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NAPA

Modernizing
Federal Classification:

*An Opportunity
for Excellence*

A Report by an Academy Panel

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**MODERNIZING FEDERAL CLASSIFICATION:
AN OPPORTUNITY FOR EXCELLENCE**

A Report by an Academy Panel

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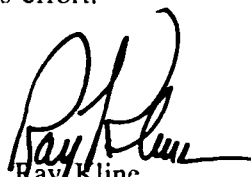
PREFACE

The National Academy of Public Administration with funding and in-kind support from eighteen federal agencies conducted a study of the general schedule classification system prescribed by the Classification Act of 1949 (P.L. 81-429), as amended, and codified in Chapter 51 of Title 5, United States Code. The Academy was asked to propose changes to the federal system to meet the human resources challenges of the future. The report Modernizing Federal Classification: An Opportunity for Excellence, presents recommendations to achieve that objective.

The study was led by an Academy Panel of public administration professionals from federal, state, and local government and human resources management experts from academia and the private sector. An advisory committee of representatives from the sponsoring agencies and a working group of experts in federal personnel management and work classification were very helpful in providing advice and guidance during the course of the study.

In recommending a more modern federal classification system, the Academy Panel sought to resolve issues raised during the study and to address problems with the current classification system, while satisfying the legal principle in Title 5 of equal pay for substantially equal work. The recent pay reform legislation (P.L. 101-509) was a giant step in preparing the federal personnel system for the competitive challenges of the future. It is vital that we now design a classification system that will complement pay reform and strengthen the ability of government to attract, effectively employ, and retain a quality work force.

We urge the Office of Personnel Management (OPM) to take the next step by recommending to Congress specific legislative changes that would authorize OPM to establish a more modern, effective, and efficient classification system in accordance with the model proposed in this report. And we urge the agencies of the executive branch, other members of the public administration community, and members of Congress to support OPM in this effort.



Ray Kline
President

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GLOSSARY

AT&T	American Telephone and Telegraph
BOB	Bureau of Budget
CFWS	Coordinated Federal Wage System
CIA	Central Intelligence Agency
CSSA	Civil Service Simplification Act
CSC	Civil Service Commission
DOD	Department of Defense
FEPCA	Federal Employees Pay Comparability Act
FES	Factor Evaluation System
FTE	Full Time Equivalent
FWS	Federal Wage System
FY	Fiscal Year
GAO	General Accounting Office
GE	General Electric
GS	General Schedule
HHS	Department of Health and Human Services
HRM	Human Resources Management
IBM	International Business Machines
MSA	Metropolitan Statistical Area
MSPB	Merit Systems Protection Board
NAF	Nonappropriated Funds
NAPA	National Academy of Public Administration
NIST	National Institute of Standards and Technology
NSF	National Science Foundation
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PATCO	Professional, Administrative, Technical, Clerical, and Other
PD	Position Description
PMRS	Performance Management and Recognition System
RGEG	Research Grade Evaluation Guide
RIF	Reduction In Force
SES	Senior Executive Service
SGEG	Supervisory Grade Evaluation Guide
USC	United States Code

EXECUTIVE SUMMARY

INTRODUCTION

The U.S. government grows increasingly complex and continually requires a more skilled work force to fulfill the many missions its departments and agencies perform. To accomplish this, the federal government needs a classification system that permits it to accurately define work and structure its diverse organizations in the best way possible. The inadequacies of the current system are long standing and continues today:

- When the system was established in 1949, most public and private sector work produced goods; today's economy renders more services and delivers information.
- Hierarchical organizational structures no longer fit the way much work is done, and yet the federal system supports that outdated pattern.
- Today's small labor pool provides fewer qualified applicants for more complex jobs. Federal executives cannot recruit effectively for employees and will be less able to hire a future quality work force.
- Effective work accomplishment is not supported. Employees are pigeon holed into artificially discrete "positions" that are over-specialized.
- Pay is distorted, managers are not accountable, too much paper is generated, and management and organization needs are not met.
- There is a high human cost. Employees, supervisors and personnel managers cannot work with a system that lacks flexibility, has difficulty in maintaining currency, is not fully geared to match people to work, and is not in sync with agency missions.

The National Academy of Public Administration's 1983 report, Revitalizing Federal Management: Managers and their Overburdened Systems, called for greater manager involvement in classification, a more simplified and flexible method of defining and categorizing work, and a new federal

classification system. While independent federal personnel systems and OPM approved agency demonstration projects have illustrated the first two aspects, the moribund classification system remains.

LOOKING TO THE FUTURE

The key difference between 1983 and today is pay reform. The 101st Congress passed the Federal Employees Pay Comparability Act in 1990. The classification system need no longer be used as a vehicle to circumvent a noncompetitive federal compensation system. More important, if the federal classification system is not modernized now, the costs of past overgrading will intensify as federal pay rises. The other key point is that there has now been sufficient experience with pay banding to indicate its efficacy beyond the research and development environment in which it was piloted.

Recognizing the burden of the present system and wanting to take advantage of this auspicious window of opportunity, 18 federal agencies joined with the National Academy of Public Administration to assess the current system, research options, and develop a model approach to classifying work in the federal government. This report is the result of a year of work, employing a wide range of methodologies.

Today, many successful organizations are moving to flatter structures with fewer jobs in middle management, greater flexibility in defining work according to the skills of those who perform it, and pay systems that reward top performers yet encourage teambuilding among their workers. The Academy Panel believes that the model it has developed will modernize the federal classification system. This can largely be done within current law, with only minor technical adjustments.

The time to act is now. Accordingly, the Academy Panel on the Federal Classification System offers the following recommendations.

The Office of Personnel Management (OPM) should:

- Categorize all job series into a relatively small number of occupational families based on similarities in career progression, skill requirements, recruitment methods, training needs, and performance management.

- Determine career bands for each occupation that are based on the logical career progression of entry/development, full performance and senior/expert levels.
- Link the content definition of all levels for all families to the 15 grade level definitions in Title 5.
- Develop a classification guide for supervisory positions.

OPM should also take the lead to:

- Establish the policies for adjusting pay within bands.
- Differentiate between pay for supervisory and non-supervisory employees.
- Develop timely classification standards for occupational families that are governmentwide in scope.
- Delegate to one agency the lead for establishing occupational bands and developing standards, when an occupation's population is primarily in one agency.

To implement the new system, OPM should:

- Develop with agencies orientation programs that explain the details of the new classification system to managers, employees, and unions.
- Develop training classes on classification techniques for managers and evaluation techniques for classifiers.

Much of the work to bring about the new system as expeditiously as possible entails working with others. OPM should:

- Consult and coordinate with Congress, the Office of Management and Budget (OMB) and federal agencies on developing a phased-in process to convert employees into appropriate families and bands. This should include detailed plans and time tables. An explicit policy statement

is needed so that no employee will lose pay due to conversion to the new system.

- Develop coordinated OMB, OPM, and agency policies on managing to budget and other management controls needed to manage effectively federal human resources. Such policies should also recognize features such as delegation of classification authority to managers and fully use incentive programs such as "gain sharing."

INTEGRITY THROUGH SIMPLICITY

The Academy Panel's model classification system will: (1) be simpler to administer and more flexible than the current system; (2) achieve management buy-in; (3) be responsive to employees' interests; (4) increase system integrity and accountability; and (5) provide a stronger link between the classification process and other human resources and management functions.

The Academy Panel believes that the model classification system could be implemented in a cost neutral manner by building in sufficient management controls. Major legislation is not necessary. Only technical changes to Title 5 legislation will be required, and they are consistent with the 1990 Federal Employees Pay Comparability Act.

THE OBJECTIVES OF A FEDERAL CLASSIFICATION SYSTEM

The objective of the current system, that there be equal pay for substantially equal work, is intrinsically sound and relevant for any classification system. However, by itself it is not sufficient to produce the best system. The Academy Panel sees two major system objectives and seven major system criteria.

Objectives

- The treatment of employees should be fair and the results equitable.
- The system should support effective work accomplishment and achievement of agencies' missions.

To achieve these two objectives requires mutually reinforcing actions, which may at times create a dynamic tension between the objectives. The objective of fair and equitable treatment of employees should take precedence.

Criteria

The system and its supporting processes must be:

- **Manageable:** Produce timely results. be maintainable, current, efficient and cost effective.
- **Flexible:** Be equally appropriate to labor market (or occupation) surpluses or shortages. The system should be adaptable to the way work is organized and accomplished by different organizations. It should expand employees' opportunities to move among different work situations, be able to distinguish between non-supervisors and managers, and minimize the vulnerability of the system's integrity to external pay equity problems.
- **Understandable:** Human resources professionals, managers, employees, labor organizations, Congress, oversight groups and the taxpayers need to easily comprehend the system.
- **Able to delegate some authorities without loss of system integrity:** Managers can assume more responsibility for the results of a system if they have the flexibility to be part of the system. This can be accomplished by assigning classification authority to them. However, they will need proper training and agencies must retain sufficient oversight and controls so that fairness and equity are not compromised.
- **Supportive of and linked to other human resources management functions:** Appropriately classified work provides a direct basis for establishing individual performance plans and career development and training programs, and should support other functions such as compensation programs, reduction in force activities and equal opportunity.

- Useful for and correlated with other management systems: The system's data structure should interface with other management systems, such as management information, budget, and management-by-objectives (MBO). Agency management will know more about its work force structure, and can better manage programs and perform strategic planning.
- Soundly applied: The system must produce accurate and reliable results and allow for adequate monitoring and evaluation on behalf of agency heads. They are ultimately accountable for the system's operation.

SEARCHING FOR ALTERNATIVES

The Panel considered many alternatives for moving the current system closer to meeting the stated objectives and criteria. At the outset, the Panel explored whether federal needs could be met by borrowing a complete existing system or a major portion of one. After evaluating existing systems against the proposed objectives and criteria, the Panel concluded that no one classification system is inherently better than others. Each organization must design a system based on its mission, structure and operations, culture and human resources management objectives. This was the prevailing view of the practitioners and experts consulted in the study.

Seeking Flexibility and Simplicity

Flexible classification systems respond to changing organizational and work force dynamics:

- Leaner and flatter organizational structures can deal with worldwide competition and shrinking work force and funding resources.
- New ways of thinking about work assigns functions more fluidly, not drawing lines around duties and expecting a classification system to keep the lines in tact.
- New employer/employee attitudes focus on careers and professional growth, with organizational loyalties shifting

in response to career opportunities. Classification systems must reflect more of individuals' aspirations and the career path implications of designing and assigning work.

Organizations in private and public sectors are searching for ways to decrease the cost of maintaining classification systems. Many are:

- Moving toward systems with fewer distinctions in terms of series/occupation and level.
- Developing systems to automate all or part of the classification decision process.
- Decentralizing administration of their classification systems to reduce time and cost.

DESIGNING THE MODEL SYSTEM

Person-based systems allocate rank to the individual based on competencies. This approach enhances flexibility in managing scientific and professional employees. It has been adopted by several federal agencies, including the Foreign Service, uniformed military services, and medical professionals within the Department of Veterans Affairs. But it was considered inappropriate for this study because it has not been shown to be effective in improving the operational effectiveness of a broad and occupationally diverse work force such as the federal white-collar work force. In addition, adoption of person-based classification has in the past required an exemption from Title 5. It also poses challenges in assuring fairness and equity generally.

A system of fine distinctions has many grades or levels, as with the current federal system. This approach is expensive to administer, difficult to keep current, and inflexible in accommodating to differences in organizations.

A system of broad distinctions has few grades or levels. This broad approach offers the best opportunity to meet the Panel's objectives and criteria, and was used as the starting point for model system design.

Model Emphasizes Work Rather Than Positions

A fundamental change is needed in the perceived role that "position classification" and "position management" play in how human resources are used to accomplish work. These two terms have evolved over time to understate for

"position classification" and overstate for "position management," the accomplishments of the classification system. Basic to each is that the terms serve the current thinking, especially that of managers, that the classification system is a tool for the personnel community rather than a tool for structuring and aligning work and the people who do it.

The model refers to classifying work rather than positions. Position classification ignores fundamental factors that affect work such as motivation, creativity and interaction with other people. A system that concentrates on individual positions restricts the organization unnecessarily. Classifying work places an organization in the best posture to develop, promote and use the skills of its work force. While the term "position classification" is too narrow and restrictive, the term "position management" overstates the product of a classification system. Classification is only one tool in managing positions (individuals). It must link to other tools such as work force planning, performance appraisal, career development, pay setting systems and work force diversity initiatives. The model uses the term "work management."

Model Overview

The Panel's model categorizes the 459 federal job series into occupational families based on similarities in career progression, basic skills, recruitment, training, and performance management. Figure ES 1.1 describes an example of ten occupational families.

FIGURE ES 1.1 FRAMEWORK FOR OCCUPATIONAL FAMILIES

OFFICE SERVICES--General office administration positions. Typical examples include secretary GS-318 and clerk-typist GS-322.

GENERAL SUPPORT--A mixture of clerical positions including aides, assistants, certain technicians, and trainees. The duties are in support of professional, technical, specialized, and administrative functions that are occupation-specific. Examples include medical clerk GS-679 and statistical assistant GS-1531.

TECHNICAL--Specialists, certain technicians, paraprofessional and sub-professional who directly support professional disciplines. Examples include safety technician GS-019 and electronics technician GS-856.

ADMINISTRATION--Administration and management functions and processes. Examples include personnel management GS-201 and financial management GS-505.

ANALYSIS--Review, analysis, and evaluation of programs and processes. Examples include GS-343 program analyst and GS-1160 financial analyst.

ENGINEERING--Professional (positive education requirement) engineering positions. Examples include civil engineer GS-810 and petroleum engineer GS-881.

SCIENCES--Physical, biological and related scientific occupations that have a positive education requirement. Examples include microbiologist GS-403 and geologist GS-1350.

HEALTH--Medical and health sciences. Examples include GS-602 medical officer and GS-660 pharmacist.

LAW ENFORCEMENT AND INVESTIGATION--Law enforcement or investigation. Examples include GS-083 police, GS-085 security guard, and GS-1810 general investigator.

OTHER--Social science, mathematics, accounting, contracting and procurement. Examples include psychologist GS-180 and Accountant GS-510.

The model defines each occupational family on a governmentwide basis, including three classification levels that correspond to the logical career paths of developmental, full performance, and senior/expert. Agencies can establish finer distinctions in occupations essential to their missions. Figure ES 1.2 shows the relationship between a governmentwide and an agency standard.

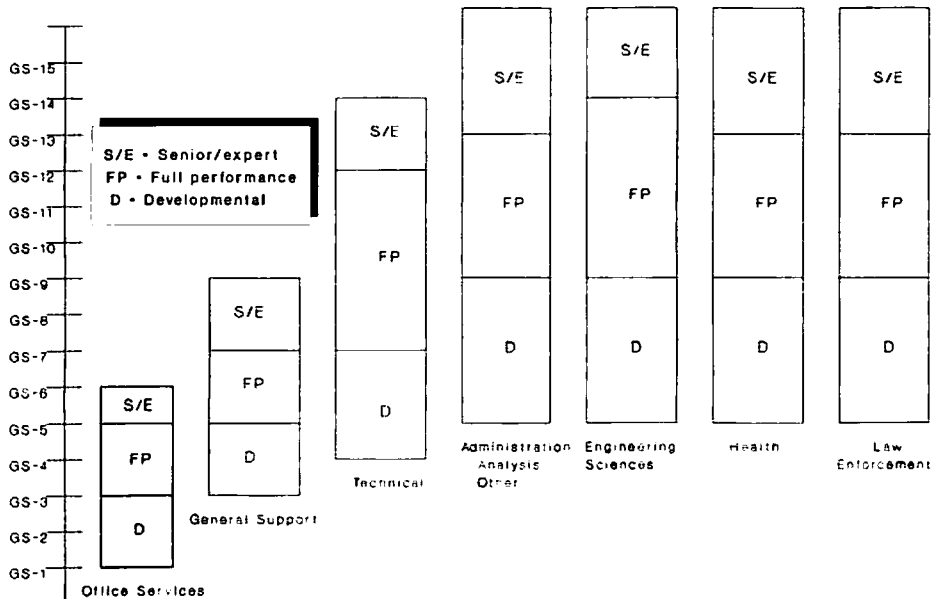
FIGURE ES 1.2
Relationship of Governmentwide Standard to Agency Standard
 (Administrative Occupational Family)

Government Standard (OPM)		Agency-Defined Standard	
<ul style="list-style-type: none"> • Complex • No technical supervision received 	Senior/Expert Level	S/E-II	<ul style="list-style-type: none"> • Very complex, broad scope • Requires no technical supervision, i.e., is the program/subject matter expert for the organization served
	<ul style="list-style-type: none"> • The full range of activities • General technical supervision received 	Full Performance	S/E-I
<ul style="list-style-type: none"> • Less than the full range of activities • Specific technical supervision received 		Developmental	FP-II
	FP-I		<ul style="list-style-type: none"> • Full range of activities, restricted scope • Functions independently with regard to most program/subject matter decisions
		D	<ul style="list-style-type: none"> • Less than the full range of activities • Limited independence of action, i.e., program/subject matter decisions are reviewed for technical adequacy

The Panel’s model links the content definition of all levels for all families to the 15 grade level definitions in Title 5, thereby ensuring governmentwide equity or consistency among all positions. Figure ES 1.3 shows an overview of the occupational family bands relationship to the 15 grade levels in Title 5.

FIGURE ES 1.3

Model Overview



WHAT THE MODEL ACCOMPLISHES

The Panel’s proposed model of occupational families and career banding:

- Reduces the cost of maintaining and administering the system.
 - Fewer standards, work descriptions and associated forms and processes to develop and maintain.
 - Fewer classification decisions to be made and less time for those that are.
 - Easier to automate.

- Provides greater flexibility.
 - Allows managers to "screen-in" applicants, thereby improving capability to recruit.
 - Enables managers to structure work less hierarchically, encouraging organizational streamlining.
 - Offers broader career paths, enhancing employee development among different career experiences.
 - Better enables managers to use people to accomplish agency mission.
- Greater simplicity, flexibility and delegation offer managers better incentives to be responsible for final results of classification.
- Improves responsiveness to employee career interests. The principles of equity and merit are retained, and career opportunities are broader and easier to understand.
- Balances management flexibilities with offsetting changes in management controls and oversight. Resources saved by moving to a less administratively complex system could be used to strengthen OPM and agency oversight and evaluation.
- Provides a stronger, more logical link to other HRM and management systems.

COMPARISON OF NAPA MODEL AND CURRENT SYSTEM

Figure ES 1.4 shows the differences between the process and products of the model and the current system. The model reduces the number of standards and the frequency of classification actions required by the current system. It combines occupational standards with organization mission statements, work statements and qualification requirements. The product is then linked to employee performance documents and career development plans. The product of the current classification system (a position description), has no requirement to be linked to performance documents or career development plans, and most often is not.

FIGURE ES 1.4

COMPARISON OF NAPA MODEL AND CURRENT SYSTEM

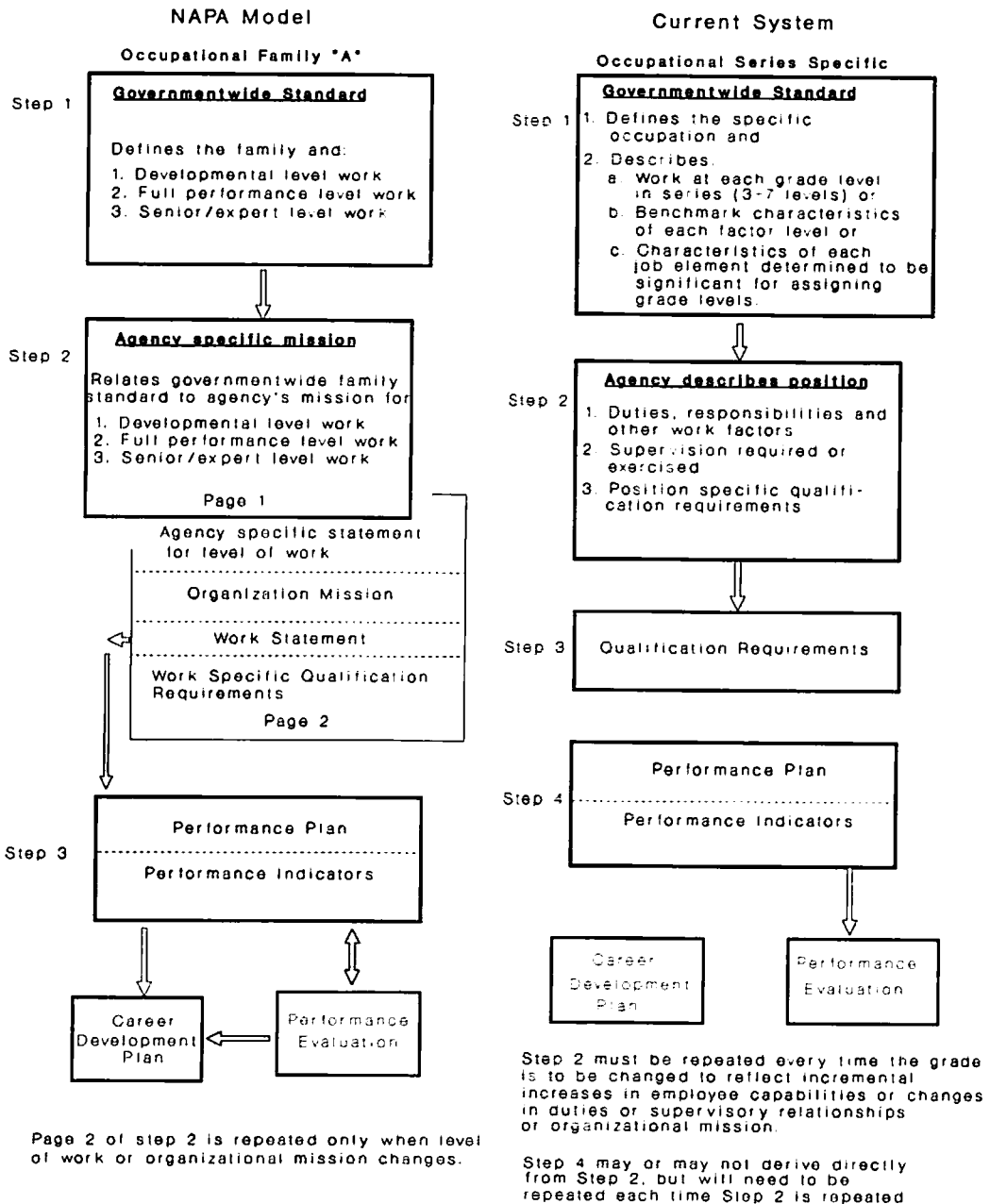


Figure ES 1.4 (continued)

NAPA MODEL

- Based on a single classification standard for an entire occupational family that defines the scope of the family and the nature of work within the family at each competency level, i.e., developmental, full performance, and senior/expert.
- Allows each agency, if it wishes, to establish an agency-specific statement that relates the governmentwide family standard to the agency's mission by further defining the work at each competency level in terms of the activities and structure of the agency.
- Allows for appending to the agency-specific statement a statement of the organizational unit's mission, a work statement, and any work-specific qualification requirements. This work statement remains in effect throughout the entire band level (e.g., developmental). The work statement would change only when work requirements change to another level (e.g., full performance, senior/expert)
- Allows the same documentation to be used for work at the same career level (e.g. full performance) within the occupational family.
- Requires the development of a performance plan and performance indicators that are directly related to the work statement. Required to determine both pay progression through the grade band and level of competency for promotion purposes.
- The definition of each work level within an occupational family serves as a career development planning guide. Employees can readily see the relationship between levels of work and the competencies needed to progress within the occupational family.

CURRENT SYSTEM

- Based on a classification standard or guide for each distinct occupation or, more recently, for a very few closely related occupations. These standards/guides define the occupation and may define the grade level differences for that occupation, the benchmarks for each factor level, or may identify the job elements significant to assigning grade levels.
- There is no counterpart to this feature, although an agency may develop a classification guide for each of its major occupations.
- Requires an individual description of duties, responsibilities, and supervisory relationships each time they or the employee's competency changes enough to invalidate the currently assigned grade level. This may be done up to 7 times from entry to the maximum grade level for the position. Qualifications factors are developed separately from classification.
- Requires a new position description every time the work broadens or the emphasis changes so as to cause the position to be classified at a different grade level or in another occupational series.
- Encourages the development of job-related performance standards and indicators, but gives them no direct relationship to pay progression or frequency of promotions.
- There is no counterpart feature because of the fragmented way in which occupation-specific standards are written.

TRANSITION ISSUES

The Academy Panel's model classification system achieves administrative efficiencies and supports mission accomplishment. The Academy Panel strongly recommends actions that move toward such a system. Action should begin now. The administration's leadership, including that of OPM and OMB, should resist the temptation to defer making significant changes in the classification system because the pay comparability problem is being fixed.

Improving the classification system should be viewed as the companion to pay reform, and the changes seen as helping the new pay system work.

- OPM should take the lead as the executive agent to initiate, coordinate, and manage the changes needed to modernize the federal classification system. OPM should coordinate with agencies to develop orientation programs for managers, employees, and employee unions, as well as technical training programs for managers and personnel staff.
- OMB, in coordination with OPM and agencies, should develop governmentwide policy to establish managing-to-payroll as a replacement to the current full-time equivalent employment ceiling (FTE) concept of controlling payroll costs. Such a policy shift is critical to overall improvement. With this change, there is no valid reason why a broad banding approach to classification cannot be cost neutral as a matter of policy.
- Consultations with Congress, employee unions, and management and professional associations should begin as soon as possible. Such discussions should emphasize that the intent of the changes is to make the system more responsive and help employees understand better how it works.
- Employees will need to be assured that downgradings and pay reductions are not the objectives. It should be made a matter of clear policy that no employee will lose pay due to conversion to the new system.

