, 3, or 4 times the 1.75% increase; pay increases in top 20th percentile of range require highest performance rating ▶ Performance Management: option will work with any performance system that has at least 1 summary rating level above acceptable ▶ Classification: status quo

There are 8 performance-focused options

General Characteristics: Performance-based systems link individual base pay and bonuses to individual, team, and/or organizational performance. Most options do not provide for any automatic pay increases.

Options	Index #	Key Features
Broad Banded Performance Pay System (panel with controlled distribution)	5	<ul style="list-style-type: none"> ▶ Pay: open range payband structure with entry, journey, senior & manager paybands (60-90% range); extends top pay rates to ES-2; salary increase budget = general increase + GS step increases + locality increases; pay progression based on performance ratings; no general increase ▶ Performance Management: 4-level customizable performance system; measures results achieved and competencies; uses 360 degree input and/or team achievement; panels control distribution of ratings ▶ Classification: occupations grouped into clusters based on required competencies, similarity of work, current pay levels & labor market rates
Broad Banded Performance Pay System (share system)	6	<ul style="list-style-type: none"> ▶ Pay: open range payband structure with variable number of pay bands for each job family; a series of 40% ranges (loosely based on GS grades) form basis for development of wider pay bands; pay progression funded from pay pools using a “share” formula that provides greater increases to higher performing employees; DHS determines amount of any general increase; employees with below-acceptable performance ratings receive no general increase ▶ Performance Management: components select from menu of performance management rating patterns that each include one or more levels above acceptable ; general focus is on results/contributions and behaviors that demonstrate desired skills and competencies ▶ Classification: occupations assigned to pay bands based on labor market rates, mission criticality, and other factors as determined by DHS
Broad Banded Performance Pay System (variable pay)	7	<ul style="list-style-type: none"> ▶ Pay: open range payband structure w/ separate scale for non-SES work above GS-15 level; locality pay and a portion of general increase (e.g., 10-25%) for all employees; performance pay budget = remainder of general increase + GS step increases + quality step increase + performance award funds; employees ranked by panel; top tier performers receive base pay increases and bonuses, middle tier receive smaller base pay increases and smaller bonuses; bottom tier receive nothing; no general increase ▶ Performance Management: work plans describe job/work expectations ▶ Classification: based on occupational clusters
Broad Banded Performance Pay System (GS-linked)	8	<ul style="list-style-type: none"> ▶ Pay: open range payband structure based on GS grades; occupational paybands comprise one or more ranges; 75% of the GS general increase paid to all with at least acceptable performance; remaining 25% allocated to performance pool, which funds pay increases using a “share” formula that provides greater increases to higher performing employees; coordination of system by DHS committee that includes line managers ▶ Performance Management: components select from menu of performance management rating patterns that each include one or more levels above acceptable ; general focus is on results/contributions and behaviors that demonstrate desired skills and competencies ▶ Classification: modified GS classification system to establish no more than 20 occupational groupings that would share a common set of paybands

Performance-focused options (continued)