- Managers and supervisors must understand that with increased flexibility to organize work and manage staff will come increased accountability for results.

Better federal management through enhanced job classification will take a strong commitment by all concerned. This report focuses on the issues and provides the basis to plan a simpler, more flexible system.

Failure to act will continue today's complex and inflexible system and costs will increase to employees, managers and the taxpayers. With enactment of pay reform, the future costs associated with overgrading will be intensified if action is not taken to improve the classification system. Modernizing federal classification of work is a companion piece to the recently enacted pay reform provisions. Together they provide an opportunity for excellence that a modernized classification system would afford. It can be accomplished by implementing the recommendations of this report.

CHAPTER ONE

INTRODUCTION

The federal system used to classify work is not working as effectively as it was intended when established in 1949.¹ Throughout this period and continuing beyond the 1949 act, problems have been discussed over and over, but change has been minimal. This report reaffirms that the problems which have been historically cited are continuing today and offers solutions for resolving them. It confirms that the system is not meeting the needs of modern human resources management, satisfying the demands made upon it by a rapidly evolving federal work force, or supporting agency and program missions. Standards and processes for measuring job worth are not adequately understood and accepted by managers and employees, and the absence of a common understanding of classification criteria and intent leads to distrust and opposition between managers and personnelists.

Managers and personnelists believe the classification system is burdensome, inflexible, unfair, and time-consuming. Classification standards are outdated, while the complexity of the system, including proliferation of individual standards, creates excessive maintenance requirements that prevent standards from being kept up-to-date without substantial increases in personnel and other resources.

Federal human resources management is weakened by the inefficiency and ineffectiveness of the classification system. The system does not effectively support other personnel processes in pay, performance appraisal, staffing, and development. Managers are frustrated by the slowness of the staffing process, due in part to time-consuming classification procedures. General schedule grades and steps weaken the link between pay and performance, and the grade-differentiating criteria of most standards are of little help to employees and their supervisors in career planning and employee development.

This study addresses these and other problems and issues, suggests objectives and criteria for a new federal classification system, offers a model for such a system, and outlines steps and issues for design and implementation.

¹ The federal career civil service was established in 1883, reforming the spoils system, and was further reformed by the Classification Act of 1923 which established the concept of classifying work. The last major legislative change in the design of today's system was the Classification Act of 1949 which further refined the concepts of classification.

EVOLUTION AND PURPOSE OF THE STUDY

The National Academy of Public Administration has examined the current system, commonly referred to as the federal position classification system, in prior Academy studies of federal management. The Academy's comprehensive 1983 report, Revitalizing Federal Management: Managers and their Overburdened Systems,² found that: the majority of classification standards were out of date and inadequate; line managers did not have the authority to control the process; the classification process itself was heavy with red tape; and the process led to adversarial relationships between managers and classifiers.³

These issues, the recommendations of Academy Fellow Thomas McFee, and the Academy's continuing interest in improving federal management led the Academy Panel on Public Service, in the spring of 1990, to suggest a study of the federal general schedule (GS) classification system. An ensuing dialogue with senior personnel directors of 13 major departments and agencies revealed widespread dissatisfaction with the classification system, further attesting to the need for a major study.

The Bush administration had just introduced pay reform legislation to correct long-standing pay problems, and Congressman Gary Ackerman and Senator John Glenn had just introduced pay reform bills. Previous studies had suggested, and some managers in the federal community agreed, that achieving pay comparability with the private sector would resolve classification problems.⁴ Many other human resources managers, however, strongly believed that problems with the classification system went far beyond the reach of pay reform. They cited loss of credibility with program managers and personnel specialists, lack of flexibility, overgrading, outdated classification standards, and the expense of administering the system. The increasing number of agencies using alternative classification systems is significant evidence that the central system is not providing needed support. It is no longer a question of whether the system should change, but rather an issue of managing the change that has already begun.

² A panel report of the National Academy of Public Administration, Revitalizing Federal Management: Managers and their Overburdened System, November, 1983.

³ ibid, p.41

⁴ For example, the Forrer Report states that problems with the federal classification system do not require immediate or major changes in the design of the system. "What does appear to be required is a major improvement in the administration of the classification system together with some significant changes in the way the pay system is designed and implemented." (Classification Task Force, A Federal Position Classification System for the 1980s, April 1981, p.i.)

SCOPE AND METHODOLOGY

The Academy worked with a group of senior personnel managers to plan a project for developing a classification system that would promote pay equity and support agency missions. In June 1990, after 18 agencies had agreed to support the study through financial or in-kind contributions, the Academy signed a one-year contract with the National Science Foundation (NSF) as contracting agent to carry out the study. Representatives from each of the sponsoring agencies formed an Advisory Group to meet regularly with project staff as the study progressed.

The Academy established a Project Panel to supervise the study and oversee the report. The Panel is composed of experienced representatives from academia, the private sector, and federal, state, and local government. Most of the members are also fellows of the Academy. Appendix A contains biographical sketches of Panel members.

The study examined many classification systems: the federal system codified in Chapter 51 of Title 5, United States Code, the systems of government agencies excluded or with special exemptions from Chapter 51; and the systems of other public and private entities. The project staff gathered extensive data from May 1990 through April 1991, and contracted with expert consultants to conduct independent studies or to participate in workshops and meetings on selected topics.

Project staff conducted a thorough literature search to establish an inventory of previously noted problems and solutions as a foundation for deeper study and analysis. The staff developed a bibliography of relevant studies, reports, articles, and academic papers over the last 50 years. Over 70 studies and 40 journal articles were selected for review and the results summarized in a separate document titled "NAPA, Federal Classification Study, Literature Research Results." The literature search enabled the staff to gain an understanding of the theory, history and framework of the federal classification system.

The staff conducted a nationwide survey asking federal employees about their perceptions of the current federal classification system and their reactions to a prototype broad-band system. The Office of Personnel Management (OPM) provided a statistically valid sample drawn from the 20 Metropolitan Statistical Areas (MSAs) having the largest concentrations of federal employees. Questionnaires were mailed to 1,730 federal employees: (1) 86 personnel directors selected from the member agencies of the OPM Inter-Agency Group; (2) 414 classifiers, grade GS-12 and above; (3) 466 mid-level administrative officers and (4) 764 mid-level and senior managers. Forward thinkers in the field of human resources management, recommended by Barbara Fiss of OPM and Howard

Risher of The Wyatt Company, were asked to write responses to open-ended questions on a survey mailed to them. The results of these two surveys helped answer questions on the adequacy of the current system and the need for a new system.

Project staff conducted five focus group discussions with federal employees in Washington, D.C., Atlanta, Kansas City, San Francisco, and Boston. The more than 100 participants in these focus groups were stratified to correspond to the questionnaire population noted above.

Project staff and work group members visited offices of the governments of Canada, Michigan, California, Fairfax, Montgomery, Arlington, Phoenix, Los Angeles, and private sector company offices of AT&T, IBM, and GE Aerospace. Telephone interviews were conducted with representatives of 10 of the 50 largest private sector companies in the country.⁵ Staff also met with Hewitt Associates, a Chicago based world-wide firm of compensation experts, and with union representatives from the American Federation of Government Employees (AFGE), the National Federation of Federal Employees (NFFE), and the National Treasury Employees Union (NTEU).

From OPM data, a current data base was established on each occupational series by occupational group, population, department, type of standard coverage, grade range of each series, and education requirements. Using the same data, the project staff created a second data base to evaluate and test elements of a proposed system.

Consultants with extensive experience in federal personnel management were contracted to study the Federal Wage System (FWS), Department of Defense (DOD) nonappropriated funds activities, demonstration project agencies, and classification practices of 16 federal agencies exempt from 5 U.S.C. 51 requirements. Each agency visit included interviews and work sessions with agency representatives to learn from their experiences in deviating from Title 5, U.S.C. and to get their reactions to a broad-band classification prototype. Study results are summarized in the text, and full reports are included as Appendices D, E, F, and G.

Project staff held a series of meetings with the director of OPM, selected agency representatives, and others to discuss study findings and get reactions to

⁵ American Express (Integrated Payment System), Ford Motor Company, GE Aerospace, General Motors, Hospital Corporation of America, Martin Marietta, May Department Stores, Prudential Insurance, Sears Roebuck and Company, and United Parcel Service (Airline Operation).

draft recommendations. The effect of the recommendations on current laws and regulations (as amended by the 1990 pay reform legislation) was examined through discussions with agency experts. Finally, to determine the impact of broad banding on payroll costs, staff reviewed two agencies exempted from Title 5 and two OPM demonstration projects.

CHAPTER TWO

BACKGROUND

Federal position classification has a long and illustrious history that parallels the founding of the U.S. Civil service in 1883 and the rescue of the service from the spoils system. At that time a true career civil service became possible when the basis for entry and advancement was changed from political affiliation to merit. Merit requires that work be clearly defined.

This chapter recounts the major events that produced the current classification system, then explains the basic characteristics of that system.

HISTORY OF FEDERAL POSITION CLASSIFICATION

The Pendleton Act of 1883 established classification of work as the foundation for replacing the spoils system of political patronage with the merit system. The Pendleton Act, formally known as "an Act to regulate and improve the Civil Service of the United States," required the arrangement "in classes" of certain clerical positions and authorized the president to expand the classification coverage to other positions. Classification was seen as a necessary first step in the equitable treatment of applicants and employees.

The Classification Act of 1923 embodied the modern principles of the federal position classification system, requiring equal pay for equal work and classification of work in accordance with duties and responsibilities. The five pay schedules under the Act were: professional and scientific; clerical, administrative, and fiscal; subprofessional or technical; clerical-mechanical; and crafts, protective, and custodial. The Ramspeck Act of 1940 extended coverage to the field service.

The Classification Act of 1949 divided the previous five schedules into the white-collar 18-grade general schedule and the wage-grade schedule. The Civil Service Commission (CSC) was directed to publish standards based on the individual grade definitions in the Act, but agency heads were given authority to classify positions in accordance with those standards. In 1970, the Job Evaluation Policy Act mandated the study that led to the Factor Evaluation System (FES), under which some GS positions are graded according to nine point-rated factors.

The Federal Pay Comparability Act of 1970 required that "federal pay rates be comparable to private enterprise pay rates for the same level of work," but the act gave the president authority to recommend alternatives to the annual comparability figure. The Civil Service Reform Act of 1978 introduced merit pay for supervisory and managerial positions in grades 13 through 15, while placing

most positions at grades 16 through 18 in the new Senior Executive Service (SES). Finally, the Federal Employees Pay Comparability Act of 1990 (the pay reform legislation) changed the formula for computing comparability increases, introduced locality pay, authorized emergency geographic adjustments, added staffing differentials, grouped remaining positions in grades 16 through 18 into a single band, mandated a study on pay for performance and introduced a number of other new pay provisions and flexibilities.

As an adjunct to these central changes but prior to the Pay Comparability Act of 1990, several agencies have been conducting personnel management demonstration projects under an OPM authority granted by the Civil Service Reform Act of 1978. Navy, the National Institute of Standards and Technology (NIST), and Air Force are testing broad-band classification systems, in lieu of the 15 distinct grades, and pay for performance (Navy and NIST) or productivity gain-sharing (Air Force). The General Accounting Office (GAO) and the Central Intelligence Agency (CIA) under their excepted authority, have adopted broad-banding for their basic classification systems.

In 1986 and again in 1987, OPM attempted unsuccessfully to persuade Congress to authorize broad-banding through the proposed "Civil Service Simplification Act." This was an effort to establish a new system that would have allowed agencies to incorporate the Navy demonstration project's pay banding, simplified classification, and pay for performance features, at their own discretion. The effort failed because the pay reform provisions were not considered significant and pay banding not sufficiently tested.

Appendix B gives a more detailed account of the history of federal classification and pay.

CHARACTERISTICS OF TODAY'S SYSTEM

The basic architecture of the classification system is one of approximately 459 occupations organized into 22 groups, such as the "800 Engineering and Architecture Group." The work defined in each occupation or "series" is numbered within its group. Mechanical engineering, for example, is GS-830. Within each occupational series, work (as defined in job descriptions) is arranged hierarchically by "grades," using some portion of the 15-grade scale. In addition, occupations can also be categorized by the traditional Labor Department groupings, i.e., professional, administrative, technical, clerical, and other (PATCO).

In federal usage, "classification" means evaluating the work to be performed, developing a narrative description of work to be performed (a position description), placing the position in a "class of positions" that are similar in subject-matter of work, level of difficulty and responsibility, and qualification requirements. A position is considered classified when its pay plan, occupational series, grade and title have been determined.

Each of the 15 grades is separately defined in Chapter 51 Title 5, U.S.C., by duties, responsibilities, and qualifications. OPM must refer to these legal benchmarks in developing the grade-level determiners of each classification standard. The standards, in turn, provide a common reference for agencies to use in classifying positions. The grade assigned to a position limits the position's applicable pay range. Through this process, the system addresses the underlying principles of internal consistency and pay equity.

In the current system "equal pay for substantially equal work" actually equates to "equal grade for equal work." because pay within the range of a grade is determined by a combination of an individual's length of time in a grade and performance. Each grade is divided into ten pay "steps." The pay of an employee performing at "an acceptable level of competence" is raised by one step each year through steps 2, 3, and 4, by one step every two years through steps 5, 6, and 7, and by one step every three years through steps 8, 9, and 10. Within grade pay adjustments of supervisors and managers in grades 13, 14, and 15 are determined by performance, as provided in the Performance Management and Recognition System (PMRS).

The classification standards for most occupations are in one of two basic formats, a "whole-job" narrative format and a 1972 Factor Evaluation System (FES) format.

A whole-job standard defines each grade in its entirety before moving on to define the next higher grade. The narrative description of a whole-job grade standard, though presented in its entirety, may nevertheless be written in any number of eight "factors," such as "nature and variety of work" and "nature of supervision received." The task of the classifier is to select the grade description that most nearly fits the work being classified.

The Factor Evaluation System was an outcome of recommendations made by the Job Evaluation and Pay Review Task Force in 1972. Under FES, positions are evaluated in terms of nine factors:

1. Knowledge Required by the Position
2. Supervisory Controls
3. Guidelines
4. Complexity
5. Scope and Effect
6. Personal Contacts
7. Purpose of Contacts
8. Physical Demands
9. Work Environment

A generalized primary standard serves as the model for each occupation-specific standard by describing each of the nine factors in terms that apply to all positions covered by the FES system. This "standard-for-standards" establishes a hierarchy of point-rated levels under each factor, which are repeated in more specific terms in the occupational standards. The older FES standards also contain "benchmarks," or model position descriptions of typical positions, a practice now discontinued. Under the FES classification procedure, a classifier prepares a description of work to be performed in the factor format, selects the appropriate FES standard, point rates each factor, totals the point values, and converts the point total to a GS grade through a conversion table.

Several OPM guides, such as the Supervisory Grade Evaluation Guide (SGEG) and the Research Grade Evaluation Guide (RGEG), use point-factor approaches other than the FES. A fourth type of standard uses a non-quantitative factor evaluation approach in which factors are described hierarchically in "degrees" or "levels," a specified number of factors at a particular degree equating to the appropriate grade.

Many occupations have no written standards but will have an occupational series definition. This is a short narrative paragraph describing the typical work of the occupations. Others have a "fly sheet" containing a definition and some occupational information, but no grade criteria. For positions in these occupations, the classifier selects the occupational standard or general guide that most closely approximates the work. In this report, the classification of such occupations is labeled "discretionary," meaning the classifier exercises discretion in selecting the appropriate grade standard.

Only 16 percent of occupations have FES classification standards, while 46 percent are in whole-job narrative or other non-FES formats and 38 percent are discretionary. By population, however, the FES covers 31 percent of the work force population, non-FES standards cover 49 percent, and discretionary methods

cover the remaining 20 percent. Many standards have become quite old; 38 percent were written prior to 1969.

The variety of standard types shows that there is not one correct method of evaluation. Different jobs lend themselves to different types of standards. Some new standards developed after the FES was implemented are in non-FES formats.

OPM, federal line managers, and agency personnelists jointly administer the classification system. OPM provides leadership and develops standards with the help of the agencies. Agency heads have legal classification authority and may delegate their authority to managers, supervisors, or personnel specialists. OPM has authority to review and change agency classifications and is the final authority for adjudicating employee classification appeals.

Appendix B gives a more detailed explanation of the current classification system and provides tables and statistics on occupations by population, age of OPM standards, and the number of classification appeals and their results by fiscal year.

SUMMARY

The federal classification system as we know it today has evolved from a series of public laws. The basic principle of equal pay for equal work was established by the Classification Act of 1923 and the Classification Act of 1949 strengthened this concept by establishing the general schedule. However, while the concepts underlying the purpose of a job evaluation and classification system are relatively simple, the basic architecture established to administer the system is complex.

Currently, some 459 occupations are organized into 22 groupings. Each occupational series is arranged hierarchically into grades and steps within grades. This is accomplished by use of OPM-developed standards which may be narrative whole job, its newer FES, or other discretionary methods. As a result of this variety, the classification system is not as well understood as could be expected of a system that is basic to effective human resources management. The objectives and criteria for such an effective system are described in the next chapter.

CHAPTER THREE

OBJECTIVES AND CRITERIA FOR A FEDERAL SYSTEM

The project's first steps were to examine the theories, principles, objectives and criteria that should underlie the current and any future classification system. This chapter is the result of such an examination. It reaffirms the current system's basic principle of fair and equitable classification while adding the objective of support for agency mission. It also offers criteria for a new classification system that address the problems discussed in the report. The system should be manageable, flexible, understandable, delegable, reliable, and supportive of human resources management and other management systems.

Early in the study the Panel established a work group with representatives from the agencies sponsoring the study, two senior research associates (one with recent OPM experience and one with recent GAO classification system design experience) and project staff. The work group met over a four-day period to develop initial goals and objectives for a federal system.

The product from the work group was a set of objectives and criteria, which were reviewed and revised over the next several months as a result of feedback from the advisory group and the Academy Panel. Opinions of the federal work force were gathered through a survey and focus group sessions held at five locations around the country. Project staff also obtained feedback from the site visits to public and private organizations, and representatives of the agencies with separate classification system authorities or OPM demonstration projects with special exemptions from the Title 5 system. This chapter describes the resulting objectives and criteria for a classification system for federal white collar workers.

OBJECTIVES

The study proposes two major objectives for a federal classification system. Title V of the 1949 Classification Act, as amended, stipulates in Section 101.(1) that "in determining the rate of basic compensation which an officer or employee shall receive (A) the principle of equal pay for substantially equal work shall be followed. . . ." The first objective is consistent with this principle.

The Treatment of Employees is Fair and The Results are Equitable

This is a critical element to any classification system, in the public and private sectors. Maintaining this objective requires that the federal system:

- Support internal equity within and across all government agencies.
- Support and be consistent with key principles of merit.
- Provide for a reasonable balance between governmentwide uniformity and agency/manager flexibility.
- Be responsive to agency specific needs within the context of a common, federalwide system.

The System Supports Agencies' Missions

This second objective is a new but important one for a federal classification system. The classification system must be brought more into the mainstream of essential processes in an organization's management structure. It should be no less important than an agency's budget, information or accounting systems, and should in fact have the ability to interface with these and other administrative systems to enhance the management process. To do so, the classification system must:

- Support an agency's ability to attract and maintain a competent work force to provide quality services to the public.
- Support and be consistent with the agency's organizational structure, culture, resources and strategies.
- Allow flexibility in restructuring jobs and moving people to meet changing priorities.
- Reflect the individual's impact on value to the organization of work performed.
- Assure that line management is responsible and accountable for system results and ultimately to the public for mission accomplishment.

The actions taken to achieve these two objectives should be mutually reinforcing. However, there may at times be a dynamic tension between these two objectives. The objective of fair and equitable treatment of employees should take precedence.

CRITERIA

The criteria for a system that is equitable and supports agency missions are that it be:

- Manageable: The system must produce timely results, be maintainable, current, efficient, and cost effective.
- Flexible: The system must be equally appropriate to labor market (or occupation) surpluses or shortages. It should be adaptable to the way that work is organized and accomplished by different organizations in the federal system. It should expand employees' opportunities to move among different work situations. It should be able to distinguish between non-supervisors and managers, without forcing specialists into supervisory roles to provide legitimate pay increases. Finally, it should minimize the vulnerability of the system's integrity to external pay equity problems.
- Understandable: A principal key to the success of a system is that it is understood by human resources professionals, managers, employees, labor organizations, Congress, oversight groups and the taxpayer.
- Able to delegate some authorities without loss of system integrity: Managers can assume more responsibility for the results of a system if they have the flexibility to be part of the system, i.e., have authority for classification. However, they will need proper training and agencies must retain sufficient oversight and controls so that fairness and equity can prevail.
- Supportive of and linked to other human resources management functions: Appropriately classified work is the beginning for other human resources functions. Classification should provide a direct basis for establishing individual performance plans and career development and training programs, and should support other functions such as compensation programs, reduction in force activities, and equal employment opportunity.

- Useful for and able to interface with other management systems: The system's data structure should interface with other management systems, such as management information, budget, and management-by-objectives. Agency management will have the benefit of knowledge about its work force structure to better manage programs and perform strategic planning.
- Soundly applied: The system must produce accurate and reliable results and allow for adequate monitoring and evaluation on behalf of agency heads. They are ultimately accountable for the system's operation.

SUMMARY

The major principles that underlie the current classification system are sound. The historical objective of treating employees fairly and equitably continues to be important. An equally important objective is that the system better support agencies' missions. The federal classification system has focused on the former objective to the detriment of the latter objective. In addition, a system should meet criteria that build flexibility, especially recognizing the differences among organizations and how work is carried out. Managers need to be brought into the system and made accountable for results, and the system itself should not conclude with a classification action, but its product should be the beginning for other important human resources functions, e.g., career development, performance management and work force planning.

CHAPTER FOUR

EVALUATION OF THE CURRENT SYSTEM

This chapter describes problems uncovered through (1) a search of relevant literature and studies, (2) surveys carried out by project staff, (3) focus group discussions, and (4) experiences collected from agencies with their own classification systems. It discusses perceptions of personnel directors, classifiers, administrative officers, managers and employees.

RESULTS FROM LITERATURE SEARCH

The project staff conducted an extensive review of existing material about classification theory and practices. Detailed results of the literature search are found in a separate document, "NAPA Federal Classification Study, Literature Research Results." The research determined problems identified in previous studies and analyzed the solutions offered. This gave the project team a foundation for further in-depth study and analysis.

More than one hundred studies and journal articles were selected and reviewed. The earliest was a 1941 study by the Committee on Pay Plans in the Public Service. The latest was the 1990 study completed for the National Advisory Commission on Law Enforcement. Problems most often identified in literature are shown in Figure 4.1.

Figure 4.1
Problems Cited in Literature 1941-1990

1. Classification Standards: too complex, inflexible, out-of-date and inaccurate.
2. OPM Effectiveness: insufficient leadership and coordination with agencies, too little experimentation with new methods, inefficient system, and fragmented functions within OPM.
3. Manager Accountability: managers regard system as burdensome, do not use system as management tool for work force planning, pressure classifiers to overgrade and have little incentive to classify properly.

4. Overgrading: used as alternative to pay increases. A 1978 study found 11.4 percent overgraded. 3.2 percent undergraded. A 1983 OPM study found overgrading costs \$682 million/year.
5. Personal Attributes/Rank in Person: rank-in-position approach is too limiting, individual agency needs are not met, classification requirements may not reflect important employee abilities, and qualified people may be overlooked.
6. Specialists: poor job definition hampers recruitment for new and emerging occupations, the classification system is not adaptable to change and does not keep up with needs in scientific and engineering fields.
7. Internal Equity: inequity in promotion and pay for comparable positions, and non-recognition of job differences result in pay inequities.
8. Grade Definitions: confusing and poorly defined distinctions permit little differentiation between supervisor and subordinates, and create rigid job hierarchies that cannot change with organizational structure.

The literature search showed that generally the same problems were reported in studies over the course of five decades. While OPM has addressed some, such as increasing development of standards and consolidating classification functions, many problems remain. The research findings were used as a starting point to canvass today's work force for their assessment of the current system.

FEDERAL CLASSIFICATION SURVEY RESULTS

System Problems

A comprehensive, nationwide classification survey was designed, with the aid of OPM's Office of Workforce Information, to test the validity of issues identified during the literature search and to establish how well the current classification system meets objectives and criteria outlined in Chapter Three. OPM generated a statistically valid sample of four population groups--personnel directors, classifiers, administrative officers, and managers-- drawn from the 20 MSAs having the greatest concentration of federal employees. The questionnaire

was mailed to 1730 federal employees, anticipating a response rate of 50%, or approximately 868 responses. Respondents included 48 personnel directors, 208 classifiers, 94 administrative officers, 177 managers, and 32 who did not identify their occupation, for a total of 559 responses. The statistical deviation of proportions was determined to provide a measure of the validity for each survey question.⁶ According to this test, survey responses were very representative of the total population for each of the four populations. Detailed results of the survey appear in Appendix C of this report.

The first section of the survey asked respondents to identify problems with the current system by ranking 17 different statements on a scale of "1" (no problem) to "5" (very serious problem). The NAPA analysis is conservative in that responses rated "3," "4," and "5" were consolidated to identify problems. A response of "2" (indicating a slight problem) was not included in the analysis. Figures 4.2, 4.3, and 4.4 display these responses. Virtually all of the historical problems identified in the review of 50 years of literature continue to be noted by respondents as problems today. For 16 of the 17 problems, more than 59 percent of respondents thought they were moderate to very serious.

Based on the questionnaire responses, the three most serious problems are:

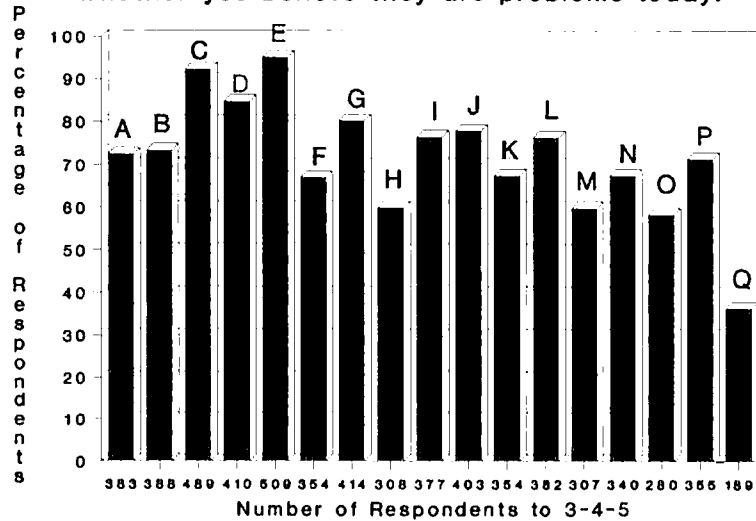
- Managers regard system as burdensome.
- Classification standards are out of date.
- OPM leadership and coordination efforts need improvement.

The three most highly ranked problems group (more than 90 percent of respondents ranked them at level 3 or higher) by respondent population group appear in Figure 4.3.

⁶ A response rate of 90% to a question with a statistical deviation of +/- 5 means that if the survey was repeated 100 times, drawing 100 samples from the same population (i.e., 56,205 managers) it is likely that 95 percent of the time the results will show a similar response falling within the range of 85% to 95%.

Figure 4.2

The following are problems with the Federal Classification System which have been described in past studies. Indicate on a scale of 1 to 5 (1=no problem, 5=serious) whether you believe they are problems today.



-
- | | |
|--|---|
| <p>A. Class standards are long/difficult</p> <p>B. Class standards are inflexible</p> <p>C. Class standards are out of date</p> <p>D. OPM leadership need improvement</p> <p>E. Managers regard system as burdensome</p> <p>F. Managers' pressure causes overgrading</p> <p>G. Little incentive to classify properly</p> <p>H. Difficult to match people and jobs</p> <p>I. Difficult to recruit for new occupations</p> | <p>J. System doesn't provide fair/equal results</p> <p>K. Class process is too subjective</p> <p>L. Rigid job hierarchy can't change</p> <p>M. The FES is time consuming</p> <p>N. Factors are redundant</p> <p>O. Some FES factors cause bias in classification</p> <p>P. Poor coordination between qualifications and standards</p> <p>Q. Too many grades in the system</p> |
|--|---|
-

Figure 4.3
Three Most Highly Ranked Problems

<u>Problem/Respondent</u>	<u>Standard Deviation</u>	<u>Percentage of Total Responses</u>
Managers regard system as burdensome		95%
a. Personnel Directors	+/-4.7	94%
b. Classifiers	+/-1.4	98%
c. Administrative Officers	+/-1.6	92%
d. Managers	+/-4.1	93%
Classification standards are out of date		92%
a. Personnel Directors	+/-5.8	90%
b. Classifiers	+/-2.5	93%
c. Administrative Officers	+/-2.3	96%
d. Managers	+/-4.5	91%
OPM leadership and coordination efforts need improvement		85%
a. Personnel Directors	+/-7.8	82%
b. Classifiers	+/-3.8	83%
c. Administrative Officers	+/-4.2	85%
d. Managers	+/-4.6	89%

Seven other problems that over 70 percent of respondents rank at level 3 or above are reflected in Figure 4.4.

Figure 4.4
Other Problems with the Current System

<u>Problem/Respondent</u>	<u>Standard Deviation</u>	<u>Percentage of Total Responses</u>
There is little incentive for managers to classify properly		80%
a. Personnel Directors	+/-6.8	92%
b. Classifiers	+/-3.1	91%
c. Administrative Officers	+/-3.1	73%
d. Managers	+/-8.9	67%
System does not provide fair and equitable results within the government		78%
a. Personnel Directors	+/-8.9	67%
b. Classifiers	+/-4.8	69%
c. Administrative Officers	+/-6.2	89%
d. Managers	+/-5.7	84%
Difficult to recruit for new or emerging occupations		77%
a. Personnel Directors	+/-9.6	67%
b. Classifiers	+/-5.1	69%
c. Administrative Officers	+/-4.8	87%
d. Managers	+/-6.2	82%
Overly rigid job hierarchy which cannot change with new structures		76%
a. Personnel Directors	+/-9.0	68%
b. Classifiers	+/-5.2	60%
c. Administrative Officers	+/-3.9	90%
d. Managers	+/-5.2	88%

Classification standards are too long and difficult to understand		73%
a. Personnel Directors	+/-9.2	63%
b. Classifiers	+/-4.7	63%
c. Administrative Officers	+/-7.3	82%
d. Managers	+/-6.1	81%
Classification standards are too inflexible		73%
a. Personnel Directors	+/-8.2	60%
b. Classifiers	+/-4.9	61%
c. Administrative Officers	+/-4.2	87%
d. Managers	+/-5.4	86%
Poor coordination between qualifications and classification standards		72%
a. Personnel Directors	+/-9.8	54%
b. Classifiers	+/-5.2	60%
c. Administrative Officers	+/-6.8	86%
d. Managers	+/-6.2	82%

All of the four categories of respondents were in strong agreement with the first three major problems listed in Figure 4.3. However, the groups were divided on other problems according to their role in the system. As shown in Figure 4.4, while more than 50 percent of all respondents confirmed the problems, they differed on the degree of severity as measured by percent of population rating problems as a "3," "4," or "5." System users (administrative officers and managers) believed more strongly than system managers (personnel directors and classifiers) that the system does not produce fair and equitable results, that recruiting for new or emerging occupations is difficult, and that a rigid job hierarchy resists change.

More than 80 percent of system users consistently confirmed the problems raised in section one of the questionnaire, with the exception of whether the current system provides incentives to managers to classify properly. Although system managers believed strongly (more than 90%) that the current system provided little incentive for managers to classify properly, their rate of response to all other problems ranged from 60 to 70 percent.

The responses reveal sharp differences in perception between system users and system managers, which could create conflicts and tensions between the system users and managers. These differences in perception are themselves a basic problem in operating the current system. For example, in recruiting for new or emerging occupations, most of the pressure to obtain candidates falls on the administrative officers because of their proximity to the managers, and on the managers themselves. This could explain why system users perceived a greater problem than did system operators. The concern over an overly rigid job hierarchy follows the same pattern.

Current System Measured Against Objectives and Criteria

The survey also identified objectives and criteria to guide a classification system. Project staff developed a list of core objectives and criteria for a federal classification system, which was an important part of the model-building process. (See Chapter Three.) Given a list of ten objectives, respondents were asked to rate the objectives in terms of how well the current system achieved them, on a progressive scale of "1" (not met) to "5" (fully met). The second part of the question asked respondents to rate the same objectives in terms of their importance to a future classification system, on a scale of 1 (not critical) to 5 (very critical). According to the results (shown in Figure 4.5), between 52 and 71 percent of the respondents, depending on the objective, thought that the current system partially or fully met five of the objectives:

Figure 4.5
Current System Partially Meets or Meets
Following Objectives and Criteria

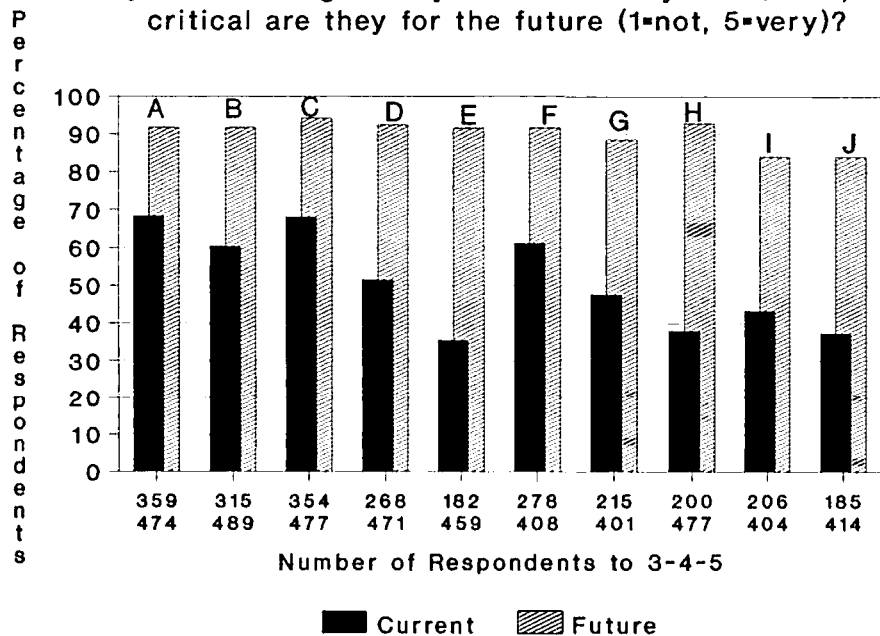
	<u>Standard Deviation</u>	<u>Percentage of Total Responses</u>
Supports accomplishment of an agency's mission		68%
a. Personnel Directors	+/-9.7	64%
b. Classifiers	+/-4.4	76%
c. Administrative Officers	+/-9.1	64%
d. Managers	+/-7.4	65%

[The system is] manageable		68%
a. Personnel Directors	+/-8.6	71%
b. Classifiers	+/-4.3	78%
c. Administrative Officers	+/-9.8	68%
d. Managers	+/-7.8	56%
Supports other human resources management systems		61%
a. Personnel Directors	+/-9.9	66%
b. Classifiers	+/-4.8	74%
c. Administrative Officers	+/-11.5	49%
d. Managers	+/-8.6	52%
[The system is considered to be] fair and equitable		60%
a. Personnel Directors	+/-9.2	66%
b. Classifiers	+/-4.8	66%
c. Administrative Officers	+/-9.5	52%
d. Managers	+/-7.7	56%
[The system] is flexible.		52%
a. Personnel Directors	+/-9.5	52%
b. Classifiers	+/-4.8	68%
C. Administrative Officers	+/-9.3	38%
d. Managers	+/-7.7	39%

However, some respondents also indicated that the current system does not meet or only slightly meets other specified criteria. The most serious deficiencies of the current system (i.e., criteria were rated by a majority as 1--"not met" or 2--only "slightly met") are: the lack of managerial accountability, the system is not understandable, is not conducive to automation, has difficulty in interfacing with other management systems, and resists delegation to managers.

Figure 4.6

The following could be cited as objectives of a federal classification system. On a scale of 1 to 5, are these objectives being met by the current system (1=not, 5=fully) and how critical are they for the future (1=not, 5=very)?



-
- A. Supports accomplishment of mission
 - B. Fair and equitable
 - C. Manageable
 - D. Flexible
 - E. Provides managerial accountability
 - F. Supports other human resource systems
 - G. Interfaces with other systems (e.g. budget)
 - H. Understandable to managers and employees
 - I. Conducive to automation
 - J. More of process can be delegated to managers
-

Future System Measured Against Objectives and Criteria

Respondents also rated the objectives and criteria according to their importance for a future classification system. A higher percentage of respondents rated both objectives as critical to very critical for the future than had rated them in this way for the current system. Ratings were at 84 percent or above (see Figure 4.6). Survey respondents indicated the following objectives and criteria are the most critical for a future system. A system must:

- Be manageable
- Be understandable to managers and employees
- Be flexible
- Support accomplishment of an agency's mission
- Be fair and equitable
- Provide managerial accountability.

Responses did vary by occupational group. Administrative officers and managers were generally more concerned that the system be understandable to managers and employees. Personnel directors and classifiers valued managerial accountability more highly than did the other two groups.

Structure of Future System

A third section of the questionnaire tested various types of changes in the federal classification system. e.g., in the number of grade levels and occupational series (more or less), in the grade and pay progression (faster or slower), and in the location of classification authority. Responses were on a bi-polar scale of 1 to 5, from strong disagreement 1 to strong agreement 5 with the proposed change. The second part of the question required respondents to state whether the change would still be necessary after pay comparability had been reached (yes or no). The response distribution to the second part substantiated that ratings of "3" on the first part were indicating agreement to change and not ambivalence. Complete results are shown in Figure 4.8.

The respondents as a whole favored the six changes shown in Figure 4.7 most highly. The information is given in terms of the percentage who said they would still favor the change after pay comparability. The most popular change was skill-based pay.

Figure 4.7
Proposed Changes in the Classification System
If Full Pay Comparability Existed

<u>Proposed Change</u>	<u>Standard Deviation</u>	<u>Percentage of Total Responses</u>
Skill based pay		78%
a. Personnel Directors	+/-12.0	73%
b. Classifiers	+/-6.1	69%
c. Administrative Officers	+/-9.6	80%
d. Managers	+/-5.3	90%
Broader salary ranges within grade levels		73%
a. Personnel Directors	+/-7.7	83%
b. Classifiers	+/-5.4	69%
c. Administrative Officers	+/-10.1	69%
d. Managers	+/-7.1	77%
Classification authority with line management		73%
a. Personnel Directors	+/-11.0	67%
b. Classifiers	+/-5.8	66%
c. Administrative Officers	+/-8.7	82%
d. Managers	+/-7.0	80%
Faster progression within grades		61%
a. Personnel Directors	+/-12.4	58%
b. Classifiers	+/-6.0	59%
c. Administrative Officers	+/-10.7	61%
d. Managers	+/-8.1	64%

Fewer occupational series		60%
a. Personnel Directors	+/-12.1	57%
b. Classifiers	+/-6.2	59%
c. Administrative Officers	+/-10.5	69%
d. Managers	+/-8.9	60%
Fewer grade levels (broad banding)		60%
a. Personnel Directors	+/-11.0	63%
b. Classifiers	+/-5.7	60%
c. Administrative Officers	+/-10.7	61%
d. Managers	+/-8.3	57%

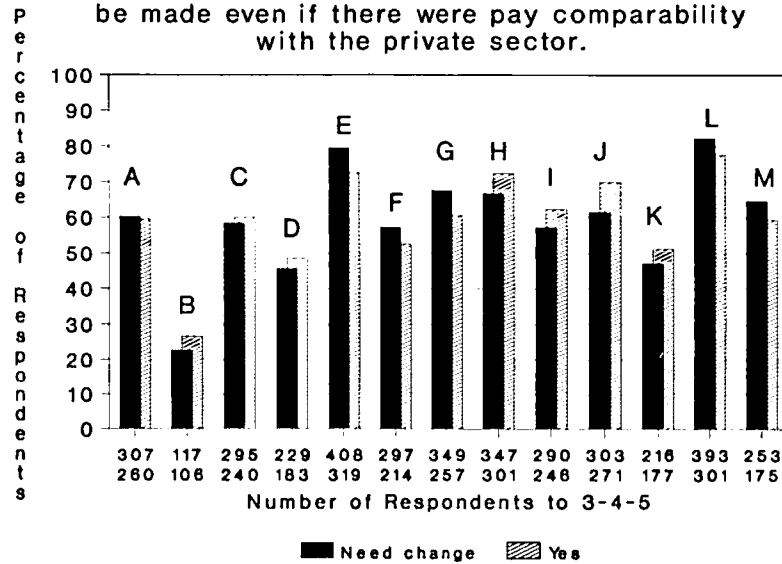
The option least favored by all groups was more grade levels. On the whole, 73 percent would not favor this change if pay comparability were established. Among personnel directors and classifiers, there was also little support for the classification of work groups. (71% and 59%, respectively, would not favor).

Summary

The survey results confirmed the conclusions drawn from the preliminary literature review and also helped the project staff identify the key issues and difficulties surrounding the current classification system. The results provided an indication of how well the current system is achieving particular objectives and criteria, and how critical federal employees and managers perceive the objectives and criteria to be; indicated which solutions would be more and less favored; and suggested that full pay comparability would have only a minimal impact on resolving problems.

Figure 4.8

Please note the changes, if any, you would make to the federal classification system and indicate if the change would still be required if we had full pay comparability. (1=strongly disagree and 5=strongly agree.) Yes means that the change should still be made even if there were pay comparability with the private sector.



* We included 3 after looking at the responses to the second part of this question, which tends to indicate that those responding as "3s" in the first part were in favor of change and not ambivalent.

- | | |
|--|--|
| <p>A. Fewer grade levels (broad banding)</p> <p>B. More grade levels</p> <p>C. Fewer occupational series</p> <p>D. More occupational series</p> <p>E. Broader salary ranges within grade levels</p> <p>F. Faster progression between grades</p> <p>G. Faster progression within grades</p> | <p>H. Class authority with line management</p> <p>I. Class authority at higher management</p> <p>J. Class authority with personnel office</p> <p>K. Class of work groups, not positions</p> <p>L. Skill based pay</p> <p>M. Rank in person</p> |
|--|--|

FOCUS GROUP RESULTS

As part of the fact-finding phase of the study, NAPA project staff conducted focus group meetings in five locations with a high density population of federal employees - Boston, Washington, D.C., Atlanta, Kansas City, and San Francisco. These focus groups were also used to test the validity of the analysis of the federal work force survey. Sites were selected based on size of the federal work force (five selected from among 20 areas with largest federal population) and cost of living (sample of a variety of cost levels). Approximately 20 federal employees participated at each location, including classifiers, administrative officers, line managers, and non-supervisory employees.

Three primary goals of the focus group sessions were to: (1) obtain further input to the validity of problems with the current system identified from the literature search and questionnaires, (2) to substantiate the validity of the objectives and criteria described in Chapter Three, and (3) explain the NAPA classification system prototype and get participant reactions to it. For the most part, participants in the focus groups agreed with the systemic problems identified with the current classification system and confirmed the analysis of the responses to the questionnaire. Objectives and criteria were refined as a result of focus group meetings and other site visits.

The focus groups first discussed the issue of what is wrong with the current classification system. The list of problems identified from the NAPA literature was not altered as a result of the five separate discussions. There was near consensus on the issues. For example:

- A personnel officer participating in the Kansas City forum stated that outdated standards are the number one problem. "Outdated standards don't deal with what we have today."
- During the same discussion, a manager stated that "Managers see the system as cumbersome."
- A manager said that overgrading is necessary to get good employees. "The system makes you do it."
- A Boston participant stated that all of the problems identified in the literature search have been identified many times over the years.
- Concerning effectiveness of OPM, an Atlanta manager stated that she "doesn't view them as a 'helper'."

- Other participants expressed similar views on the NAPA list of problems with the current system.

Almost exclusively, knowledge of flexibilities rests with the classifiers. Most managers were not aware of the flexibilities that were discussed. For example, in certain circumstances the impact of the person on the job can be considered in determining grade level. However, like many flexibilities in the system, this is by exception and not the rule, and it depends on the experience and knowledge of the classifiers whether or not flexibilities can or will be exercised.

Discussions about objectives and criteria resulted in more diverse opinions. As a result, the original NAPA list was carefully scrutinized and refinements incorporated into what is now presented in Chapter Three. For example, "Attract, retain, and compensate qualified work force" (under the objective of supporting accomplishment of agency mission) was changed to "Support an agency's ability to attract and maintain a competent work force to provide quality services to the public," to reflect the reality that the classification system is only one tool in attracting and retaining a qualified work force.

EXPERIENCE OF FEDERAL AGENCIES WITH SEPARATE AUTHORITIES

As part of the study effort, project staff examined the job evaluation and classification practices of federal agencies that do not follow the requirements of Title 5. The objective was to learn why Congress excluded these agencies from Title 5, agencies' objectives in designing their systems, and whether those objectives have been met.

Over 20 federal agencies are not following Title 5 classification requirements. These include agencies specifically given separate authorities by Congress such as congressional, intelligence, banking and certain specialized agencies, such as the 380,000 blue collar workers under FWS. In addition, three of the seven OPM demonstration projects have special exemptions from Title 5 in order to test alternative systems as part of their projects.⁷

Agency size varied widely from the 80 employees of the Federal Housing Finance Board to the 90,000 employees of the Defense Nonappropriated Funds (NAF) activities (e.g., post exchanges, recreation facilities and canteens). Their experiences were studied to determine their successes/lessons learned and to serve

⁷ Appendices D, E, F and G give further details on the experiences of exempted agencies, demonstration projects, DOD non-appropriated funds activities and FWS, respectively.

as benchmarks against which to compare the Title 5 system.

Observations About Classification Problems

Each agency, in accordance with its own priorities, needs and culture, was able to establish a classification system and, except for the demonstration projects that operate under OPM supervision, has the authority to modify its system. The three demonstration projects adopted occupational and pay banding approaches. Another 16 agency programs range from use of Title 5's GS grades and OPM classification standards but with higher pay (6), to developing systems akin to financial institutions (4), to creating occupational and pay banding approaches (3), to not classifying work but instead classifying people for rank-in-person systems (2).⁸

All officials of the exempt agencies who were interviewed were very satisfied with their classification systems. The most compelling reason for the success of these agencies seems to be their freedom to pay salaries more in keeping with the marketplace than is possible for agencies covered by Title 5. Agencies which had been following the Title 5 system for many years, including the three demonstration projects, noted that managers had to manipulate duties and responsibilities of their employees to get them higher grades and more pay. Often this caused work to be assigned inefficiently to get more pay for individuals. Government pay was becoming less competitive and recruiting for high quality employees was becoming more difficult. Fortunately, with the Federal Employees Pay Comparability Act of 1990, the government will be in a position to offer more competitive pay for its white collar work force in the future.

Four agencies, in requesting permission from OPM to experiment through demonstration projects with alternative classification systems, spelled out their objections to the Title 5 system.⁹ Generally, their objections, in addition to noncompetitive pay, were as follows:

- The classification structure was too complex. It had too many narrow occupations and too many grades. All this had a detrimental effect on a manager's ability to recruit, assign work and get the job done.

⁸ The CIA is also a rank-in-person system, but is counted under a banding system to avoid double counting.

⁹ The Defense Logistics Agency in Odgen, Utah, one of the four agencies, discontinued its planned demonstration project in early 1991 due to mission readjustments. We included it in this discussion, however, as an example of a demonstration project operating when we did our analysis.

- It took too much time to get a position classified. Position descriptions were getting longer each year and position evaluations were getting even longer. Classifier workload, because of the need to audit positions and write long convincing evaluations, was such that it often took months to get a position described, evaluated and filled.
- The supervisory area was adversely affected. Some said that the system encouraged empire-building. The classification system was causing some outstanding performers to leave their field of expertise to become supervisors to get a higher grade and thus more money.

Similar observations about the system were cited by those agencies that used to mirror the federal classification system but subsequently altered their classification systems. These included, among others, the Central Intelligence Agency (CIA) and GAO, which adopted broad banding approaches, as well as the Federal Reserve and Farm Credit Administration, which are modeling their new systems to become more like the financial institutions they regulate. Their new systems have grades that are not like the grades in the GS of Title 5, but are based on pay surveys of comparable jobs and tied to employees' performance.

Experience of Federal Wage System

Project staff also studied the FWS which covers over 380,000 blue collar workers throughout the government. A review of the history of the system used for blue collar workers alongside the history of federal position classification and pay systems for white collar employees under Title 5 shows that the two systems have learned much from each other. Appendix G provides more details on the FWS.

Federal wage systems began as prevailing rate systems with no job evaluation at all. Much later, after job evaluation was introduced for white collar jobs, it was imported into established blue collar pay systems for consistent application of pay rates. Conversely, federal white collar pay systems had job evaluation methods for decades without a systematic way to adjust pay rates until the comparability principle, modeled on the FWS prevailing rate principle, was adopted. The Federal Employees Pay Comparability Act of 1990 borrows even more from FWS experience, specifically, the locality pay principle with rates for some occupations varying according to local market conditions.

CONCLUSIONS

Major objectives and criteria for the Title 5 federal classification system are not adequately met. There is an overall perception that the current system does not fully meet the federal government's needs. Although there may be flexibility in the current system to answer some of the problems, there is not a widespread understanding as to what those flexibilities are and when they can be applied.

Perhaps the most serious cost of the current system is the cost to employees, supervisors and personnel managers of working with a system that lacks flexibility, the ability to match people to work, or to focus on agency mission.

CHAPTER FIVE

SEARCHING FOR CLASSIFICATION SYSTEM ALTERNATIVES

Many approaches to classification are available. Many experts in the field tend to agree that there is no one best system for all organizations, rather the best system for any one organization is one that fits its needs and culture. This chapter explores classification practices in government and the private sector and examines the movement to make classification systems simpler and more responsive to managing people and work.

EXTENT OF SEARCH FOR ALTERNATIVE SYSTEMS

A search for alternative systems encompassed many different organizations and perspectives. In all, 39 organizations were visited/interviewed, including 13 private sector companies and 26 federal, foreign, state, county, and city governments. Organizations were selected based on two criteria: (a) large size and work force diversity; and (b) variety of classification systems. Appendix H lists all non-federal organizations visited and interviewed and provides details on site selection criteria.

Besides learning about existing classification systems, 32 "forward thinkers" were surveyed to obtain their opinions on the state and trends of classification. "Forward thinkers" included private sector practitioners, classification consultants, and academicians. Appendix I includes a copy of the questionnaire and a summary of their responses. A day was spent discussing classification systems and trends with two compensation experts from Hewitt Associates, an international compensation consulting firm for the private sector. Finally, at the beginning of the project, over 100 studies and journal articles on job evaluation and classification were reviewed. Also, results of the extensive literature search were reviewed.

AN ALTERNATIVE CLASSIFICATION SYSTEM--DESIGN OR BORROW?

Every organization visited/interviewed had a different system. What worked for one organization might not work for another, and what once worked for an organization did not always continue to work.

The Hewitt compensation consultants stated that no single classification system works for all organizations; it depends on where an organization is and whether a system meets the organization's values and objectives. In the review of the journal articles on classification, a major point of consensus is that each

organization must design its own system based on its mission, culture, and goals. The "forward thinkers" believe that over the next five years, private sector employers' interest in classification will include a strong emphasis on a search for improved methods to relate classification to business and organizational objectives and culture.