Options	Index #	Key Features
15 GS-linked Grades with 45-60% Open Ranges	9	<ul style="list-style-type: none"> ▶ Pay: 15 GS-based open range paybands (45-60% range); control point at 67th percentile – only outstanding employees and certified experts may advance beyond control point; pay progression tied to performance ratings; if insufficient funds are available to pay performance-based increases, payments are applied in a specific priority order or are prorated; increases that would exceed top of payband provided as a lump sum; employees with below-acceptable performance ratings receive no general increase ▶ Performance Management: option will work with any performance system that has at least 1 summary rating level above acceptable ▶ Classification: status quo
15 GS-linked Grades with 40% Open Ranges (share system)	10	<ul style="list-style-type: none"> ▶ Pay: 15 GS-based open range paybands (40% range); employees with below-acceptable performance ratings receive no general increase; performance pay pools = GS step increases + quality step increases; within band pay progression funded from pay pools using a “share” formula that provides greater increases to higher performing employees; pay increases that would exceed top of band converted to a lump sum; cash awards would be allocated in accordance with DHS guidelines ▶ Performance Management: option will work with any performance system that has at least 1 summary rating level above acceptable ▶ Classification: status quo
IRS Modified System	11	<ul style="list-style-type: none"> ▶ Pay: payband structure based on GS grades, with steps; GS general increase paid to all employees; pay progression based on performance ratings over a 2-year period; employees receive one step for meeting established step advancement criteria, and two steps for meeting “fast track” criteria; step advancement criteria more stringent at higher steps ▶ Performance Management: 4-level performance system focused on results and balanced measures (customer satisfaction, business results, employee satisfaction) ▶ Classification: status quo, based on lowest grade in band
TSA/FAA Modified System	12	<ul style="list-style-type: none"> ▶ Pay: 13 open range paybands (35-55% range), approximately 2-3 ranges per occupation; employees with below-acceptable performance ratings receive no general increase; pay progression based on organizational performance + individual performance using forced ranking process; general increase (organizational success increase) = GS general increase + up to 1%; secondary adjustment is the “individual contribution increase”; pay increases that would exceed top of band converted to a lump sum ▶ Performance Management: narrative pass-fail performance management system focused primarily on results or accomplishments ▶ Classification: limited number of job families based on labor market factors and occupational similarities

There are 4 competency-focused options

General Characteristics: Competency-based systems generally make use of a set of competencies (i.e., knowledge, skills, and abilities) developed for specific positions/occupations as a key component in classifying jobs, setting basic pay, and managing performance. Each of these options uses competencies to some degree, but most also have a strong performance component.

Options	Index #	Key Features
Competency-based System	13	<ul style="list-style-type: none"> ▶ Pay: overall pay levels based on occupational surveys; base pay rates established for entry, journey, senior & management levels based on local/national pay surveys; additional pay for individual competencies priced separately; once employee receives required training, demonstrates competency on the job and is certified in that competency, pay for that competency is added to employee's pay; structural pay adjustments apply to all employees at an acceptable level of performance; pay progression through acquisition of competencies ▶ Performance Management: 3-level system based on evaluation of competencies ▶ Classification: simplified GS system; establishes occupational groups with similar knowledge, skills, and abilities; each occupation has 3 non-supervisory levels: entry, journey & senior
Competency/Performance-based System	14	<ul style="list-style-type: none"> ▶ Pay: open range payband structure (could be based on GS grades); occupational ranges established through local market surveys; pay progression based on acquisition of competencies or accomplishments (depending on employee level); portion of GS general increase paid to all with at least acceptable performance ▶ Performance Management: 3-level system based on evaluation of competencies and accomplishments; entry level employees assessed on skills/competencies, developing professionals assessed on competencies/results, and full professionals assessed primarily on individual accomplishments ▶ Classification: uses GS occupational categories to establish occupational job families with occupation-specific competencies

There are 4 competency-focused options (continued)

Options	Index #	Key Features
Longevity/ Competency/ Performance- based System	15	<ul style="list-style-type: none"> ▶ Designed to cover non-supervisory law enforcement and related positions, including inspectors ▶ Pay: 4 paybands within each occupational group: developmental, career-enhancement, journey & master; in developmental and career-enhancement band pay progression based on acquisition of competencies and longevity; in journey and master bands, pay progression based on performance; GS general increase paid to all with at least acceptable performance; non-competitive promotion to career-enhancement and journey bands based on competencies; competitive promotion to master band ▶ Performance Management: pass/fail at developmental and career-enhancement bands based on assessment of competencies; 3 performance levels for journey and master bands with focus on contribution to mission and assessment of individual and team contributions ▶ Classification: GS system to establish occupational series; DHS to group enforcement positions with similar career paths, define developmental, career-enhancement, journey & master bands
GAO Modified System	16	<ul style="list-style-type: none"> ▶ Pay: 15 open range paybands linked closely to GS grades; GS general increase paid to all employees; pay progression based on ranking employees in categories based on performance of competencies; pay increases that would exceed top of band converted to a lump sum ▶ Performance Management: performance measured using competency-based measures and standards; employees ranked but no summary ratings of performance ▶ Classification: based on DHS job family definitions using GS series; DHS establishes competencies required for each level of work within each job family