The project staff concluded that no classification system is inherently better than others, and that each organization must design a system based on its mission, structure and operations, culture, and human resources management objectives.

TRENDS AND OTHER ISSUES TO CONSIDER IN DESIGN

Project staff identified two key trends that are influencing or will influence the character of classification systems.

Increasing Emphasis on Classification Flexibility

Many organizations have struggled with the inadequate flexibility of classification. They conclude that it revolves around several current organizational and work force dynamics:

- New organizational strategies--to deal with increasing worldwide competition, shrinking work force and funding resources, and reduction or elimination of most routine functions, organizations are moving toward leaner and flatter organizational structures. Traditional classification approaches are biased toward traditional hierarchial organizational structures.
- Changing work force demographics. Organizations must search for new ways to attract and retain qualified workers from diverse backgrounds. Some solutions include job sharing, part-time workers, work-at-home, and other flexibilities. Classification approaches must adapt to these innovations and flexibilities.
- Rigid work structures do not work in today's business environment and with today's work place technologies. Classification must not restrict these changes.

- New employer/employee attitudes. Individual loyalty is shifting away from the organization as employees increasingly focus on their own careers and professional growth. Classification systems, which tend to focus almost entirely on the worth of the individual to the organization, must begin to reflect more of the individual's aspirations.

Increasing Emphasis on Classification Efficiency

Public and private sector organizations are searching for ways to decrease the large staff costs needed to maintain classification systems. Many federal agencies with authorities separate from Title 5 and other public sector jurisdictions are moving toward systems with fewer distinctions in terms of series/occupation and level. Organizations in both sectors have or are developing systems to automate all or part of the classification decision process. Many private sector organizations are decentralizing classification administration to reduce overall time and cost.

PIECES OF EXISTING SYSTEMS CONSISTENT WITH THE OBJECTIVES AND CRITERIA FOR A FEDERAL SYSTEM

Though we could not simply adopt an existing classification system design for use by the federal government, interviews with 39 organizations found pieces of existing systems that are consistent with the objectives and criteria outlined in Chapter Three. These pieces are to some extent incorporated into NAPA's model classification system (see Chapter Six) and include the following:

- Those federal agencies not following Title 5 authorities (including those under demonstration projects as well as the DOD's nonappropriated funds) who designed new classification systems grouped series into broad occupational categories in which fewer grade levels are defined. In every case agencies also delegated more classification and pay-setting authority to managers and strengthened their pay-for-performance systems.
- These agencies established their classification practices by selecting one of two classification methods--whole job or modified (simplified) FES.
- Many developed systems with an increased emphasis on the individual's qualifications, continued training, and on-

the-job performance which is linked to pay. The CIA and the Veteran's Health Services and Research Administration have pure rank-in-person systems where the individual's qualifications are the primary determinant in assigning a level to the work performed.

- In both public and private sector organizations, decentralized system application or administration is the key to effective mission-oriented support, especially in an environment where change occurs rapidly or where units within the organization operate in different ways.
- In most organizations, there is an increasing trend to reduce the number of occupational groupings and to simplify the classification process.
- For most organizations, minimum qualifications needed for jobs are defined at the same time and by the same people/office as classification standards.
- In most organizations, managers set additional qualifications (above centrally-defined minimum qualifications) each time they recruit.
- Installing a new classification system is a long-term process, involving a change in the organization's culture, philosophies, and values. Allowing sufficient time for conversion, and doing aggressive internal marketing (such as videos, presentations, pamphlets, and newsletters) are critical.

CONCLUSIONS

At the outset, the project staff thought that one system or the major portion of an existing one could be adapted to meet federal needs. The Panel now concludes that each organization must design its own system, consistent with its mission, structure, operations, and philosophy. These lessons were instrumental in guiding development of the classification model described in the next chapter.

CHAPTER SIX

NAPA CLASSIFICATION MODEL FOR THE FEDERAL GOVERNMENT

The open-system requirements and other special needs of the federal civil service and the demand for a simpler and more responsive federal classification system point to one option: broad-banding.

This chapter presents a model for a broad-band system. The model includes a framework for organizing occupations, a recommendation for fewer hierarchical levels than the number of grades they replace, a conceptualization of each level in terms of responsibilities and career progress, and methodologies for system implementation and administration. The chapter also suggests appropriate agency flexibilities to improve the fit of the model with agency needs, discusses the role of OPM in relation to that of the agencies, and illustrates how the model meets the objective of linking with other human resources systems.

EMPHASIS ON WORK RATHER THAN POSITIONS

A fundamental change is needed in the perceived role that "position classification" and "position management" play in how human resources are used to accomplish work. These two terms have evolved over time to understate for "position classification" and overstate for "position management" the accomplishments of a classification system. Basic to each is that the terms serve the current thinking, especially that of managers, who believe that the classification system is a tool for the personnel community rather than a tool for structuring and aligning work and human resources.

The NAPA model refers to classification of work as a more accurate description of the product of classification.

Organizations today need to be able to match ever-changing workloads to changing missions and scarce human resources. The current term, "position" classification, implies a system that looks at work of individuals rather than the work of an organization. This implied individual treatment of individual's work must change to recognize that "work is not done by positions...work is done by people as they interact and perform...work is not performed by people in isolation but by people in interaction with other people in work groups. A position...orientation to work ignores fundamental factors that affect work such as motivation, creativity and interaction with other people."¹⁰ A system that

¹⁰ Edward C. Gallas and Nesta M. Gallas, "General Problems of the Public Service," Public Personnel Management, (March-April, 1978), pp. 64-73.

concentrates on individual positions restricts the organization unnecessarily and fails to position itself in a posture that best develops, promotes and, uses the skills of its work force.

The NAPA model also refers to work management, moving away from the inaccurate term "position" management.

Leading from the problems inherent in the term "position classification" are problems with the term "position management." Position (i.e., individual) management is far beyond the capabilities of any classification system. The realm of position management also includes employee training, career development, work force forecasting, performance appraisal, pay criteria, equal employment compliance, and budgeting for necessary funds to sustain the work force. A classification system is only one of the actors in this scheme of things. A classification system is a work management tool that allows an organization to align its work with the human resources available to perform the work.

BACKGROUND ON THE DEVELOPMENT OF THE CLASSIFICATION MODEL

The classification model was developed for the federal government. Early project work included a search for an effective public or private sector classification system that could better meet needs of the federal white collar work force. However, project analysis and advice from classification experts pointed to the need to design a model tailored to fit the mission, structure, operations, and culture of the federal government.

The classification model includes an outline of a basic classification approach and its operations, and proposed approaches to other areas of human resources management (HRM).

The process for developing the classification model included two broad phases:

- Prototype design
- Final model refinement

In the first phase, project staff used a two-step approach to design a prototype. Three basic classification approaches were considered and compared to the criteria expressed in Chapter Three. Then a rough model was constructed

around the basic approach selected. The three basic approaches considered included:

- Person-based systems--allocate rank to the individual based on competencies. This approach enhances flexibility in managing scientific and professional employees. It has been adopted by several federal agencies, including the Foreign Service, and medical professionals within the Department of Veterans Affairs. However, it was considered inappropriate for this study because it has not been shown to be effective in improving the operational effectiveness of the broad and occupationally diverse federal white-collar work force. In addition, adoption of person-based classification has in the past required an exemption of the agency from Title 5. It also poses challenges in assuring fairness and equity generally.
- System of fine distinctions--which has many grades or levels, as with the current federal classification system. This approach was rejected because it is expensive to administer, difficult to keep current, and inflexible in accommodating to differences in organizations.
- System of broad distinctions--in which there are few grades or levels. This broad approach was selected as offering the best opportunity to meet the objectives and criteria.

In the refinement phase, the original prototype was modified and more specific elements were added based on findings from phone interviews and site visits, input from practitioners and other experts in the field, input from federal employee focus groups, and input from the Panel and Federal Agency Advisory Group.

The project staff and a small agency work group felt it was necessary to have a rough idea to evaluate all other alternatives against. "Rough" is emphasized because the original prototype has been significantly modified as the result of extensive surveys and studies. For example, the initial concept presumed legislative language in Title 5 would require extensive revision. At the conclusion, the Title 5 structure is very important to the NAPA model for several reasons, primarily a need to have a method to link classification results to a pay schedule. Changes proposed to Title 5 are only technical.

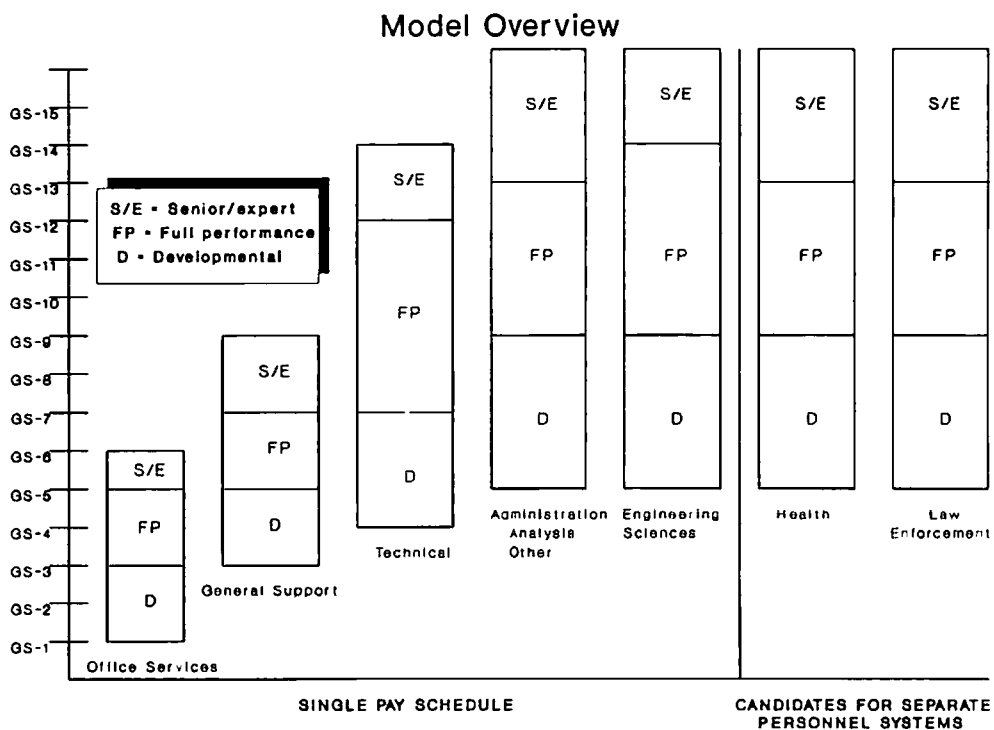
OVERVIEW OF THE CLASSIFICATION MODEL

Figure 6.1 provides a graphic overview of the classification model. The model:

- Categorizes all 459 series into occupational families based on similarities in career progression, basic skills, recruitment, training, and performance management.
- Defines each occupational family on a governmentwide basis, including three logical career paths and classification levels of developmental, full performance, and senior/expert.
- Links the content definition of all levels for all families to the grade level definitions in Title 5, thereby ensuring governmentwide equity or consistency among all positions.

OPM is considering two occupational families, Health and Law Enforcement/Investigative, for separate personnel systems. This is because of fundamental differences in treatment in terms of pay, qualifications, performance management, retirement, etc. NAPA's model for classification could be used for these two families, even under a different pay system.

Figure 6.1



ARCHITECTURE OF THE NAPA CLASSIFICATION MODEL

The architecture of the model refers to the basic approach in terms of its horizontal (occupational) and vertical (band level) structure.

For the horizontal aspect of the architecture, the model retains a system of governmentwide series and occupations to provide a common language with which to plan and communicate personnel needs on a nationwide basis. The model also retains a large number of series as provided by the current system. Defining series is a relatively inexpensive process and provides two major benefits: (a) it increases the accuracy of governmentwide work force planning by providing for more precision in defining current and projected work force characteristics; and (b) it promotes the individual's sense of community in being able to identify with a unique group, e.g., engineers, contract specialists, analysts, etc.

To simplify the development of career level criteria for classification, the model proposes the concept of "Occupational Family." All series are categorized into one of ten proposed occupational families. Occupational families are a collection of occupations for which the work is similar in terms of basic skills, recruitment strategies, career progression, training strategies, and performance management. Project staff have developed a database of occupational information including grade ranges, educational requirements, population (with supervisors), PATCO determinations, and various information for each occupational series. OPM should make the final determination of assignment of individual occupational series to a job family. Figure 6.2 lists and defines an example of an occupational family structure.

The vertical aspect of the architecture is simplified. The Panel's model provides for three levels to be defined for each occupational family. These three levels reflect the basic progression of an individual in any occupation:

- Developmental--individuals at this level perform less than the full range of tasks, elements or components generally encountered for the occupation within the assigned organization. They receive specific technical supervision.
- Full performance--individuals perform the full range of tasks, elements and components generally encountered for the occupation within the assigned organization. The individual defines the basic approach for accomplishing assigned work, adapts as required to meet the requirements

of typical assignments, and receives general technical supervision.

- Senior/expert--individuals at this level provide program direction and expert technical advice for issues in the occupation. They also initiate, plan, and direct complex efforts, carry out functions with widespread impact, and receive very little, if any, technical supervision.

The model provides for governmentwide equity among and within all occupational families by linking the content of all levels to grade level definitions in Title 5.

Implicit in the NAPA model is the need for OPM to develop a classification guide for supervisory positions that will relate them to the work being supervised.

Fewer and broader classification levels eliminate the need for fine distinctions and offer managers the most flexibility in attracting and retaining a qualified work force. In addition, this approach reduces the work load of developing and maintaining classification standards and administering the system on a day-to-day basis.

Figure 6.2 Framework for Occupational Families

OFFICE SERVICES--General office administration positions that are common to most federal agencies. Typical examples include secretary GS-318 and clerk-typist GS-322.

GENERAL SUPPORT--A mixture of clerical positions including aides, assistants, certain technicians, and trainees. The duties are in support of professional, technical, specialized, and administrative functions that are more occupation-specific than generic. Examples include medical clerk GS-679 and statistical assistant GS-1531.

TECHNICAL--Specialists, certain technicians, paraprofessional and sub-professional that directly support professional disciplines. Examples include safety technician GS-019 and electronics technician GS-856.

ADMINISTRATION--Administration and management functions and processes in support of organizations' operations. Examples include personnel management GS-201 and financial management GS-505.

ANALYSIS--Review, analysis, and evaluation of programs and processes. Examples include GS-343 program analyst and GS-1160 financial analyst.

ENGINEERING--Professional (positive education requirement) engineering positions. Examples include civil engineer GS-810 and petroleum engineer GS-881.

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SCIENCES--Physical, biological and related scientific occupations that have a positive education requirement. Examples include microbiologist GS-403 and geologist GS-1350.

HEALTH--Medical and health sciences. Examples include GS-602 medical officer and GS-660 pharmacist.

LAW ENFORCEMENT AND INVESTIGATION--Law enforcement or investigation. Examples include GS-083 police, GS-085 security guard, and GS-1810 general investigator.

OTHER--Social science, mathematics, accounting, contracting and procurement. Examples include psychologist GS-180 and Accountant GS-510.

TOOLS FOR ADMINISTERING CLASSIFICATION

The NAPA classification model provides for two key tools to be used in administering and applying the system:

- Primary Standard: A single classification standard used as the basis for developing more specific standards for each of the occupational families. It provides governmentwide consistency and equity across and within all families and directly relates to the definitions in Title 5. According to the model, the primary standard is developed and maintained by OPM, the central manager of the federal classification system. Possible approaches include: (a) the current (or revised/updated) definitions of grades in Title 5, or (b) a central point factor or narrative standard, such as a simplified version of the FES primary standard.
- Classification Standards: One governmentwide classification standard for each occupational family. OPM would develop and maintain classification standards. A single classification standard covering work descriptions in many different series is similar to OPM's current experiments with "Generic Classification Standards."

Some classifiers indicated that they prefer series-specific standards to simplify and increase the accuracy of the grade allocation process under the current system. With fewer level distinctions, however, a generic approach is simpler and accurate.

ACHIEVING A BALANCE BETWEEN CONSISTENCY AND FLEXIBILITY

The most difficult problem faced by the Academy Panel was achieving a balance between consistency and flexibility. The proposed approach to achieve this balance covers occupational families and levels. The model provides for OPM definition of governmentwide occupational families and levels, and with some restrictions, for agency flexibility to modify these definitions.

Agencies may subdivide families and thus treat one or more series separately from the other series in the OPM-defined family. Subdivision of occupational families is beneficial to an agency when the organization considers it important to place a different emphasis on one or more specific series to achieve special HRM objectives. For example, the Department of Defense may consider it important to treat separately all of its engineering positions involved in systems acquisition to more effectively meet acquisition work force requirements. However, an agency may not combine series from different OPM occupational families into a single agencywide occupational or sub-family.

Agencies may also subdivide governmentwide levels for an occupational family. For example, an agency may subdivide OPM's single "senior/expert level" into two or more levels to distinguish between organizations that are very decentralized (regions) and those that are very centralized (headquarters). For example, decentralized agencies could place greater value (pay) on work in the field that carries greater responsibilities, complexities and risks than oversight jobs in headquarters. The current system places greater value on broadness of scope in determining grades (pay), than on where the greater complexity or risk exists. An agency may not "redraw" OPM-designated lines by, for example, combining the top portion of developmental with the bottom portion of full performance to create a new agencywide level. Figure 6.3 illustrates the relationship between the governmentwide level definitions and a single agency's more detailed subdivision.

Figure 6.3

Relationship of Governmentwide Standard to Agency Standard
(Administrative Occupational Family)

Government Standard (OPM)		Agency-Defined Standard	
<ul style="list-style-type: none"> • Complex • No technical supervision received 	Senior/Expert Level	S/E-II	<ul style="list-style-type: none"> • Very complex, broad scope • Requires no technical supervision, i.e., is the program/subject matter expert for the organization served
<ul style="list-style-type: none"> • The full range of activities • General technical supervision received 	Full Performance	S/E-I	<ul style="list-style-type: none"> • Complex, broad scope <u>or</u> very complex, restricted scope • Requires no technical supervision, i.e., usually serves as program/subject matter technical expert for organization served
<ul style="list-style-type: none"> • Less than the full range of activities • Specific technical supervision received 	Developmental	FP-II	<ul style="list-style-type: none"> • Full range of activities, broad scope <u>or</u> complex, restricted scope • (Same as FP-I)
		FP-I	<ul style="list-style-type: none"> • Full range of activities, restricted scope • Functions independently with regard to most program/subject matter decisions
		D	<ul style="list-style-type: none"> • Less than the full range of activities • Limited independence of action, i.e., program/subject matter decisions are reviewed for technical adequacy

ROLES AND RELATIONSHIPS

Many of the roles and relationships assigned under the current federal classification system are identical to those proposed under the NAPA classification model. OPM retains authority and responsibility for governmentwide tools, including definition of the occupational families, definition of series, allocation of series into an occupational family, and the development and maintenance of the primary standard and classification standards for the occupational families.

Agencies retain authority and responsibility for agencywide tools, including the further division of occupational families and level definitions (with the restrictions noted).

OPM would oversee and evaluate these elements of the system it defines. Similarly, agencies retain oversight and evaluation authority for adherence to OPM and agency standards, including agency-defined parts of the system. So, for example, under the NAPA model, OPM is the final appeal level if there is a question of allocation of work into a series or occupational family; or if there is a question of allocation to level of developmental, full performance, or senior/expert. Similarly, if an agency further subdivides OPM's levels, the agency is the final appeal authority if there is a question of allocation between the agency-defined levels.

While OPM's function of supporting agencies through maintaining the classification system would not change under the NAPA model, it is envisioned that the overall approach to federal human resources/personnel management would change if the model is implemented. These alternative approaches under the current and proposed system are illustrated in Figure 6.4.

Figure 6.4
Alternative Approaches to Federal Human Resources/Personnel Management

<u>Characteristic</u>	<u>Current System</u>	<u>Proposed System</u>
function of OPM	supporting agencies	supporting agencies
objective of OPM	compliance/control	compliance/control & enabling/oversight
objective of HRM	efficiency/economy (limiting inputs)	productivity (increasing outputs)

<u>Characteristic</u>	<u>Current System</u>	<u>Proposed System</u>
nature of work definition	narrow/inflexible	broad/flexible
reward systems	inflexible individual	flexible individual/group
decision-making style in agencies	directive	facilitative
organizational climate	low trust	high trust
objective of classification	management of individual positions	management of work

LINKS TO OTHER HRM FUNCTIONAL AREAS

This report's discussion of other HRM functional areas addresses only those that are most related to the product of classification. They include work management, career development, qualifications, pay, performance management, training, and reduction-in-force.

Work Management

Work management is the process of organizing work to accomplish the mission of the organization. The model proposes requiring a Work Management Plan to translate the mission of the organizational entity into a specific staffing strategy. It is not an itemized list of positions and grades. Rather, it outlines the strategy for how duties, tasks, and fiscal and human resources will be organized to support mission accomplishment. The Work Management Plan must be reviewed by management, the personnel office, and the budget office and approved by the head of the organization before other HRM actions (such as recruitment) can be initiated. This plan is critical to any delegated authority to managers and to bringing accountability to the system. It is also important in linking classification to other management systems.

The Work Management Plan is a dynamic document, with changes generated by the manager based on new mission elements or programs, new staffing or recruitment strategies, and/or new staffing structures for carrying out work.

Qualification Requirements and Qualification Standards

The model proposes a governmentwide qualification standard for each occupational family.

The broad qualification standard is developed by the same office that develops the classification standard. Managers supplement the broad standard with specific work and qualification requirements for a recruitment action.

Performance Management and Pay

As illustrated by Figure 6.5, each band or content level for each occupational family has a corresponding pay range, as in the current classification/pay system. The model proposes specific approaches to pay (e.g., locality-based pay, above minimum hiring rates,) consistent with provisions of the 1990 pay reform legislation and permits flexibility to adapt it to different pay schedules by occupational family.

To provide an effective means for controlling pay, performance management must be strengthened. The model proposes an approach through which pay is based on performance and longevity, but with performance having a much stronger influence. The model provides for governmentwide pay equity, and a governmentwide approach defined by OPM.

Figure 6.5

Pay Ranges for Two Occupational Families

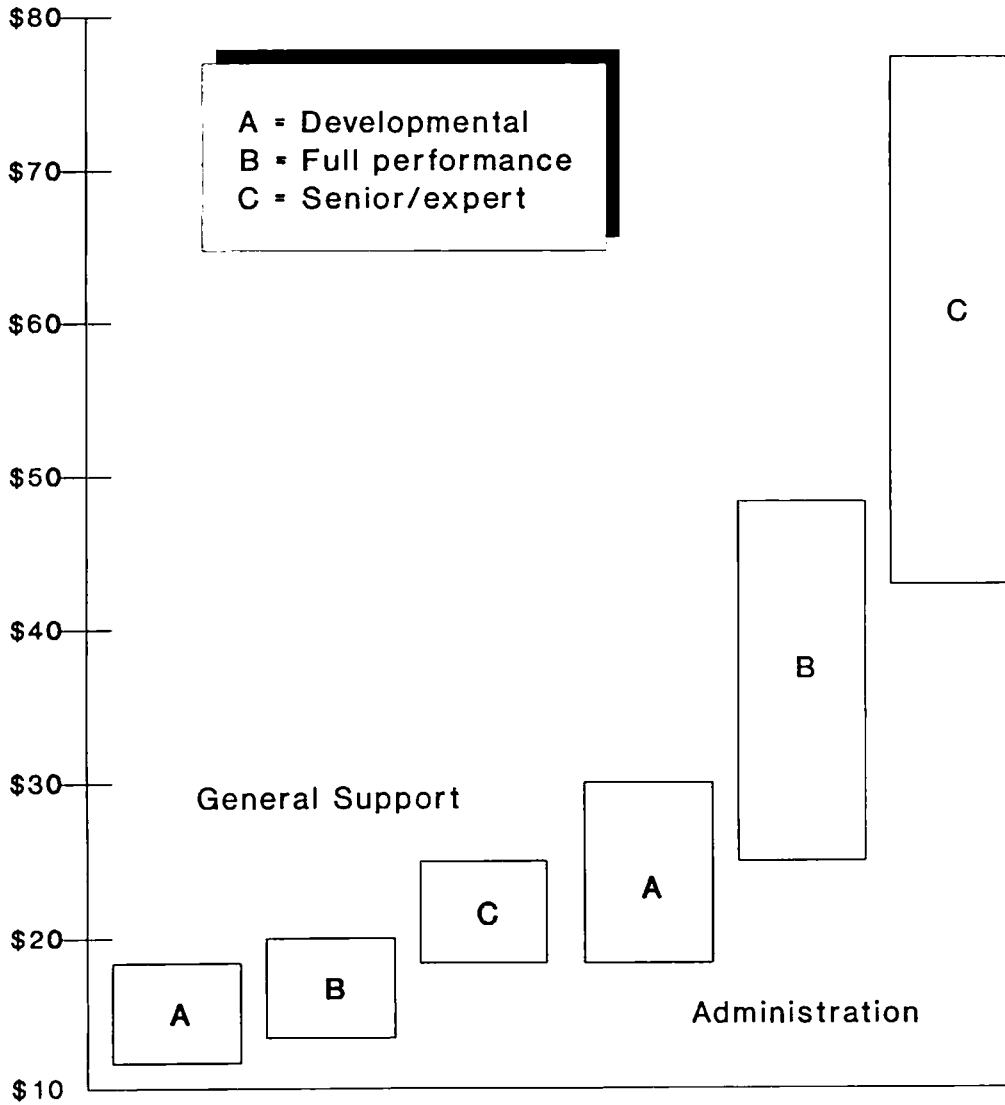


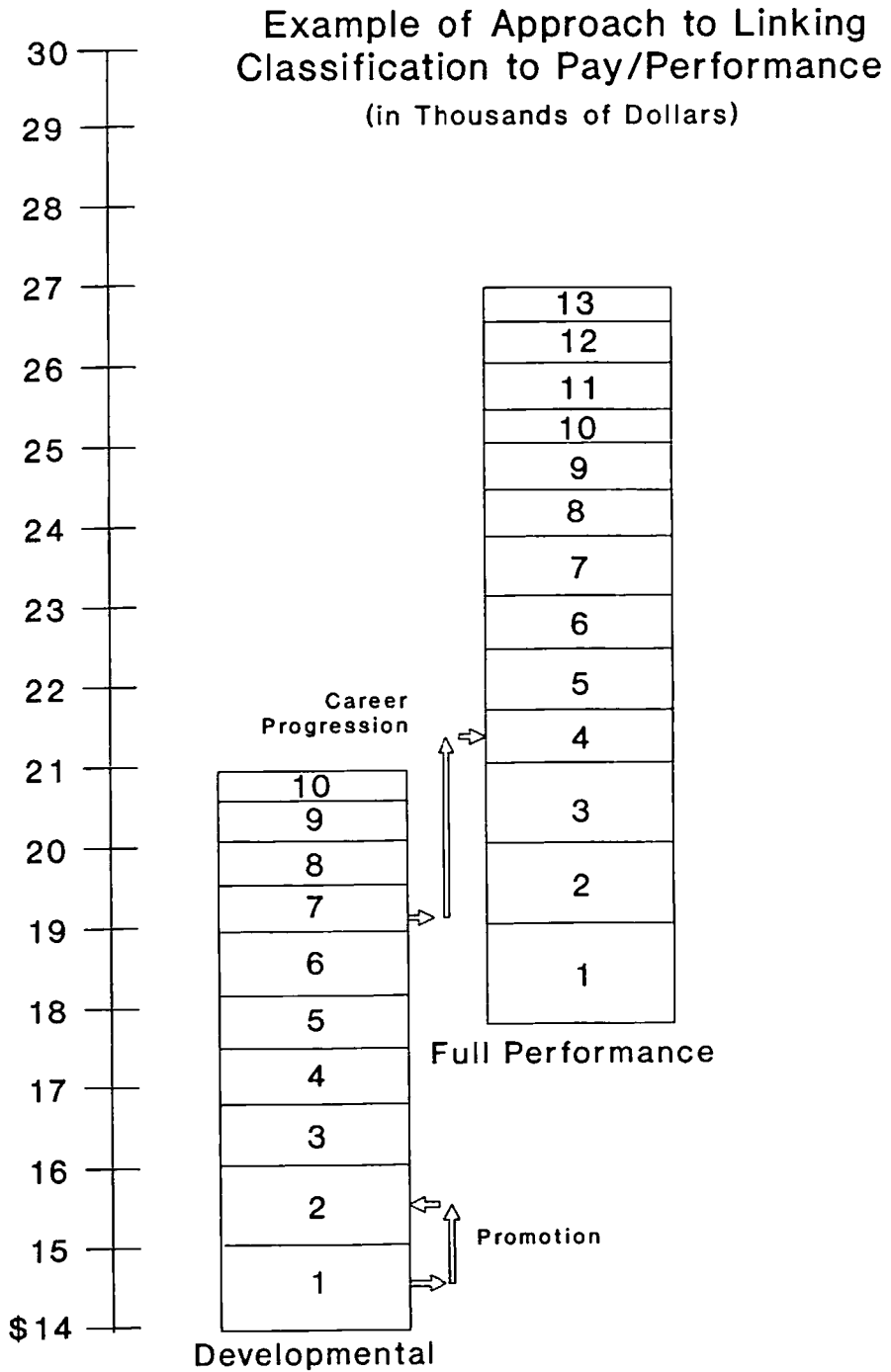
Figure 6.6 provides an example of one approach for performance management. This approach incorporates the following features:

- Each pay range is divided into increments, similar to steps.
- Increments need not be uniform in dollar amount and may be designed, using the theories of compensation management, to achieve specific federal personnel or mission objectives. For example, the number of increments may be greater at the bottom of the range to reflect the fact that individuals learn quickly when first exposed to new work and assignments.
- Employees are eligible for a "promotion," an increase within a pay range, once a year, with the number of increments constituting the increase based on the person's performance and other relevant considerations.
- All salary increases now given at different times throughout the year (e.g., PMRS, step increase) are combined into a single increase, thereby providing individuals a better sense of accomplishment or reward.
- Employees are eligible for a "career progression," movement from one pay range to another (progression up the occupational band to the next level). They may also be eligible to move to a new pay range when moving from one occupational family to another, based on demonstrated ability and/or competition. When employees are granted a "career progression," within their occupational career band, pay is increased a certain percentage over the current amount.

Training

The NAPA classification model is easily linked to training. Levels within occupational families are based on career progression typical of positions in that family, so level definitions include thorough information regarding knowledge, skills, and abilities required. In addition, the model provides for defined "bridge positions," to which employees could be assigned to acquire new skills and thereby qualify for positions with different or higher qualification requirements.

Figure 6.6



Reduction-in-Force (RIF)

Adoption of the NAPA classification model will not require any changes in the statutory basis (5 U.S.C. 351 (1)) for conducting RIFs. The statute provides that four factors are to be the basis for retaining or releasing employees in a RIF: an employee's tenure, veteran's preference, length of service, and performance ratings.

However, several changes in the OPM regulations for conducting RIFs will be required as a result of the NAPA classification model:

- The term representative rate, used in determining assignment rights in a RIF, will need to be redefined because the model classifies work by "level" rather than "grade." (5 CFR 351, 203)
- Interchangeable jobs will have to be grouped into competitive levels by "level within an occupational family" rather than by "grade." as the regulation currently provides, because the model does not classify jobs by grade. (5 CFR 351,403)
- The circumstances under which employees released from their competitive levels in a RIF can (displace an employee in a lower tenure group or subgroup), or retreat, (displace an employee in the same tenure group who does work that is the same or essentially the same as the job description from which the released employee was previously promoted) will need to be revised since the "three-grade limitation" that currently governs bumping and retreating will have no meaning in the NAPA model. (5 CFR 351, 701 (b) (c))

The Panel also recommends additional changes in RIF regulations. These relate to assignment of surplus supervisors, grade and pay retention, and minimum areas of competition. These needed changes are a direct outgrowth of system simplification brought about by the NAPA classification model and are discussed in more detail in Appendix J.

FUNCTIONAL INTEGRATION

As noted, the classification process must be linked closely with HRM functions such as qualification determinations, work force planning, career development and training programs. It must also be linked to other management systems, such as organizational development, management planning and strategic planning. One way to accomplish this is to create a life line that starts with job evaluation/classification (including qualification factors), and then extends to statements of work, career development plans, performance plans, and performance ratings. As shown in Figure 6.7, the model envisions OPM's development of standards for a broad occupational family as the first of several steps that should ultimately culminate in career development and performance plans for the newly hired employee. Figure 6.7 also shows the differences between the process and products of the model and the current system.

Klingner and Nalbandian provide a description of why better linkage of classification with other human resources and management systems is desirable.¹

Personnel managers and the personnel management function itself are most seriously affected by the limited usefulness of traditional job descriptions. Because traditional job descriptions are best suited to cataloguing and managing positions, they are regarded as irrelevant to productivity improvements by program planners, managers and employees.

Organizational planners are handicapped because traditional job descriptions describe only the personnel inputs into a job and not the resultant outputs...Because traditional job descriptions do not lend themselves to output analysis, they are not useful for human resources planners who need to establish a link between human resources inputs and organizational outputs.

Managers are handicapped because they cannot readily use job descriptions for recruitment, orientation, MBO goal setting or performance evaluation...This means job descriptions will be used only by the personnel department for planning, recruitment....

Employees are generally unable to use traditional job descriptions for orientation, performance improvement or career development. Because job descriptions give only brief outline of duties, employees must wait to learn about working conditions and standards until they are hired.

¹ Klingner and Nalbandian, Job Analysis and Classification, Chapter 9, pp 154-155 (1985), Prentice Hall.

Figure 6.7

COMPARISON OF NAPA MODEL AND CURRENT SYSTEM

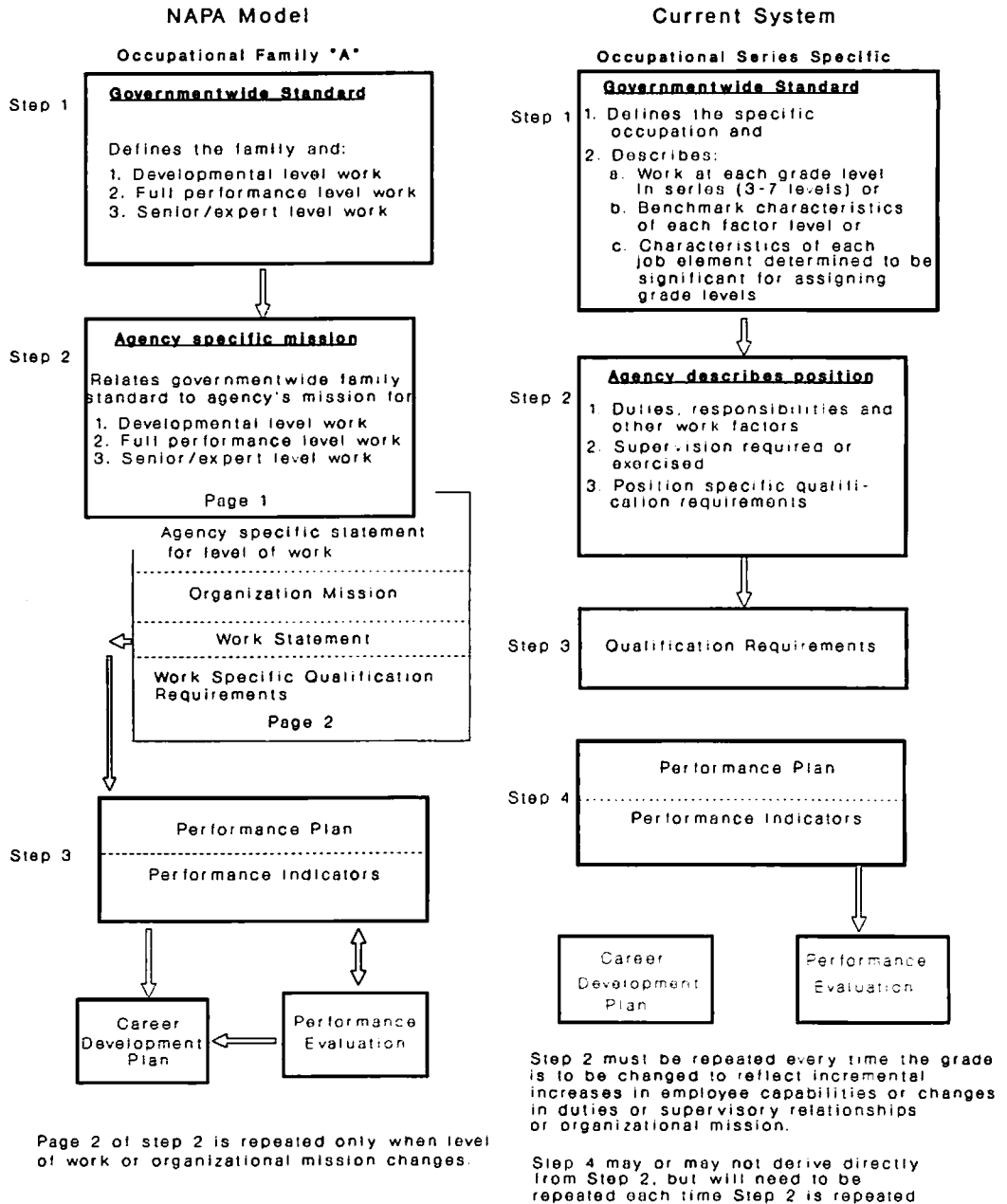


Figure 6.7 (continued)

NAPA MODEL

- Based on a single classification standard for an entire occupational family that defines the scope of the family and the nature of work within the family at each competency level, i.e., developmental, full performance, and senior/expert.
- Allows each agency, if it wishes, to establish an agency-specific statement that relates the governmentwide family standard to the agency's mission by further defining the work at each competency level in terms of the activities and structure of the agency.
- Allows for appending to the agency-specific statement a statement of the organizational unit's mission, a work statement, and any work-specific qualification requirements. This work statement remains in effect throughout the entire band level (e.g., developmental). The work statement would change only when work requirements change to another level (e.g., full performance, senior/expert)
- Allows the same documentation to be used for work at the same career level (e.g. full performance) within the occupational family.
- Requires the development of a performance plan and performance indicators that are directly related to the work statement. Required to determine both pay progression through the grade band and level of competency for promotion purposes.
- The definition of each work level within an occupational family serves as a career development planning guide. Employees can readily see the relationship between levels of work and the competencies needed to progress within the occupational family.

CURRENT SYSTEM

- Based on a classification standard or guide for each distinct occupation or, more recently, for a very few closely related occupations. These standards/guides define the occupation and may define the grade level differences for that occupation, the benchmarks for each factor level, or may identify the job elements significant to assigning grade levels.
- There is no counterpart to this feature, although an agency may develop a classification guide for each of its major occupations.
- Requires an individual description of duties, responsibilities, and supervisory relationships each time they or the employee's competency, changes enough to invalidate the currently assigned grade level. This may be done up to 7 times from entry to the maximum grade level for the position. Qualifications factors are developed separately from classification.
- Requires a new position description every time the work broadens or the emphasis changes so as to cause the position to be classified at a different grade level or another occupational series.
- Encourages the development of job-related performance standards and indicators, but gives them no direct relationship to pay progression or frequency of promotions.
- There is no counterpart feature because of the fragmented way in which occupation-specific standards are written.

Consequently, the primary result of these deficiencies in traditional job evaluation is to divorce personnel management from those organizational activities concerned with outputs and environmental relationships--primarily program planning, budgeting and program evaluation. As a result, personnel management is viewed as a series of low-level, operational techniques used mainly for external control or system maintenance.

Klingner and Nalbandian recommend adding more uses for job descriptions. Basically, they couple classifying work with development of specific tasks and performance standards in a job description. The NAPA model incorporates these same principles.

CHAPTER SEVEN

EXPECTED RESULTS OF THE MODEL

There are five major positive effects of the model: system simplification, management buy-in, responsiveness to employees interests, increased system integrity and accountability, and a stronger link between the classification process and other human resources and management systems.

SIMPLIFICATION

Classification standards will be simpler to develop and maintain as an occupational family's nature of work changes. Fewer standards need be written, the time required to make classification decisions will be reduced, as will the cost of maintaining and administering a classification process. Also, the time necessary to review a newly developed standard will be reduced.

Documentation for various human resources processes can be integrated. The OPM standard for an occupational family would start the process that would continue through the system as agencies added specific descriptions of an agency's mission and the role that occupation plays in a particular agency. Managers would then include specific work to be accomplished (defined/classified) at the appropriate level. The document would then be used for recruitment and finally would serve as the work statement (job description) for the person hired.

The final product from classification would be the basis for staffing plans, performance plans, performance evaluation, and career development plans. As work changed the manager would change the work statement. If the work altered to reflect a higher degree of complexity or responsibility, the work would be classified at the new appropriate level.

Moving to a less hierarchically structured system provides flexibility to organizations and employees. The model design can meet different organizations' methods of organizing and distributing authority. It offers broader career paths to employees, enhancing their development among different career experiences rather than limiting them into a narrow occupational path.

Most important, it provides the flexibility to screen in either a large or small number of applicants. The current system screens out applicants, anticipating that there will be a large number of applicants for jobs. While this was true in 1949, it is not true today for all occupations and projections for the work force in the future anticipate the trend of more jobs and fewer applicants to

grow. The model recognizes that for a given occupation an agency may need to reach out for a large number of broadly qualified applicants or target the search to a very specific type of professional.

MANAGEMENT BUY-IN

The model alters the current system by simplifying procedures and processes allowing for more flexibility in meeting different needs of organizations and management. It allows management to structure staffing plans and work assignments to fit organizational culture and mission strategies. At the same time, it provides flexibility to managers to adapt the work force structure to changes in technology and methods of organizing and accomplishing work. It moves away from looking at work assigned to an individual and instead to the nature of work and its ever-changing characteristics and needs. Managers can reward and advance individuals based on work performed and value of work to the organization's mission without restrictive time limitations. The added flexibility allows managers to better compete with external market conditions in recruiting and retaining employees.

RESPONSIVE TO EMPLOYEES' INTERESTS

The model recognizes the employee's level of work attained, rather than holding advancement to arbitrary "time in grade" restrictions.

The equity and merit principles contained in the 1949 legislation are retained as primary goals. Simplification of the system results in a system much easier for employees and managers to understand. As mentioned earlier, it provides flexibility to recognize the impact a person makes on the value of the work in accomplishing organizational missions. It offers broader opportunities for employees to move among several different work situations.

INCREASED SYSTEM INTEGRITY AND ACCOUNTABILITY

Simplification and flexibilities need to be balanced with management controls and oversight. In one respect, abuse and manipulation of the system will be reduced by more flexibilities. However, the model builds in controls to ensure that the principles of equity and merit are maintained.

- The report strongly recommends that the concept of "manage to payroll" (i.e. managing the system to stay within funding limitations) be adopted in lieu of the current control of ceilings on full-time equivalent

employment (FTEs). Incentives for better management such as "gain-sharing" should be a part of any "manage to payroll" program.

- Oversight and evaluation functions at OPM and agencies are strengthened, using the resources saved by moving to a less administratively complex and resource demanding system.
- OPM will maintain central authority over a core structure of the system by establishing a primary governmentwide standard and individual standards for the occupational families.
- Managers are required to develop a work management plan which describes staffing strategies in the near and long term. Personnel, management and budget organizations will review these plans and provide recommendations to the head of the organization who will be the approving official.

LINK TO OTHER HRM AND MANAGEMENT SYSTEMS

While providing flexibility to management and simplifying the process, managers and other management organizations are given responsibilities for the quality of system outcomes. Managers will be required to give thought and planning to the most efficient structure and method for accomplishing work. Personnel, management and budget offices will evaluate these plans in terms of significance to work force planning, organizational strategies and cost effectiveness. These changes coupled with upper level management approving work management strategies and receiving system evaluation reports from personnel offices will bring the system into the forefront joining other major management support systems such as accounting, management information, budget and program initiative tracking systems.

CHAPTER EIGHT

COST COMPARISONS AND CONTROLS

FEDERAL CLASSIFICATION SYSTEM ADMINISTRATIVE COST COMPARISON

Just as the OPM Classification Task Force Report in 1981 (Forrer Report) could only roughly estimate the cost of operating and maintaining the current classification system, there is no precise way to predict these costs for the proposed model.¹² However, some conclusions can be drawn about the relative costs of both systems by examining the steps required to operate and maintain them.

In operating the current system, the supervisor determines the content of the job to be established or reclassified. Supervisors anticipate the occupational series of jobs when they select the duties to be assigned, and anticipate the grade levels when they describe the complexity of the work and the degree of independence with which they will allow incumbents to function. Thus, when the job description is written, the intended occupational series and grade level have been initially determined by someone familiar with the duties and responsibilities, the environment in which the work is to be performed, and presumably, the standards for classifying work of that type. The description, including the proposed title, series and grade level, is forwarded to a classifier. The classifier reviews the supervisor's work against OPM generated standards or guidance material and either affirms the supervisor's judgment, or reaches a different conclusion concerning the title, series or grade level.

This process is repeated every time work is classified. For the current system, OPM has identified and defined some 459 individual occupational series, and has prepared individual classification standards for 285 of those series, plus about 18 classification guides for governmentwide use. Individual descriptions are required for each successively graded job within an occupation. Separate descriptions are also required when a job at a given grade level can be performed by people educated in different professional disciplines. For example, certain nuclear energy positions can be staffed either with an engineer, a physicist or a chemist, but require the supervisor to prepare a separate description for each occupational series.

¹² The Forrer report estimated \$200 million. (Classification Task Force, A Federal Position Classification System for the 1980s, April 1981, p. xx)

The model classification system would require classification standards for only a few (10-15) broad occupational families. Descriptions of work statements would be prepared only when the nature of the work changes from the category of "developmental" to the "full performance" level, or when the incumbent has had sufficient impact on the way in which a job functions that it is better described at the "senior" or "expert" level of an occupational family. Similarly, only a single description at the appropriate level would be required in an occupational family that encompassed engineers and physical scientists (where the nature of duties performed is similar), rather than the multiple descriptions the current system requires.

The model system, then, has two significant advantages:

- Because there are fewer classification "cross-over" points in the model system, fewer job or work descriptions will need to be prepared and fewer classification decisions will be required as an employee progresses from the "developmental" level to the "full performance" level, and perhaps beyond.
- Since related occupations are grouped by occupational "family" rather than by occupational "series," fewer standards and job or work descriptions will be needed because "multi-disciplinary" positions can be covered by a single standard or work statement.

The steps necessary to classify and maintain classification standards and descriptions of work at the three (3) levels are reduced and simplified. As a result, the system's demands on supervisors and managers, as well as on classifiers, are similarly reduced. However, a more intensive evaluation function should reduce a significant amount of the time saved by classifiers.

The system will be most efficient if managers receive good training and if classification authority is redelegated. When that occurs, classification would require a single decision point, the supervisor's. The people who now work as classifiers should be used to advise supervisors and managers, and to monitor/evaluate the process.

The cost of implementing a new system must also be considered. However, so much work is needed to update the current classification standards that the development of new standards by occupational families cannot be more expensive than attempting to "fix" the current system.

A more easily maintained system will also have the ancillary cost benefit of improving classification accuracy and reducing the volume of classification appeals.

POTENTIAL IMPACT OF BANDING APPROACH TO CLASSIFICATION ON PAYROLL COSTS

To determine the impact a banding approach to classification could have on payroll costs, four federal agencies using or testing a similar approach were reviewed and evaluated--General Accounting Office (GAO), Central Intelligence Agency (CIA), National Institute of Standards and Technology (NIST), and the Navy demonstration (China Lake) project. While none of the four projects exactly fit the banding approach proposed in this report, each contain elements of the model approach. Several conclusions are drawn from this evaluation:

- Grade banding systems in and of themselves do not cause an increase or decrease in payroll costs.
- Implementing a grade banding system cannot be independent from the rest of human resources management. Pay, recruitment and performance management policies, job evaluation activities and fluctuations in staffing levels are major contributing factors to changes in payroll costs.
- Most organizations experimenting with or using alternative banding approaches to the general schedule system did not have cost trends that significantly deviated from the cost trends of the general schedule.
- Agencies need to refine project design to establish better indicators for project evaluation.

Limitation of Data Available for Evaluation Purposes

Comparative data internal to each agency was difficult to obtain or did not exist. Some of the data limitations are:

- Contract evaluators lacked baseline data and a well matched control group (NIST).¹³
- No control groups established (GAO/CIA).
- Classified data (CIA).
- Inability to adjust data for temporary, part-time and intermittent employment fluctuations (China Lake)
- Short trend line for three of the four projects.

However, since all or more than 70% of an organization's (NIST and China Lake) or agency's (GAO and CIA) work force was included in the new system approach, the project staff concluded total data trends and comparisons could be used for analysis. That is, any significant increase in pay costs of people included in the new system over those not included would be reflected as a major change (deviation from previous organization or agency trends or the general schedule trends) in the overall payroll costs. Figure 8.1 displays trends in aggregate pay and Figure 8.2 displays trends in average pay. Figure 8.3 displays trends in employment levels.

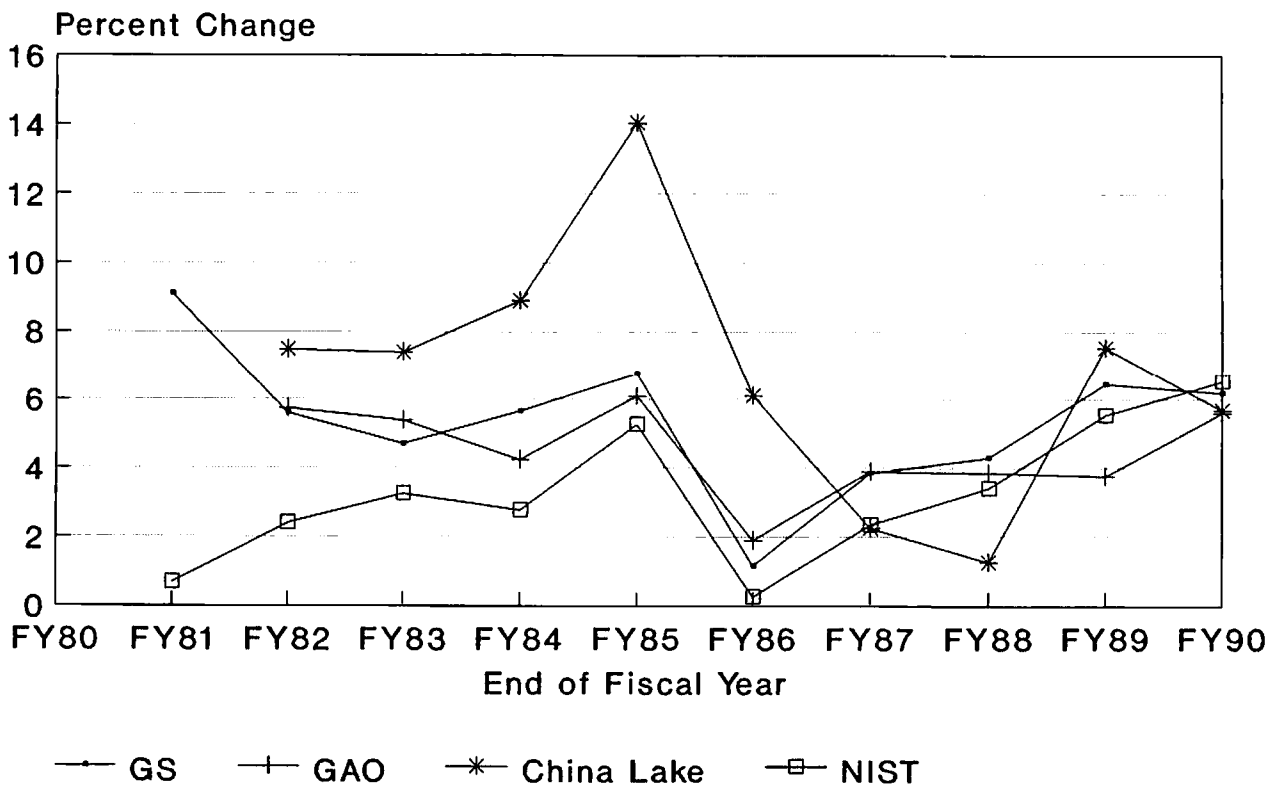
Evaluation Methodology

In the search for alternative systems in the public or private sector, three federal demonstration projects and three exempted agencies were found to use banding approaches. Of these, the Navy demonstration project (China Lake), NIST, GAO and CIA had sufficient experience to serve as a basis for an analysis of the effects of broad banded classification and pay systems.¹⁴ China Lake, GAO and NIST provided total personnel compensation spending, average salaries and numbers of full time equivalent employees for FY 1980 through FY 1990. Because comparable data from the CIA is classified, that agency provided average salary data for these fiscal years. The data was compared to comparable OPM data for the entire general schedule work force.