There is 1 rank in person and 1 collective bargaining option

Options	Index #	Key Features
Rank in Person System	17	<ul style="list-style-type: none"> ▶ Proposed primarily for use in research positions and law enforcement and related occupations ▶ Pay: open range payband structure similar to TSA/FAA modified system; ranges adjusted annually based on market survey data, availability of funding, and turnover and recruitment data; pay progression based on performance ▶ Performance Management: 3 levels based on assessment of employee performance against standards, employee contribution, and complexity of the work performed ▶ Classification: payband determined by person, not position; payband (rank) based on skill, experience, and performance requirements; positions classified as entry, full, senior or manager; uses GS occupational structure

Options	Index #	Key Features
Collective Bargaining	18	<ul style="list-style-type: none"> ▶ All aspects of pay, classification & performance management systems subject to collective bargaining for all DHS bargaining unit employees (including actual rates of pay, pay increases & processes used to determine pay) ▶ DHS management determines pay, classification & performance management systems for non-bargaining unit employees ▶ Negotiations could include both current GS and wage system employees ▶ Bargaining options include (1) nationwide multi-union/unit bargaining or (2) bargaining by individual unions on behalf of represented employees

There are 9 other options – 5 stand-alone Classification or Performance Management options ...

Options	Index #	Key Features
Occupation-based Classification System	19	<ul style="list-style-type: none"> ▶ Occupations placed in four broad categories: Homeland Defense and Protection, Scientist/Engineer, Supervisory/Managerial, and Program/Other ▶ Positions evaluated against four factors (specific to occupational category) to determine level within the pay structure adopted by DHS
DHS Classification System	20	<ul style="list-style-type: none"> ▶ Initially adopts status quo GS classification system for DHS, but allows DHS discretion to change standards ▶ Any changes would be subject to collective bargaining
Status Quo Performance System	21	<ul style="list-style-type: none"> ▶ Allows components to develop their own performance appraisal system consistent with OPM regulations and DHS guidance ▶ Suboption would make this a DHS system, allowing DHS to revise system
USCG Modified Performance System	22	<ul style="list-style-type: none"> ▶ Adopts current US Coast Guard performance appraisal program on a Department-wide basis ▶ Depending on position, employees evaluated against some or all standard core competencies, as well as employee-specific work plans ▶ 3 performance rating levels
SES Modified Performance System	23	<ul style="list-style-type: none"> ▶ Adopts SES model for pre-decisional review of performance ratings by Performance Review Boards with no appeals

... and 4 plug-and-play options

Options	Index #	Key Features
Manage to Budget (plug & play) <i>Cost Management</i>	24	<ul style="list-style-type: none"> ▶ Provides a cost management system for options that delegate pay, performance management & classification decisions to lower management levels
Qualifications Ranking System (plug & play) <i>Hiring</i>	25	<ul style="list-style-type: none"> ▶ Abolishes use of OPM minimum qualification standards ▶ Provides for category ranking of employees determined to be “eligible” based on objective criteria (e.g., citizenship, positive education requirement, licensure) ▶ Allows ranking to be based on one or more inputs, e.g., written application, interviews, tests
Gainsharing/ Goalsharing System (plug & play) <i>Awards</i>	26	<ul style="list-style-type: none"> ▶ Provides for payment of cash awards to team members based on (1) cost savings in a production environment (gainsharing) or (2) achievement of specific pre-defined goals (goalsharing)
Elimination of Wage System (plug & play) <i>Pay and Classification</i>	27	<ul style="list-style-type: none"> ▶ Places blue-collar positions under the same pay system as white-collar positions ▶ Pay, classification & performance management decisions made by DHS in accordance with the systems adopted for white-collar positions