¹³ OPM staff stated that the new evaluator for NIST, HumRRO, has designed the evaluation and collected baseline data for the demonstration as well as appropriate comparison groups, and that all indicators are now being tracked over time.

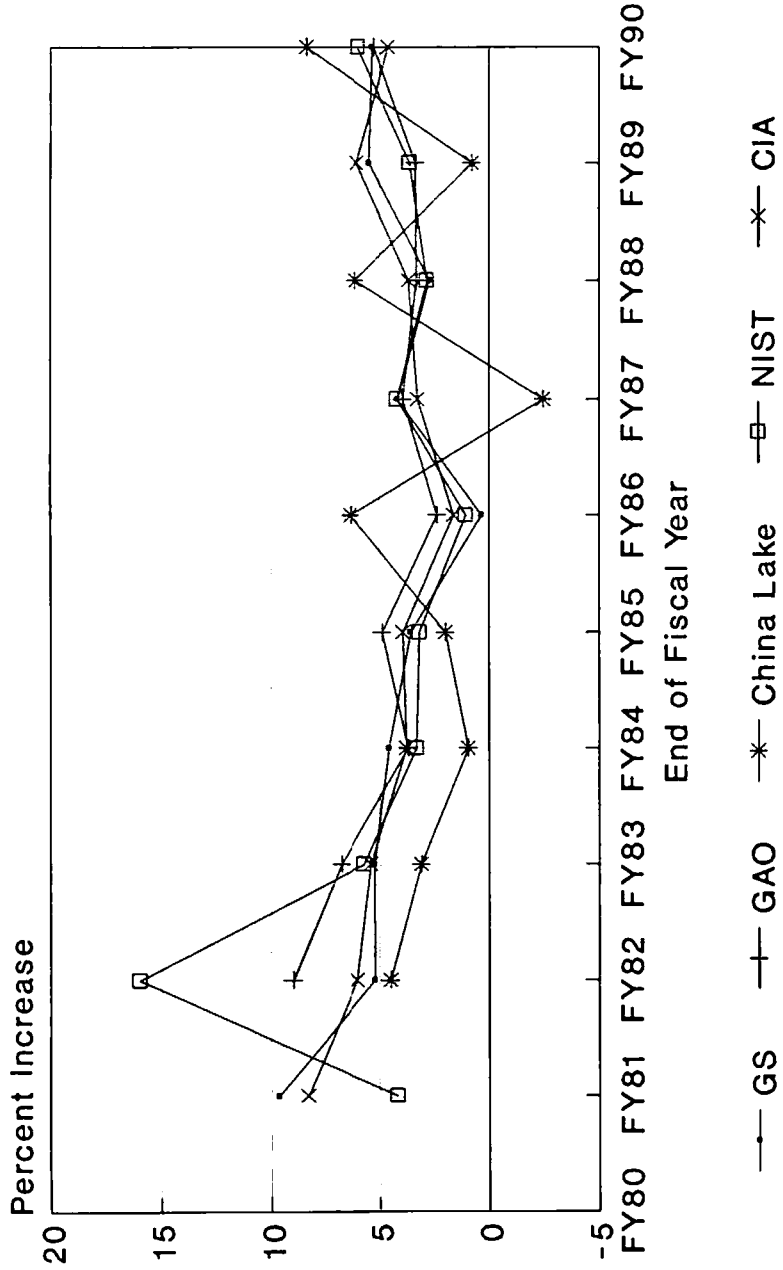
¹⁴ The DOD NAF banding approach is just being implemented. We also did not consider Pacer Share, implemented in 1988, because the August 1989 implementation report cited problems in obtaining accounting data for cost and productivity analysis.

Figure 8.1 Aggregate Pay



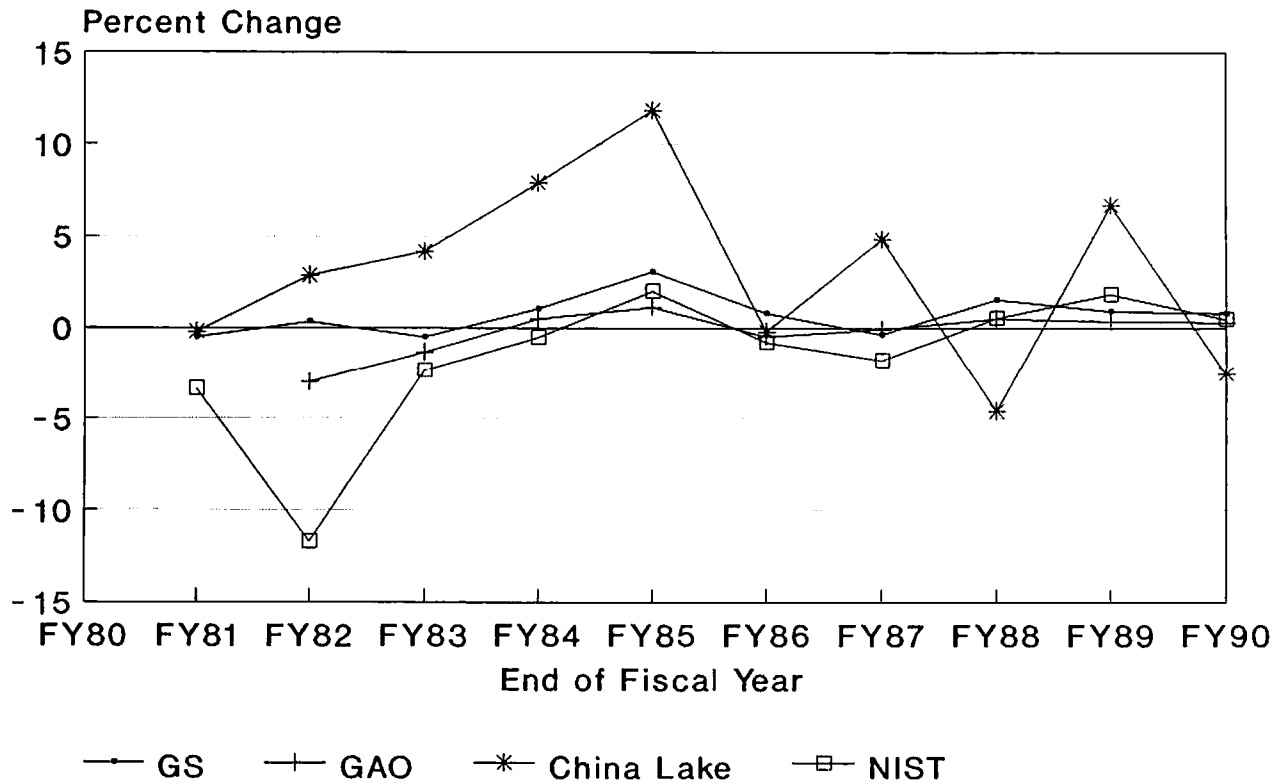
Source: OPM and Agency Data

Figure 8.2
Average Pay



Source: OPM and Agency Data

Figure 8.3
Number of Employees



Source: OPM and Agency Data

Appropriate OPM demonstration project implementation reports, GAO reports and related literature were also reviewed in an effort to document previous research and evaluation attempts. Interviews were held with OPM's Office of Systems Innovation and Simplification and with appropriate GAO officials. All OPM approved demonstration projects have external evaluation processes; however, the excepted agencies (CIA and GAO) do not.

Results of Analysis

China Lake (Began in FY 1980, about 80% of work force covered).¹⁵

Three prime objectives: (1) flexibility to adjust pay for employee recruitment and retention, (2) simplify the classification system, and (3) make laboratories more competitive in the science and engineering fields.

Changes in compensation practices: (1) market-sensitive pay and recruitment bonuses for entry-level scientists and engineers, (2) pay for performance for all employees, and (3) all employees whose performance is satisfactory or better are eligible for bonuses.

Cost impact: Large fluctuations in employment levels especially in FY 1985 through FY 1990, distorts a comparison of aggregate pay in China Lake to the trends in the three other agencies or the general schedule. However, even with this distortion it is still relevant to note that the 11 year old project decreased its annual rate of pay increases to come closer to the trend line of the federal work force: slightly below in FY 1987, FY 1988 and FY 1990 and slightly above in FY 1989.

Also in a 1987 OPM evaluation report, comparison data with the China Lake control group showed that the differences in mean salary increases for Scientists, Engineers and Other Professionals was 0.6 percent or less, and in 1984 and 1985 (years 5 and 6 of the project) salary increases for the control group slightly exceeded those of the demonstration group.

Therefore, the impact on payroll costs from the demonstration project appears to be negative or minimal increases in particular years. Although the objectives of higher pay for scientists and engineers should have reflected greater comparative differences (and did in the early years when compared to the general

¹⁵ Data received from China Lake does not include the Naval Ocean Systems Center in San Diego, California, which is also included in the Navy demonstration more commonly known as "China Lake."

schedule), controls on employment levels have offset costs. There were hiring controls for nine months in 1988, and current ones in place since January 1990. Total aggregate pay increases declined from a peak year in FY 1985, increased in FY 1989 and declined again in FY 1990. The rate of increase in average pay has increased above both the general schedule and the other three agencies' rates. China Lake officials explain that as an outcome of lower turnover (a result of the demonstration project, hiring controls and other economic factors) the work force has matured or contains a greater number of experienced (more highly paid) employees.

National Institute of Standards and Technology (Began in FY 1988, 90% of work force covered).

Four prime objectives: (1) improve hiring and enable NIST to compete for high-quality researchers, (2) increase ability to motivate and retain staff, (3) strengthen manager's role in personnel management, and (4) increase the efficiency of its personnel system.

Changes in compensation practices: (1) flexible entry pay for new appointees; (2) market based pay; (3) supervisory pay differentials; (4) retention bonuses; (5) recruitment bonuses and (6) performance based pay.

Cost impact: Unlike other projects, NIST decided to remain cost neutral throughout the demonstration project, i.e., not exceed level of compensation costs as it would have incurred under the original system. NIST believes they are remaining budget neutral. A recent GAO report, which found the evaluations of the OPM contractor for the first two years of the NIST project were not sound, made no comments on the budget neutrality issue. But, GAO noted the absence of before and after comparison data for both the demonstration project and the control sites.¹⁶

The percent change in aggregate pay began increasing in FY 1987, the year before the demonstration project began, and proceeded to increase on a parallel track with the trend for the general schedule. Historically, NIST has had lower percent increases in pay than the general schedule (2.0 percentage points to 1.0 percentage point lower). In FY 1990 that gap continued to narrow and ended with NIST's rate of pay increases exceeding the general schedule rate by slightly over 0.4%. This report did not attempt to duplicate the efforts of NIST or OPM on the question of cost neutrality. However, the aggregate data indicates that

¹⁶ Federal Personnel: Review of Evaluation of Personnel Demonstration Project at Commerce (GAO/GGD-92-93, May, 1991).

NIST is within the bounds of what is happening with aggregate pay and average pay for the total work force. The third year of the project should provide a clearer picture of whether the project will continue to increase pay at a greater rate than other agencies and NIST's own historical trends.

General Accounting Office (Began in FY 1989, 74% of work force covered).

Three prime objectives: (1) increase management flexibility in making job assignments, (2) streamline the classification approach, and (3) base pay and rewards on evaluated performance rather than the passage of time.

Changes in compensation practices: (1) performance based pay, (2) recruit at higher levels for new appointees, and (3) special pay rates for difficult to fill positions, e.g., PhD economists.

Cost Impact: Although not intending a budget neutral approach, GAO in seeking congressional authority for its separate system stated that its proposed system would cost approximately the same as the new Performance Management Recognition System for employees under the general schedule. They also stated that as in the past, any economies required by budget actions could be achieved through reductions in staff years, diminished levels of recruitment, etc.

Since 1984, GAO's rate of pay increases has matched or been slightly lower than the rate of increase for the general schedule. However, in the first year of the new system (FY 1989) they had almost no change in the rate of pay increases, remaining around a 4% increase. In FY 1990 the rate of increase in pay grew to approximately 5.5% but still remained below the rate of increase for the general schedule in that year of approximately 6.1%. The FY 1990 increase in the rate of pay coincided with a slightly flat trend in employment. Thus GAO appears to be meeting its objective by controlling increased costs in pay (average pay also increased) through controls on its work force size.

Central Intelligence Agency (Began in FY 1988, 100% of work force covered).

Prime objective: Simplify the classification system and delegate responsibility to managers.

Compensation policy: (1) rank-in-person system, (2) not a pay-for-performance system, and (3) minimum and maximum pay levels for each band follow the general schedule.

Cost Impact: CIA's internal evaluations show that the proportions of employees at equivalent general schedule grades 7 and 9, as well as those at 14 and 15, did not substantially change following implementation of the system in 1988. Internal evaluators also have concluded that managers are following budget and grade guidelines.

Although CIA data on aggregate pay and employment levels are classified, they provided historical data on increases in average pay. That trend analysis shows that CIA average pay increases over the last decade have mirrored the trends for the general schedule work force. A major change to their classification system was to delegate classification authority to managers. The fact that increases in average pay have remained stable is a positive reflection on managers' use of the new authority.

Conclusion

Each of the agencies went to a new banding approach for most of the same reasons: simplify the classification system and improve their ability to attract and retain employees. They were able to do so while maintaining controls on payroll costs.

Aggregate data and analysis does not suggest that any of these agencies have abused the broader flexibilities and authorities provided by their alternative systems. Trends remain fairly constant with what is happening in the general schedule work force. Even those who adopted as prime objectives higher pay scales for some professions are managing to stay within overall budget trends. For example, China Lake has reduced the rate of increase in payroll costs through externally imposed hiring freezes and other controls in FY 1988 and again in FY 1990.

MANAGEMENT CONTROLS

While classification systems are, in and of themselves, cost neutral in their impact on payroll costs, there are costs associated with the operation and maintenance of any system. System design and operation affect cost. In addition, the total personal service costs of government programs are affected when the product of a classification system is linked to a pay system.¹⁷

¹⁷ The "total personal service costs" of government programs include direct payroll costs, and the cost of acquiring "support services," i.e., the temporary services of experts, consultants, reporting services, auditor, investigators, others with specialized skills that may be required to support, or augment, the permanent workforce from time to time, and government-owned, contractors operated (GOCO) facilities.

The Bureau of the Budget (BOB), the predecessor to the Office of Management and Budget (OMB), used "year-end average grade" limits as the means to control the direct payroll costs of government programs. While this control made visible any changes in the average grade (and average salary) within each agency from year to year, it provided no information on the total personal service costs of agency programs. Limiting the average grade was to have controlled the direct payroll costs of government and, thereby, the total personal service costs of programs. In fact, total costs increased despite year-end average grade limits.

OMB, the successor to the BOB, relied first on "personnel ceilings"¹⁸ to control the size of the federal work force and the direct payroll costs of government. It then moved to controls which imposed a limit on the number of "full-time equivalent (FTE)"¹⁹ employees an agency could have on its payroll throughout an entire fiscal year. Both of these controls "contained" the size of the federal work force, but neither actually limited the direct payroll costs of the federal work force or the total personal service costs of government.

OMB continues to use the FTE method to control the size of the federal work force. The funding available for the total personal service costs of accomplishing agency missions is controlled by Congress and OMB through the appropriations and apportionment process. There is not necessarily a correlation between cost and FTE controls. As a result, while the federal work force appears relatively stable, in reality, the total personal service costs of providing federal programs to the taxpayer have increased significantly.

This lack of correlation between controls on human and fiscal resources also has a serious effect. While federal managers have been continually exhorted to improve program management so as to increase quality and reduce costs, managers have little latitude in their use of these resources to achieve improvements. Because of OMB's control on FTEs, agencies lack the discretion to bring work "in-house" or augment their federal work force to ensure proper program execution and oversight, even when this approach would be more cost-effective. The last decade has provided some expensive lessons concerning the cost to the taxpayer of inadequate staffing to execute and monitor federal

¹⁸ Agencies were given an end-of-year limit on the total number of employees they could have on their rolls, and of that total, how many could be employed on a "full-time permanent" basis.

¹⁹ Agencies were given a limit on the number of full-time employees they could employ throughout each fiscal year, but were allowed to "pro-rate part-time employees and receive "credit" for periods of time when positions were vacant in calculating the equivalent number of full-time employees that were on their rolls during the year

programs. The problem of rigid, centralized controls that inhibit, rather than promote good management, is a problem of long standing.²⁰ Clearly, it is time to consider a new system of management controls that will better serve the interests of the taxpayer.

Impact of the NAPA Model

The NAPA model would allow managers to shift work and work assignments of existing staff to accommodate new/revised programs and changes in administration and congressional priorities without extensively rewriting and reclassifying statements of work. Under this model, the ease of reorganizing work to make its accomplishment more cost/effective should also encourage managers to change organizational relationships into structures that are more efficient.

Increased flexibility to assign work and the greater ease with which organizations could be restructured to improve efficiency and economy are critical to work planning, a key feature in the operation of the NAPA model. Under this concept, managers would review annually the status of programs within their purview, consider both the size and the skills/capabilities of existing staff in relation to foreseeable program needs, and project total personal service costs in terms of human and fiscal resources for the ensuing budget period. This planning would also consider any organizational changes needed to accomplish their programs. The human resources aspects of these work plans would be subject to a feasibility review by the appropriate human resources and management organizations. The cost aspects would be reviewed by the budget organizations, and recommendations provided to higher level agency management. When approved by agency management, these work plans can become the basis for the total personal services costs included in the agency's budget submission. Following OMB review and determination of the funding levels to be included in the president's budget, the resultant appropriations by the Congress, when approved by the president, would establish the total personal service cost-parameters for each agency's programs. Whatever funding adjustments occur during the budget and appropriation process would, of necessity, require agencies to modify each affected work plan. Thereafter, funding would be the paramount cost control for the human resources requirements of each program, i.e., "manage to payroll." Nearly one-half of the non-postal, civilian federal work force is now controlled by the "manage to payroll" concept not by FTE ceilings.

²⁰ A panel report of the National Academy of Public Administration, Revitalizing Federal Management: managers and their overburdened systems, November 1983, Chapter 1.

Since size of the federal work force is always of interest, each agency would continue to monitor and report to OPM and OMB on its current and projected work force levels. However, the Panel recommends against centrally imposed work force ceilings which destroy flexibility and the incentive to manage well.

Changing Roles

The NAPA classification model is designed to make it easier for people who are not personnel professionals to classify work accurately. In that way, it encourages the delegation of classification authority to line managers. To the extent that agencies redelegate that authority, their line supervisors and managers will have an active role in classifying the work they manage. With such delegation, the responsibility for assignment of work and accuracy of descriptions of such work will take on added significance for managers. Broader, more generic classification standards and concomitant work statements can facilitate better management of assignments on a team basis and result in more efficient staff utilization. There is ample evidence that the traditional concept of individual "position management" has not done this. In fact, position management as a policy or program has never really been accepted as the line manager's responsibility because it has been so strongly linked to the negotiation of classifying individual positions.

In agencies that elect to make an extensive redelegation of classification authority to their line managers, the role of their human resources organizations will also change. Their personnel professionals will become technical advisors to supervisors and managers in the exercise of their delegated classification authority. The human resources organizations will monitor on behalf of their agency heads, the effectiveness with which work is classified throughout the agency, and provide advice and recommendations concerning required operational modifications or corrective actions. Adopting and implementing those recommendations will continue to rest with agency heads, consistent with their accountability to the president and the Congress for the management of their agencies.

CHAPTER NINE

IMPACT OF PROPOSED MODEL ON THE EXISTING LEGAL FRAMEWORK GOVERNING CLASSIFICATION

This chapter examines the impact the model would have on legislative language in Title 5, the Federal Employees Pay Comparability Act of 1990, and current regulations. The model was designed to mesh as closely as possible with the current classification and pay reform legislative structure. Consequently, 5 U.S.C. will require very little change to authorize OPM to establish a broad-band classification system.

Most of the provisions in the chapters covering classification and pay are as applicable to a banded system as to the current graded system. A basic issue in making a proposal for needed modifications is how specific the law should be in controlling OPM design and implementation. The Panel believes OPM should have maximum design discretion.

IMPACT OF PROPOSED MODEL ON TITLE 5

Some sections of the current law would be affected, but overall changes would be minimal. Changes to 5 U.S.C. 51 would incorporate into its provisions the concept of banding for all occupations. Those changes would define banding, authorize occupations to be grouped by bands, and allow employees to receive appropriate rates of GS pay for the grades (level of work) contained in their applicable bands. The detailed changes that would be required are in Appendix J.

The Federal Employees Pay Comparability Act of 1990 (5 U.S.C. 5391 and 5392) amended provisions governing GS employees to authorize OPM to establish classification systems similar to the Panel's model system for large groups of occupations. OPM, can use its regulatory authority to establish special occupational pay systems "for reasons of good administration" and to exempt them from the existing classification requirements contained in 5 U.S.C. 51.

OPM believes the new provisions "would permit ... the establishment of separate pay systems with classification bands which are broader" than the grades used in the existing classification laws. However, OPM reserved judgment on whether the bands established under the authority of 5 U.S.C. 5392 could be as widely applied as the ones described in this report's classification model. OPM expressed a concern that the third merit system principle which calls for "[e] qual pay for work of equal value" might constitute a barrier to the creation of such broad pay bands.

The Panel believes that a different interpretation is possible. A shift to a broadly banded system and away from an arcane highly stratified classification system could just as easily be seen as the striking of a new appropriate balance in pay administration. The third merit system principle of Title 5 contains many qualifiers. It provides that due regard should be given to national and local pay rates in the private sector as well as to incentives and recognition of excellence in performance. It does not, on its face, appear to have a fixed single meaning and it has never been given one in any judicial or regulatory context. In fact, since its inception, the U.S. Merit Systems Protection Board (MSPB) has consistently held that these merit system principles are "hortatory" in nature (*Wells v. Harris*, 1 M.S.P.B. 208, 215 (1979)), that they are advisory expressions urging desired behavior that are incapable in themselves of serving as the basis for allegations that particular acts violate the personnel laws.

While we believe that the Federal Employee Pay Comparability Act of 1990 provides OPM authority to adopt the model classification system proposed in this report, we believe that Congress did not foresee a broad application of this authority. Thus, the Panel recommends the model be accomplished through additional legislative action. Suggested changes to 5 U.S.C and the Code of Federal Regulations are in Appendix J.

CHAPTER TEN

FRAMEWORK FOR INSTITUTING NEEDED CHANGES

ROLE OF CHANGE AGENTS

Fully appreciating the nature of the changes needed in the federal classification system requires a fundamentally different perspective from that which drove the establishment of the system in the first place. The degree to which the recommendations in this report can be implemented will be contingent upon acceptance by all stakeholders of an updated philosophy of the value and purposes of job classification. Federal managers and employees must be willing to take the next steps towards accepting work classification as a management system rather than a personnel system. There must be a strong commitment to eliminate some institutionalized processes that are unnecessary, that waste resources, and that do not contribute to effective human resources management. However, even with the strongest commitment by all concerned, making the necessary changes will not be easy.

The Office of Personnel Management will have to take the lead as the executive agent for initiating, coordinating, and managing the changes. The context of the conclusions and recommendations of this report has been that modifications that should be undertaken should be viewed as updates, improvements and refinements rather than as a wholesale replacement of the current system with a new one. OPM should be able to relate the needed modifications in the classification system to its 1990 strategic plan.²¹ One of the bottom line results anticipated in the Strategic Plan is a classification system that "is as simple and flexible as possible, and provides reasonably consistent classification within and between agencies." It will be necessary for OPM to develop and coordinate within the executive branch appropriate amendments and corrections to Title 5 that would accommodate the kinds of changes recommended in this report, and to consult with Congress accordingly. As has been pointed out, this report envisions such changes to be minimal technical corrections. Most fundamental changes can be made administratively.

The federal agencies sponsoring this study want to take more positive steps to develop, advance, and modernize the position classification system. They see movement toward the kind of system described in this report as logical progression and entirely consistent with the overall trend for line managers to have greater HRM responsibilities and accountability. The new market-oriented

²¹ Office of Personnel Management, Strategic Plan for Federal Human Resources Management, November 1990.

federal pay system should clear the way toward actions that focus on making the classification system more responsive and removing the monolithic, non-value added aspects of the current system while retaining its internal equity advantages. Agencies will have to assure that changes will be seen in perspective. This will require comprehensive communication and training programs for employees and managers at all levels.

The administration's leadership. OMB and OPM, should resist the temptation to defer making significant changes in the classification system because the pay problem is being fixed. Improving the classification system should be viewed as the companion piece to pay reform, and the changes seen as helping the new pay system work. Consultations with Congress, employee unions, and management and professional associations should emphasize that the intent of the modifications is to make the system more responsive, help employees understand it better, make it more compatible with other personnel management reforms, and generally to meet the objectives and criteria described earlier in this report. Employees need to be assured that negative outcomes such as downgradings and pay reductions are not the objectives of a revised system. On the other hand, managers and supervisors must understand that with increased flexibility will come increased accountability for effective management of their organizations and staff.

MAJOR IMPLEMENTATION STEPS NEEDED

The Academy believes that the recommendations that it made regarding the federal personnel system in its 1983 report, Revitalizing Federal Management: Managers and Their Overburdened Systems, are still relevant to today's working environment. The major difference between then and now is that several agencies have experimented with some of the more flexible management practices of banding and managing to budgets. As a result of this track record and other findings, this study recommends that a similar approach be implemented for all federal white collar workers. It is also important to note that OPM has adopted the approach the Academy recommended in developing a positive personnel program to be carried out by the agencies, and in sponsoring research and development on useful innovations. Other recommendations made in the 1983 report bear repeating today and are highlighted in Figure 10.1.

Although OPM should have the primary responsibility for planning, initiating, and instituting the needed changes, all of the parties mentioned above play a role. However, before any changes are undertaken, it is essential that the problems are clearly understood as well as how the specific changes will correct

them. This study should provide a good basis for developing that kind of understanding among the various agents for making meaningful change a reality.

Figure 10.1

1983 Human Resources Management Recommendations Still Relevant Today

General Recommendations:

OPM adopt broad guidelines which permit agencies to have the flexibility to develop and implement personnel programs responsive to their management needs.

- Agencies select and develop career executives and managers who will be competent and willing to exercise the major personnel management responsibilities recommended in this report.

- Executives and Line Managers:

- Take more active roles in personnel, particularly in selection and development of effective employees;
- Help tailor personnel programs to meet their needs;
- Develop a greater sense of personal responsibility for the design and operation of the system;
- Receive rewards based on involvement;
- Be held accountable for effective use of authority delegated to them;
- Participate in developing policies which are approved by the head of their agency or organization.

Specific Recommendations on Classification:

For the classification function the Panel recommends that more flexibility is needed as well.

- OPM's role should be changed to that of developing standards for the full performance level positions in occupations and issuing broad guideline standards which agencies would adopt and apply to all other positions in their organizations. Agencies should participate in the development of both these standards and guideline standards.
- Line managers should assume greater responsibility for classification and sound position management; the role of the classifier should be more of an adviser than a control agent.
- OPM should eliminate current methods of classification control, i.e. setting average grades and classifying (certifying) individual positions. Congress and OMB should control classification through overall salary costs and agency heads should exercise organization, position management, and salary controls for their agencies.
- New models of classification system that meet agency needs should be developed and put in place.

General Recommendations (cont.):

- Within agencies, personnel offices:
 - Provide staff assistance to top management in the formulation of agency personnel policies and standards;
 - Serve as consultant to executives and line managers; as well as provide staff help in recruiting; training; and other personnel functions.

- The NAPA Panel recommends that OPM take the lead in planning and promoting a major program to strengthen the personnel role of Federal managers throughout government by implementing the recommendations of this report.

- It also recommends that agency heads adopt the policies of this report which call for greater delegation of authority for personnel matters and that immediate action be initiated to train and motivate all supervisors and managers to prepare them for the assumption of this stronger personnel role.

The Academy continues to recommend that Congress and the administration implement the recommendations of the 1983 report. In addition, the Academy recommends that the model classification system described in this report be implemented on a governmentwide basis, as follows:

OPM should categorize all job series into a relatively small number of occupational families based on similarities in career progression, skill requirements, recruitment methods, training needs, and performance management as described in Chapter Six. This study contains one method for combining series into families. OPM should then determine career bands for each occupation which is based upon the logical career progression of developmental, full performance and senior/expert levels. OPM should link the content definition of all levels for all families to the grade level definitions in Title 5. This will provide a basis for alignment and consideration of governmentwide equity and consistency. OPM should also take the lead in:

- Establishing the policies for adjusting pay within bands.

- Developing a classification guide for supervisory positions.
- Differentiating between pay for supervisory and non-supervisory employees.
- Developing timely classification standards for occupational families that are governmentwide in scope.
- Where an occupation's population is primarily in one agency, delegate a lead agency for establishing occupational bands and developing standards.
- Develop with agencies orientation programs that explain the details of the new classification system to managers, employees, and unions.
- Develop and conduct training classes on classification techniques for managers and evaluation techniques for classifiers.
- Consulting and coordinating with Congress, OMB and federal agencies, the development of a phased in process to convert employees into appropriate families and bands, including detailed plans and time tables. An explicit policy statement is needed that no employee will lose pay due to conversion to the new system.
- Developing coordinated OMB, OPM, and agencies' policies on managing to payroll/budget and other management controls needed to effectively manage federal human resources. Such policies should also recognize features of delegation of classification authority to managers and maximum use of incentive programs such as "gain sharing."

APPENDICES

APPENDIX A

MEMBERS OF THE NAPA PANEL

***Alfred M. Zuck**, Panel Chair, is Executive Director of the National Association of Schools of Public Affairs and Administration. Most of his 25-year federal career was spent in the Department of Labor, where he served as Assistant Secretary of Labor for Administration and Management. In 1983, Zuck was appointed by President Reagan to be part of a four person management team to stabilize and restructure the Environmental Protection Agency. He was Executive Director of the 1980 Commission on Executive, Legislative, and Judicial Salaries. Zuck currently serves as President of the International Institute of Administrative Sciences, Brussels, Belgium. He is a recipient of the Presidential Rank of Distinguished Executive.

***Marvin A. Andrews** is President of the Phoenix Community Alliance. He retired in 1990 after spending 32 years on the city staff, the last 14 as City Manager. Mr. Andrews emphasized innovation, strong financial management, productivity and pay for performance during that period. He received the National Public Service Award from NAPA and the American Society, Public Administration (ASPA) in 1990. He graduated from the University of Illinois majoring in Economics and Finance and was awarded an M.P.A from Syracuse University.

Sandra Biloon is Associate Professor, Department of Public Administration at the University of Hartford's Barney School. Her 34-year career with the State of Connecticut included 15 years as Director of Personnel and Labor Relations and Deputy Commissioner in the Department of Administrative Services. Biloon has contributed a number of publications in the field of public administration and has received numerous awards for outstanding work in public personnel management. She is currently conducting research on the relationship between public sector collective bargaining and work and family conflict. Biloon is Past President, International Personnel Management Association and Past President, National Association of State Executives. She received her B.A. from Radcliffe College and M.A. from Trinity College.

Joy M. Bishop is the Chief Executive Officer of the Emerald Group, Inc. Her 30-year federal career included serving as Assistant Director for Special Programs at the Federal Executive Institute in Charlottesville, VA and as Director of Civilian Personnel, Air Force Systems Command, Andrews AFB, Maryland. Bishop has worked in and supervised all functions of personnel management. Bishop received a B.A. from the University of Upper Iowa and a master's degree in Personnel Management and Supervision from Central Michigan University.

***David O. Cooke**, Director of Administration and Management, Office of the Secretary of Defense, has been involved in Defense management since 1958. He has had responsibility for planning and implementing major Defense reorganizations from 1960 to the present. He has been a principal DOD spokesman before congressional committees and has frequently served as the senior Defense representative on important interagency groups including the President's Council on Management Improvement and the Board of Directors of the Federal Quality Institute. He has been awarded the DOD Distinguished Civilian Service Medal four times, and holds the Secretary of Defense medal for Outstanding Public Service. He holds a B.S. degree from New York State University College at Buffalo and M.S. from New York State University at Albany. His law degree was awarded from George Washington University Law School.

John J. Driscoll has served as General Manager of the Personnel Department for the City of Los Angeles since 1978. Prior to this position he was Personnel Director for the City of Seattle. He has been working in government for 25 years, starting his career in the Mayor's Office in Seattle. Driscoll holds a B.A. degree in Psychology and a Master's degree in Business Administration from Seattle University and has completed the UCLA Executive Program. He is currently the 1991 President of the International Personnel Management Association (IPMA).

***Nesta M. Gallas** is Professor Emerita of Public Administration at the John Jay College of Criminal Justice, City University of New York. She has served as Public Administration Advisor, Division of Public Administration, United Nations Department of Economic and Social Affairs; Personnel Consultant and Interim Personnel Director, Los Angeles City Housing Authority; and Personnel Director, City and County of Honolulu. She is an honorary life member of the IPMA, and received the Charles C. Cushman Award for advancing the art, science, and practice of public personnel administration.

***Sally H. Greenberg** retired after 36 years of career federal service, most of which was in the Civil Service Commission/OPM. Her professional training was in research psychology with a specialization in supervision/managerial personnel. She was closely involved in drafting the 1978 Civil Service Reform Act, chairing the taskforce on the Senior Executive Service of the President's Personnel Management Improvement Project. She retired as associate director of OPM for executive personnel and management development.

Donald E. Klingner is Professor of Public Administration at Florida International University in Miami, and Director of the Clearinghouse on Workplace Drug and AIDS Policy. He has written and consulted widely on human resources management and policy issues. Prior to receiving his Ph.D. from the University of Southern California in 1974, he worked as a management intern and staffing specialist for the United States Civil Service Commission.

***Thomas S. McFee** is Assistant Secretary for Personnel Administration, Department of Health and Human Services. He has served the Department as a career federal executive since 1967 as Director of Systems Development and Deputy Assistant Secretary for Management prior to assuming his current position. McFee served as technical assistant in the Office of Science and Technology, Executive Office of the President from 1965 to 1966. He was project leader of the Weapon System Evaluation Group, Department of Defense, and a systems analyst with the U.S. Navy. He has been awarded the Presidential Rank of both Meritorious and Distinguished Executive. He holds a B.S. degree in mathematics from the University of Maryland where he has also done graduate work.

***Chong Mo Pak** is a Consultant. He was formerly Director of Virginia's Department of Personnel and Training. He has served as Associate Director of the Federal Executive Institute, and Professor and Chairman of the Department of Public Administration at Virginia Commonwealth University.

Howard W. Risher is a Principal at The Wyatt Company in Philadelphia, PA. Prior to joining Wyatt, he managed a compensation consulting practice for William M. Mercer, Inc. in New York, served as Director of Compensation for IU International Corporation, and was a consultant with Towers, Perrin, Forster & Crosby. He has served as a consultant, taught college courses and has written a number of articles for professional publications in the areas of employee compensation, benefits and human resources planning for a variety of organizations.

Robert W. Rusek is Compensation Strategy and Planning Director at AT&T. He served as R&D compensation and job evaluation director; head, Technical Salary and Personnel Information Department; and head, Computing Administration Department - all at AT&T Bell Laboratories. He holds an M.S. in Electrical Engineering from the University of California, Berkeley and an M.B.A. in Accounting from the University of Chicago.

* Academy Fellow

APPENDIX B

BACKGROUND ON THE FEDERAL CLASSIFICATION SYSTEM

HISTORY OF THE FEDERAL POSITION CLASSIFICATION SYSTEM

This appendix traces the development of the federal government's position classification system (Title 5) and describes the system as it exists today. It provides, for readers who are not familiar with work or position classification in the federal government, a context to understand the evolution of the system and the reasons for changes.

The federal classification system for white collar workers has evolved from a series of public laws. The first attempt to establish as public policy the principle of equal pay for jobs of equal responsibility occurred as early as 1818, and the first formal work evaluation system in the federal government came in 1853. But the modern era of federal job classification and pay is dated with passage of the Classification Act of 1923.

By the early 1900s, the Civil Service Commission (CSC) had repeatedly called for a classification system based on duties performed on the job and uniformity across agencies. However, federal agencies routinely dismissed its annual recommendations for a systematic approach to evaluate work. Although CSC appointed committees to make studies and recommendations, Congress did not take substantive action.

Until World War I, the federal government's role and functions were limited. With the advent of war, people flooded the ranks of government, permanently changing the civil service and its personnel management. In 1916, the civilian work force totaled 480,000, but by 1919 it had grown to 840,000. Faced with national mobilization of unprecedented proportions, the government found its management and procedures unwieldy. To respond to the growing employment problems, labor shortages, high cost of living, interagency competition, and pay inequities created by World War I, Congress enacted stop-gap measures in the form of restrictions on interagency transfers and emergency bonus legislation but failed to address the fundamental problems.

Employees working side by side doing essentially the same work were paid different salaries. There was no rational approach as to how work should be valued. In the early years of government, everyone was called a clerk regardless of the job performed. Added to this internal disarray, the federal government had no policy of paying competitive wages in the marketplace. Unable to compete with industry, departments raided each other for the best employees.

During World War I, the public became alarmed about the inefficiencies of government. Coalitions of community, business, and labor leaders protested the government's ineptness in managing its affairs and pointed to the high vacancy rates, low wages and 40 percent turnover rates that had become costly to the country. By magnifying the problems that had long existed, World War I provided the necessary catalyst that would reform the federal classification and compensation systems.

Early History of Classification

The 1833 Pendleton Act ("An Act to Regulate and Improve the Civil Service of the United States") was intended to reform the spoils system. In addition to establishing the CSC and revolutionizing the civil service, it required the arrangement "in classes" of certain clerical positions and authorized the classification of other positions at the direction of the president.

In the aftermath of war, the stage was set for sweeping reform and Congress appointed a "Joint Commission on the Reclassification of Salaries," which accurately portrayed the long-standing problems and served as the foundation of the 1923 legislation.¹

The Classification Act of 1923

The Classification Act of 1923 (P.L. 67-516) was a major step in modernizing the federal personnel system. Congress intended that all positions in headquarters (Washington, D.C.) be grouped according to their duties and responsibilities. These groupings would be called classes and would be clearly distinguishable by written statements of duties, including typical tasks to be performed and the qualifications required to do the job. Uniform standards applied across agencies and a central body, the Personnel Classification Board, was established to ensure compliance.

The 1923 Act divided the civil service work force into five major types of employment called services: professional and scientific; sub-professional; clerical, administrative, and fiscal; custodial; and clerical-mechanical. Within each service, grades or levels were defined according to the difficulty, importance, and responsibility involved within the classes of positions. The underlying purpose of grouping occupations into services was to design a system to provide each of the five services with its own pay scales or grades.

¹ McCarthy, Eugene M., The Congress and the Civil Service: A History of Federal Compensation and Classification (a staff paper prepared for the National Commission on the Public Service), 1989.

There were still limitations in the 1923 Act. For example, there was no linkage across services or even within services across fields of work except for similarities in the pay rates, which were approved by Congress. Additionally, the work force outside Washington, D.C. was not covered.² Although the act did not achieve all its objectives, it provided the foundation for a reasonable approach that would remain relatively unchanged in general principles until the enactment of the Classification Act of 1949, a system that survives still.

Changes were effected between 1923 and 1949. In the late 1920s and 1930s, the Personnel Classification Board reviewed the approximately 104,000 positions in the field service and recommended that consistent policies for classification and pay be adopted for them. Somebody abolished the Board in 1932 and CSC assumed its functions, but its recommendations survived. In 1940, the Ramspeck Act gave the president authority to extend the 1923 Act to field positions and other departments that had been created during the New Deal era.

The Classification Act of 1949

Because of the rapid growth of federal employees during World War II, it became impractical for one agency to allocate all positions needed. There were also problems in determining which service certain classes of positions belonged in. The Classification Act of 1949 (P.L. 81-429) addressed these problems by establishing a classification and a uniform pay plan and by doing away with the five services and combining them into two systems, the general schedule and the Crafts, Protective and Custodial Schedule.

The primary objectives of the classification plan are:

- Base pay on the principle of equal pay for substantially equal work.
- Preserve differences in pay in proportion to the differences in difficulty, responsibility and qualification requirements of the work performed and to the contribution of the employees to the efficiency and economy of the organization.
- Ensure that the position classification plan facilitates all phases of personnel administration.

² Committee on Post Office and Civil Service, Subcommittee on Position Classification, "Report on Job Evaluation and Ranking in the Federal Government" (HR 91-28), February 27, 1969.

The classification plan outlined in the law provided for the general definitions of the 18 grades (now 15) of the general schedule into which all positions were placed. The law permitted CSC to design the position classification method and other features of the plan. The pay plan set forth a general schedule of salary rates for each grade.³

The 1949 Act (5 U.S.C. 5104) outlined in broad terms the characteristics of each of the 18 grades in the general schedule. It combined the definitions for the separate services of the 1923 Act.

The 1949 Act divided responsibility for classification between CSC and the federal departments. The CSC (and its successor, OPM) is responsible for defining work in terms of duties, responsibilities and qualification requirements; establishing official class titles; and assigning grades to the classes. Federal departments and agencies are responsible for classifying work consistent with the standards issued by the CSC/OPM.

The classification standards are based on detailed legislative instructions for evaluating and classifying jobs, but there is no requirement that standards follow any particular format, although eight factors were to be considered

- Nature and variety of work
- Nature of supervision provided to the incumbent
- Nature of available guidelines for performing work
- Originality required
- Purpose and nature of person-to-person work relationships
- Nature and scope of recommendations, decisions, commitments and conclusions
- Nature and extent of supervision exercised over work of other employees
- Qualifications required

Agencies, managers, and personnel staff complained that the process was too hard to administer and not understood by most employees. After two decades of applying the 1949 system, many believed that grade levels were not clearly defined and inequities had crept into the system.

³ Suskin, Harold, ed., "Job Evaluation and Pay Administration in the Public Sector," "Efforts to Resolve Problems in Federal Compensation," Raymond Jacobson; International Personnel Management Association, 1977.

Two 1970 Acts Address Problems

Classification problems were severe enough to be brought to Congress' attention. The result was the passage of the "Job Evaluation Policy Act of 1970" (P.L. 69-216), which authorized the CSC to establish a "Job Evaluation and Pay Review Task Force."⁴

Also enacted in 1970 was the Federal Pay Comparability Act (P.L. 91-656), which established a new basis for determining federal pay rates by requiring that "federal pay rates be comparable to private enterprise pay rates for the same level of work." A large loophole in this policy, however, is that the president may recommend to Congress an alternative to the annual comparability recommendation, and the president has nearly always done so.

The Job Evaluation and Pay Task Force was chaired by Philip Oliver, and its 1972 study and recommendations came to be known as the Oliver Report. The report recommended that the general schedule be replaced by six major groups of jobs: Federal Executive Service; Supervisor and Manager Evaluation System (SAMES); Administrative, Professional and Technological Evaluation System (APTES); Clerical, Office Machine Operation and Technician Evaluation System (COMOT); Coordinated Federal Wage System (CFWS) and Special Occupations Evaluation Systems (SOES). Although this recommendation was not accepted, CSC used some of this report's recommendations in creating the factor evaluation system (FES), a quantitative method for classifying jobs.

The CSC adopted the FES in 1975, and intended to provide a uniform procedure for assigning GS grades to individual jobs. Today's classification system is not uniform because standards for evaluating jobs are written in narrative and FES formats. The FES uses nine factors and classifiers assign factor points to each position, as shown in Figure B.1.⁵

⁴ See: U.S. Civil Service Commission, "Job Evaluation and Pay Review Task Force, Volume I, Findings and Recommendations, January 1972; and the "National Academy of Public Administration, "Federal Classification Study, Literature Research Results," August 1991.

⁵ U.S. Civil Service Commission, "Instructions for the Factor Evaluation System," Section VII, May 1977.

Figure B.1

Factor Evaluation System Factors and Points

<u>Factor</u>	<u>Maximum points for each factor</u>	<u>Percentage</u>
1. Knowledge required by the position	1.850	41%
2. Supervisory controls	650	14%
3. Guidelines	650	14%
4. Complexity	450	10%
5. Scope and effect	450	10%
6. Personal contacts	110	2%
7. Purpose of contacts	220	5%
8. Physical demands	50	1%
9. Work environment	50	1%
Total	<hr/> 4.480	98% ⁶

The knowledge factor accounts for 41 percent of the total points. One of the chief criticisms of the FES is that despite the nine factors that are evaluated, only a few dominate the outcome of the (FES) rating.

The Civil Service Reform Act

The Civil Service Reform Act of 1978 (P.L. 95-454) brought about changes on a broad range of issues, but most important for this discussion, it eliminated the CSC, a three-person body charged with preserving merit and the civil service system. In its place, the law created three new agencies. OPM, headed by a director chosen by the president and confirmed by the Senate, to provide personnel/human relations management for the executive branch. The Merit Systems Protection Board (MSPB) monitors the health of the federal personnel system. The Federal Labor Relations Authority (FLRA) succeeded the Federal Labor Relations Council as a third party adjudicator for federal sector unions and employees. The FLRA handles negotiability disputes, unfair labor practice cases, and reviews arbitration awards.

⁶ Total does not equal 100 percent due to rounding.

Proposed Civil Service Simplification Act

In July 1986 and again the following year, OPM proposed the Civil Service Simplification Act (CSSA) " to establish a simplified management system for Federal Employees." In the transmittal letter to the president (July 7, 1986), OPM cited several problems with the existing system:

- The hiring system is excessively regulated and time consuming.
- The compensation system is rigid and often inadequate.
- The performance appraisal system, despite major improvements, still does not sufficiently tie pay to employee performance.
- The job classification system on which it is all based is cumbersome and excessively involved with paperwork.

The CSSA would have established a new system, to be adopted in whole or in part at agency option, incorporating pay banding, simplified classification, and pay-for-performance features of the Navy Personnel Management Demonstration Project being conducted at the Naval Weapons Center at China Lake, California, and at the Naval Ocean Systems Center at San Diego, California. The GS would continue to exist, but the pay ranges of two or more GS grades could be combined into a single "pay band." Classification standards and procedures would be simplified, and within a pay band, entry salaries would be flexible and pay increases for current employees would be based on performance. In addition, special rates for selected occupations would be higher and more flexible and recruitment and retention bonuses would be introduced.

The proposed CSSA did not become law, partly because it did not include significant pay reform and partly because Congress did not believe pay banding had been sufficiently tested.

The Federal Employees Pay Comparability Act of 1990

On November 5, 1990, President Bush signed into law the Federal Employees Pay Comparability Act of 1990 (FEPCA, P.L. 101-509). FEPCA is designed to provide a pay setting system which adheres to the principle of comparability with non-federal salaries. However, while the former system was based on a comparison of nationwide federal to non-federal salaries, the system under FEPCA compares salaries within local geographic areas. Los Angeles, San

Francisco, and New York now receive interim geographic adjustments of eight percent, as areas with severe pay comparability problems.

Some parts of the law took effect during 1991, and FEPCA will start to be fully implemented by 1994. Then, annual salary raises will be based on two adjustments

- A **nationwide** adjustment will raise pay for all GS employees across the country. This figure is based on the Employment Cost Index (ECI), a measure of labor costs determined by Bureau of Labor Statistics surveys. It is determined by the **rate of increase** in non-federal sector salaries.
- A **locality** adjustment differential for which all GS and GM employees may be eligible, although the amount will vary among localities, and no payment is required in a locality where federal salaries are comparable to non-federal salaries. This feature of the new system will be in effect in 1994. The differential will be phased in over nine years.

FEPCA also included other features designed to help recruit and retain qualified workers for the federal government. Incentives are designed to give agencies more flexibility in maintaining a quality work force. They include recruitment and relocation bonuses, retention allowances, hiring at above the minimum rate at all grades, and waiving of dual compensation restrictions on reemployed annuitants.

The new law also replaces the GS-16 to GS-18 supergrades with a single pay band. Agencies have discretion to set pay within the band, with the minimum rate of 120 percent of a GS-15 salary and a maximum rate of Executive Level IV. It also allows OPM to establish special occupational pay and classification systems. Health and law enforcement occupational studies are currently underway.

CHARACTERISTICS OF TODAY'S SYSTEM

Today's federal classification system continues to have its legal basis in Title 5 of the U.S. Code, which codified the Classification Act of 1949, and subsequent amendments as explained in the earlier section. Title 5 generally defines the components of the federal classification system and it:

- Establishes the principle of providing equal pay for substantially equal work.
- Provides a definition of each grade in the general schedule.
- Directs OPM, after consulting with federal agencies, to prepare standards for agencies to use in placing positions in their proper classes and grades.
- States that the standards issued by OPM shall:
 - Define the various classes of positions in terms of duties, responsibilities, and qualification requirements:
 - Establish official class titles; and
 - Set forth the grades in which classes of positions have been placed.⁷

Conceptual Framework

The concept of internal equity is the central point upon which the federal classification system rests. The whole structure of classification standards intends to assure ". . . that all jobs within the system are ultimately measured against the common yardstick of the definition of grade levels in the statute."⁸ This is done so that employees perceive equity when they compare their jobs to others.

Internal alignment ensures equal grade for equal work, not necessarily equal pay. The concept of equal pay for equal work was strengthened with the establishment of the GS pay plan in the 1949 act. Each of the 18 grades is defined as to the duties, responsibilities and qualifications necessary for the grade level. When drafting classification standards, OPM is required to refer to these definitions as the benchmark against which an occupation's grade level criteria are

⁷ Office of Personnel Management, Introduction to the Position Classification Standards, p. 1.

⁸ Classification Task Force, A Federal Position Classification System for the 1980s, April 1981, p. 6.

defined.⁹ Classification standards encourage equity in classifying work by providing a common reference for use by different agencies. The centralized classification and grading system attempts to provide equal treatment in terms of pay and employee status across agency lines. The 1981 Forrer Report, initiated by OMB and OPM to study the classification system, notes that, "Job evaluation has now been widely accepted . . . by the Federal civilian work force as the means to establish a common understanding about jobs and an objective basis on which to make pay decisions."¹⁰

The statute's aim of defining a system that provides internal equity continues in the principle of rank-in-position. The present classification system establishes an individual's pay range according to the job assignment. This philosophy adheres to the principle of equal pay for substantially equal work. Thus, an individual is limited to the pay range established by the grade of the position held. Pay is tied to the evaluation of the work to be performed and is not linked directly to the qualities of the person performing the job.

In contrast to this idea is the concept of rank-in-person evaluation. This method determines grade and pay based on an evaluation of the ability, qualifications, and accomplishments of an individual, without any direct relation to the work currently done. However, it relies on the organization to assign the individual to work that requires that level of capability. Even in rank-in-person systems jobs are still also ranked. This system is utilized in the military and the Foreign Service.

External alignment is considered important to recruit and retain qualified individuals.

System Structure

The current federal classification system defines work through one of two methods, narrative and point factor (including the Factor Evaluation System or FES). Either of these methods may be used for classifying positions into one of the 15 GS grades.

The narrative format defines grade levels on the basis of eight factors tied to the position, such as the nature of the work and level of responsibility required. The grade is determined by selecting the most appropriate level for each factor.

⁹ Merit Systems Protection Board, OPM's Classification and Qualification Systems: A Renewed Emphasis, A Changing Perspective, November 1989, p. 9.

¹⁰ Classification Task Force, p. 1.

Most standards published before 1978, when the first FES standards were published, are in the narrative format.

The FES approach evaluates a position through a set of nine individual factors, which are assigned points for different levels. The point value for each factor is selected, the values are added, and the total is translated through a point-grade conversion table to determine final grade. For jobs classified using the FES method, there is a generalized Primary Standard, published by OPM, which serves as a model for all occupation-specific FES standards. It describes each factor in terms that apply to all positions covered by the FES system and establishes a hierarchy of point-rated levels under each factor. (See Figure B-1.) The Primary Standard is used as the framework for designing occupational standards that attach the factor levels and their point values to descriptions of specific occupations. These standards provide occupational background, job titling practices, and benchmarks as well as the factor-level descriptions. In serving as the model for all FES occupational standards, the Primary Standard is intended to establish grading alignment and consistency among the standards.

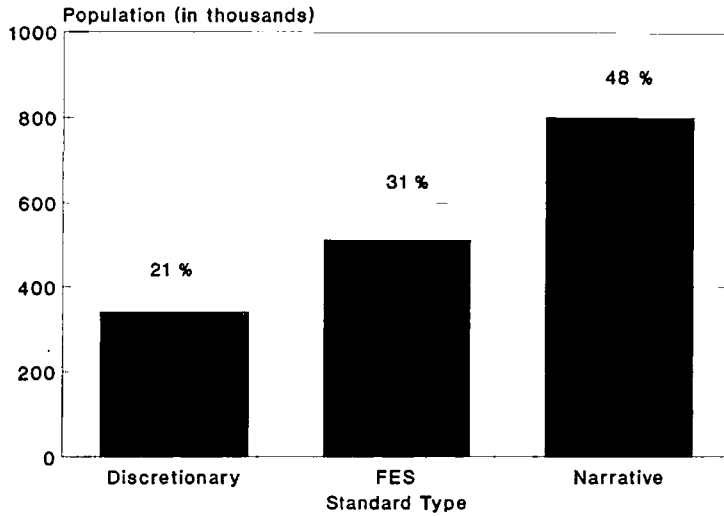
Some work has no written standards. Many of these job series consist of definitions only, without specific grading criteria. In such a case, the classifier must establish a grade for the work using either an FES or a narrative standard for a series that has similar work requirements. The classifier may also consult one of the various guides for grading information. OPM writes these guides, which are generic narrative or FES standards, to cover a group of series in a particular line of work. The Research Grade Evaluation Guide is one example of a guide which might be used in addition to an occupation-specific standard to set grades for work in research in the biological sciences, medical occupation group, physical sciences, or mathematics. For the purpose of this report, we have categorized some job series as following a "discretionary" method for classification, meaning that the classifier may exercise some discretion in what source is used to classify a job.

Figures B.2 through B.4 show the percentage of the federal work force and number of series covered by each of the three classification methods. Total population figures are from "Occupations of Federal White-Collar and Blue-Collar Workers," (September 1989) published by OPM.

Figure B.2 shows that a substantial proportion of the work force is covered under narrative standards. This number also includes all supervisors. The Supervisory Grade Evaluation Guide (SGEG) is in a narrative format and is generally used to classify supervisory work. Different jobs lend themselves better to certain types of standards. In fact, after FES was implemented, some new standards were developed using the narrative method.

FIGURE B.2

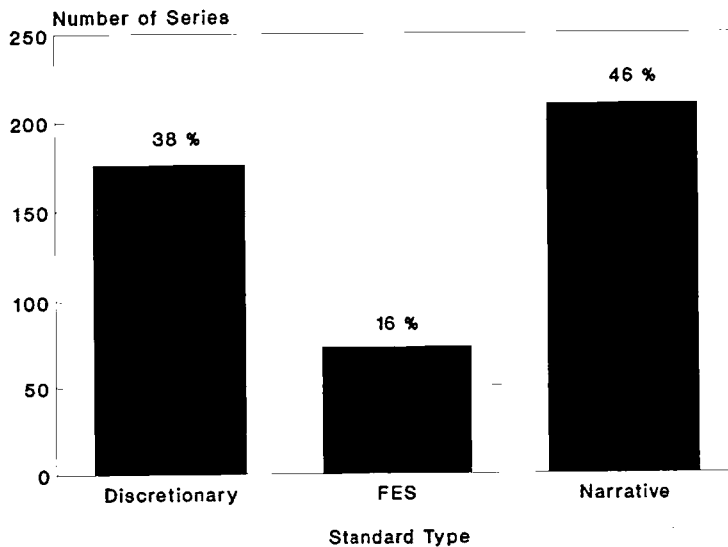
Population By Standard Type



There are over 400 series and as shown in Figure B.3 a large number of series use narrative standards (210). However, 176 series (38%) fall into the discretionary category. Only 73 series (16%) are in the FES format.

FIGURE B.3

Series By Standard Type



OPM, despite limited resources, has made an attempt at improving the classification standards. This is suggested by the fact that FES standards, while covering only 16% of the total series standards, represent 31% of the population.

Figure B.4 shows that over 27 percent of the federal work force is classified under the General Administration, Clerical and Office Services Group. This family appears to be a "catchall" category; perhaps it would be useful to break out meaningfully distinct occupational families. For example, GS 15 managers and GS-2 clerks are now in this one family.

Administration

Administration of the classification system is coordinated among OPM, federal managers, and personnelists. OPM provides leadership for the program and maintains and develops the standards for jobs and occupations. Agencies classify work subject to OPM's final authority.

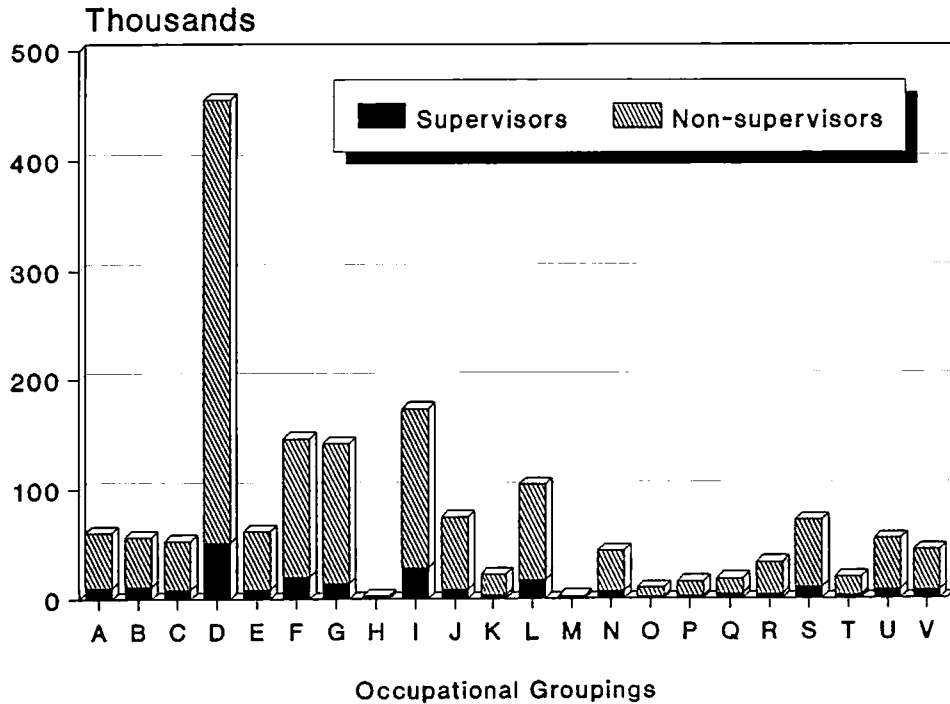
Content and Production of Standards

OPM issues classification standards in various formats that describe the nature of the work and the knowledge required, level of difficulty, and responsibility characteristic of the work at various grade levels. Most standards are generally defined, and classification authority is delegated to individual agencies. OPM retains final authority in case of system abuse. Generally, agency classifiers classify work. Agencies may delegate classification authority to line managers, which has occurred in some agencies, but more often authority is delegated to personnelists. Agency managers are responsible for defining and assigning the work within their organization.

OPM is to continue to "... revise, supplement, or abolish existing standards, or prepare new standards, so that, as nearly as may be practicable, positions existing at any given time will be covered by current published standards" ¹¹ (5 U.S.C. 5105 (b)).

¹¹ MSPB, p. 12.

Figure B.4
Total Population By Occupation

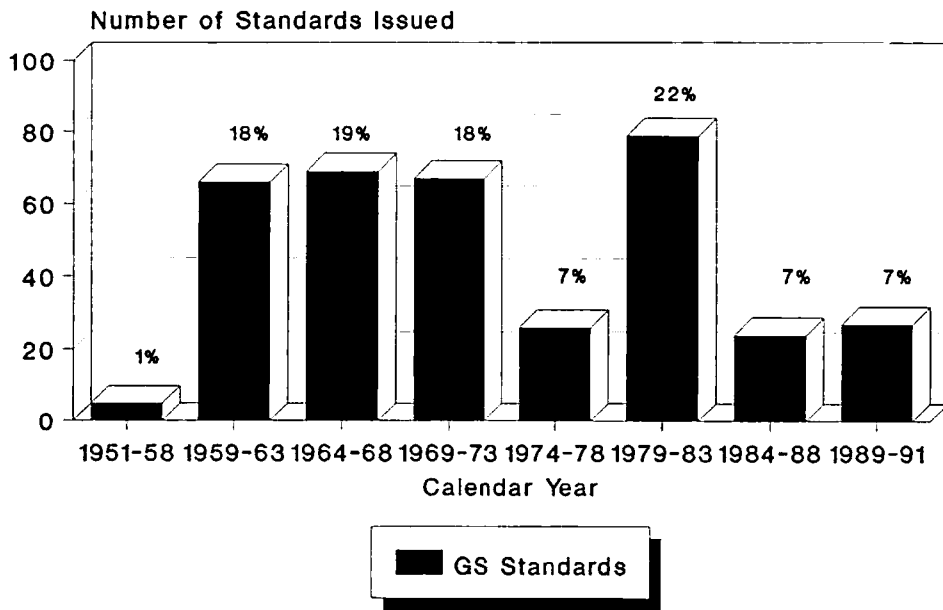


- | | | |
|----|---------|--|
| A. | GS-000 | Miscellaneous |
| B. | GS-100 | Social Science, Psychology and Welfare Group |
| C. | GS-200 | Personnel Management & Industrial Relations Group |
| D. | GS-300 | General Administration, Clerical & Office Services Group |
| E. | GS-400 | Biological Sciences Group |
| F. | GS-500 | Accounting and Budget Group |
| G. | GS-600 | Medical, Hospital, Dental & Public Health Group |
| H. | GS-700 | Veterinary Medical Science Group |
| I. | GS-800 | Engineering and Architecture Group |
| J. | GS-900 | Legal and Kindred Group |
| K. | GS-1000 | Information and Arts Group |
| L. | GS-1100 | Business and Industry Group |
| M. | GS-1200 | Copyright, Patent and Trademark Group |
| N. | GS-1300 | Physical Sciences Group |
| O. | GS-1400 | Library and Archives Group |
| P. | GS-1500 | Mathematics and Statistics Group |
| Q. | GS-1600 | Equipment, Facilities, & Services Group |
| R. | GS-1700 | Education Group |
| S. | GS-1800 | Investigation Group |
| T. | GS-1900 | Quality Assurance, Inspection & Grading Group |
| U. | GS-2000 | Supply Group |
| V. | GS-2100 | Transportation |

There have been two major interruptions in OPM's effort to keep classification standards current. The first was the shift from narrative standards to FES. The FES system required several years to put in place. Work began in 1975 and OPM published the first standards in the new format in 1978. The second occurred when the director of OPM issued a moratorium, from 1984-1986, on developing new standards. This had a serious impact on the maintenance of current standards. As the Figure B.5 illustrates, 63 percent of the standards still in use were issued prior to 1979, including 38 percent that were issued prior to 1969.¹²

Figure B.5

**Number of OPM GS Standards Still in Use
by Time Period Issued**



¹² Office of Classification, OPM, March 1991.

In 1989, MSPB asked agencies to list the classification standards that have the greatest impact on their classification program. Six standards were cited by three or more agencies: secretary, SGEG, computer specialist, management analyst, contracting, and attorney. These six occupations (Figure B.6) represent approximately 25 percent of the federal white collar work force.¹³

Figure B.6

Series	Number of Agencies Citing	Year Published	Approximate Population
Secretary	14	1979	100,000
SGEG	10	1976	200,000
Computer Specialist	9	1980	40,000
Management Analyst	8	1990	16,000
Contracting	7	1983	28,000
Attorney	3	1959	18,000
Total			<u>402,000</u>

Since the 1989 MSPB report, OPM has issued updated standards covering some of these series. In November 1990, OPM issued the Office Automation and Clerical Assistance series covering all positions in which the primary function involves preparing typewritten material using electronic or automated equipment. A significant number of clerks may be candidates for revised classification under this new criteria.

In April 1990, OPM issued a draft guide covering the grading of DOD supervisors in the GS and federal wage systems. In their 1990 appropriations bill, (P.L. 101-136), Congress prohibited DOD from using the number of people supervised as grade level criteria for supervisory positions. DOD is using the draft guide for evaluating new or changed positions. OPM anticipates that the guide will be in use governmentwide in the fall of 1991 and ready for final issuance in early 1992, when all supervisory positions will begin using the new guide. OPM has also combined the program analysis and management analysis series and has issued a new Administrative Analysis Guide. The Office Automation and Clerical assistance series and the Administrative Analysis Guide

¹³ Ibid., pp. 12-13

are in the FES format. The pilot supervisory guide for the GS uses a factor-based format, though not FES.

Some standards remain a concern. For example, though the job requirements of attorneys have probably not changed dramatically, the standard is over 30 years old, and some of the values cited as significant for grade differentiation purposes are no longer relevant. The concern becomes more acute when examining standards for technical occupations. The standard for computer specialist becomes outdated quickly because of the rapid technology advances. Other standards also require frequent revision to keep pace with technological changes.

Enforcement and Evaluation

Enforcement and evaluation rests with OPM under section 5 U.S.C. 5110. Through intra-agency consistency reviews and the classification appeals process, OPM monitors the accuracy of the classification system.

OPM has responsibility for classification appeals where no adverse action has occurred. OPM has a Classification Appeals Office in its headquarters as well as classification appeals officers within each of its five regional offices. The MSPB and its arbitrators may also decide classification cases, though only in cases in which the appeal involves a downgrading or other adverse action for which retained grade/pay protection is not available.¹⁴

The appeals process is initiated by an employee who believes that his or her position is classified incorrectly--most often, that the grade is too low. OPM will investigate the case by interviewing the employee, the supervisor, and in some instances, agency personnelists and co-workers.

The number of classification appeals has decreased. The high of 561 appeals in fiscal year 1985 is more than double the low of 240, in fiscal year 1988. Fifty-seven percent fewer appeals were adjudicated in fiscal year 1988, than in fiscal year 1985.¹⁵ The trend is consistently downward.

Over 70 percent of appeals resulted in no change to the position's grade. Of those positions where a change did occur, there were almost as many downgrades as upgrades. The employee will have a job reclassified at a higher level in only about one in every 10 appeals.¹⁶

¹⁴ Classification Task Force, p. 99.

¹⁵ MSPB, p. 17.

¹⁶ *Ibid.*, p. 18.

The MSPB report offered a partial explanation of the low number of classification appeals. Employees covered by collective bargaining agreements are able to address some of their classification problems indirectly, through a grievance under their union's negotiated grievance procedure. Another hypothesis is that employees may perceive that they will not "win" their appeal and may even risk downgrading.¹⁷

The classification appeals process essentially triggers OPM's evaluation role through intra-agency consistency reviews. An allegation from an appellant will cause OPM to request that an agency conduct a review of other jobs that are identical or similar to the position appealed. The agency must bring any inconsistently classified positions into line with OPM's decision, and report its classification changes to OPM.

The intra-agency consistency program works well because agencies have a vested interest in assuring that their classifications are internally consistent. Inconsistent classifications within an agency can inspire employee discontent, grievances and appeals. Agencies understand this, and most have eliminated inconsistencies on their own. Since the program's inception in 1981, more than 19,000 positions have been reviewed, resulting in approximately 2,000 upgrades, 3,000 downgrades, and 1,300 series changes.

¹⁷ Ibid., p. 19.

APPENDIX C

SUMMARY OF SURVEY RESULTS

with Cross-tabulation by Occupation of Respondent
Report Reflects 559 responses (out of 1730 originally sent)

NOTE: The number given is number of respondents, and the percentage is percentage of total occupational group (not percentage of total respondents). The numbers in the row marked "total" are higher than the sum of the four groups because 32 respondents did not identify themselves by occupational group.

1. The following are problems with the Federal Classification System which have been described in past studies. Please indicate on a scale of 1 to 5 (1 = no problem and 5 = a very serious problem) whether you believe they are problems today. If you don't know, leave blank.

a. Classification standards are too long and difficult to understand.

	<u>No Problem</u>		<u>Problem</u>			3 - 5 total
	1	2	3	4	5	
Personnel Directors	14 (29.3%)	4 (8.3%)	16 (33.3%)	7 (14.6%)	7 (14.6%)	30 (62.5%)
Classifiers	27 (13.1%)	50 (24.3%)	75 (36.4%)	34 (16.5%)	29 (9.7%)	138 (62.6%)
Administrative Officers	2 (2.2%)	14 (15.6%)	26 (28.9%)	32 (35.6%)	16 (17.8%)	74 (82.3%)
Managers	10 (6.4%)	19 (12.2%)	54 (34.6%)	57 (36.5%)	16 (10.3%)	127 (81.4%)
Total	56 (10.6%)	89 (16.9%)	178 (33.7%)	141 (26.7%)	64 (12.1%)	383 (72.5%)

b. Classification standards are too inflexible.

	1	2	3	4	5	3 - 5 total
Personnel Directors	10 (20.8%)	9 (18.8%)	11 (22.9%)	12 (25.0%)	6 (12.5%)	29 (60.4%)
Classifiers	35 (16.8%)	47 (22.6%)	73 (35.1%)	35 (16.8%)	18 (8.7%)	126 (60.6%)
Administrative Officers	1 (1.1%)	10 (11.5%)	20 (23.0%)	34 (39.1%)	22 (25.3%)	76 (87.4%)
Managers	7 (4.4%)	15 (9.5%)	46 (29.1%)	57 (36.1%)	33 (20.9%)	136 (86.1%)
Total	56 (10.6%)	85 (16.1%)	154 (29.1%)	148 (28.0%)	86 (16.3%)	388 (73.4%)

c. Classification standards are out of date.

	1	2	3	4	5	3 - 5 total
Personnel Directors	3 (6.3%)	2 (4.2%)	5 (10.4%)	13 (27.1%)	25 (52.1%)	43 (89.6%)
Classifiers	2 (1.0%)	12 (5.8%)	58 (28.2%)	52 (25.2%)	82 (39.8%)	192 (93.2%)
Administrative Officers	2 (2.3%)	2 (2.3%)	17 (19.5%)	22 (25.3%)	44 (50.6%)	83 (95.4%)
Managers	4 (2.5%)	11 (6.9%)	33 (20.6%)	58 (36.3%)	54 (33.8%)	145 (90.7%)
Total	12 (2.3%)	28 (5.3%)	120 (22.7%)	152 (28.7%)	217 (41.0%)	489 (92.4%)

d. OPM leadership and coordination efforts need improvement.

	1	2	3	4	5	3 - 5 total
Personnel Directors	2 (4.4%)	6 (13.3%)	13 (28.9%)	14 (31.1%)	10 (22.2%)	37 (82.2%)
Classifiers	11 (5.5%)	22 (11.1%)	52 (26.1%)	53 (26.6%)	61 (30.7%)	166 (83.4%)
Administrative Officers	3 (4.1%)	8 (10.8%)	22 (29.7%)	22 (29.7%)	19 (25.7%)	63 (85.1%)
Managers	6 (4.3%)	10 (7.1%)	44 (31.4%)	36 (25.7%)	44 (31.4%)	124 (88.5%)
Total	23 (4.8%)	51 (10.5%)	131 (27.1%)	131 (27.1%)	148 (30.6%)	410 (84.8%)

e. Managers regard system as burdensome.

	1	2	3	4	5	3 – 5 total
Personnel Directors	0 (0.0%)	3 (6.4%)	4 (8.5%)	14 (29.8%)	26 (55.3%)	44 (93.6%)
Classifiers	2 (1.0%)	2 (1.0%)	26 (12.6%)	68 (33.0%)	108 (52.4%)	202 (98.0%)
Administrative Officers	0 (0.0%)	7 (7.6%)	9 (9.8%)	32 (34.8%)	44 (47.8%)	85 (92.4%)
Managers	4 (2.5%)	8 (4.9%)	20 (12.3%)	69 (42.6%)	61 (37.7%)	150 (92.6%)
Total	6 (1.1%)	20 (3.7%)	62 (11.6%)	186 (34.8%)	261 (48.8%)	509 (95.2%)

f. Managers' pressure on classifiers causes overgrading.

	1	2	3	4	5	3 – 5 total
Personnel Directors	2 (4.2%)	3 (6.3%)	9 (18.8%)	12 (25.0%)	22 (45.8%)	43 (65.8%)
Classifiers	11 (5.3%)	13 (6.3%)	31 (14.9%)	55 (26.4%)	98 (47.1%)	184 (88.4%)
Administrative Officers	23 (24.7%)	24 (25.8%)	22 (23.7%)	15 (16.1%)	9 (9.7%)	46 (49.5%)
Managers	39 (25.7%)	47 (30.9%)	39 (25.7%)	14 (9.2%)	13 (8.6%)	66 (43.5%)
Total	81 (15.3%)	93 (17.6%)	108 (20.5%)	99 (18.8%)	147 (27.8%)	354 (67.1%)

g. There is little incentive for managers to classify properly.

	1	2	3	4	5	3 – 5 total
Personnel Directors	2 (4.2%)	2 (4.2%)	5 (10.4%)	11 (22.9%)	28 (58.3%)	44 (91.6%)
Classifiers	4 (2.0%)	14 (6.8%)	27 (13.2%)	40 (19.5%)	120 (58.5%)	187 (91.2%)
Administrative Officers	9 (10.2%)	15 (17.0%)	28 (31.8%)	20 (22.7%)	16 (18.2%)	64 (72.7%)
Managers	20 (13.3%)	29 (19.3%)	42 (28.0%)	36 (24.0%)	23 (15.3%)	101 (67.3%)
Total	36 (7.0%)	66 (12.8%)	104 (20.2%)	114 (22.1%)	196 (38.0%)	414 (80.3%)

h. Difficult to match qualified people and jobs effectively.						
	1	2	3	4	5	3 - 5 total
Personnel Directors	10 (22.7%)	13 (29.5%)	15 (34.1%)	4 (9.1%)	2 (4.5%)	21 (47.7%)
Classifiers	39 (20.4%)	55 (28.8%)	57 (29.8%)	27 (14.1%)	13 (6.8%)	97 (50.7%)
Administrative Officers	8 (9.0%)	13 (14.6%)	30 (33.7%)	18 (20.2%)	20 (22.5%)	68 (76.4%)
Managers	18 (11.3%)	38 (23.8%)	43 (26.9%)	40 (25.0%)	21 (13.1%)	104 (65.0%)
Total	78 (15.2%)	127 (24.8%)	149 (29.0%)	97 (18.9%)	62 (12.1%)	308 (60.0%)
i. Difficult to recruit for new or emerging occupations.						
	1	2	3	4	5	3 - 5 total
Personnel Directors	5 (11.1%)	10 (22.2%)	7 (15.6%)	16 (35.6%)	7 (15.6%)	30 (66.8%)
Classifiers	23 (12.2%)	36 (19.1%)	45 (23.9%)	48 (25.5%)	36 (19.1%)	129 (68.5%)
Administrative Officers	5 (6.1%)	6 (7.3%)	14 (17.1%)	23 (28.0%)	34 (41.5%)	71 (86.6%)
Managers	10 (6.6%)	18 (11.9%)	30 (19.9%)	50 (33.1%)	43 (28.5%)	123 (81.5%)
Total	45 (9.1%)	71 (14.4%)	107 (21.7%)	142 (28.8%)	128 (26.0%)	377 (76.5%)
j. System does not provide fair and equal results within the government.						
	1	2	3	4	5	3 - 5 total
Personnel Directors	7 (14.6%)	9 (18.8%)	9 (18.8%)	6 (12.5%)	17 (35.4%)	32 (66.7%)
Classifiers	20 (10.1%)	41 (20.7%)	44 (22.2%)	47 (23.7%)	46 (23.2%)	137 (69.1%)
Administrative Officers	0 (0.0%)	10 (11.2%)	23 (25.8%)	24 (27.0%)	32 (36.0%)	79 (88.8%)
Managers	7 (4.5%)	17 (11.0%)	39 (25.3%)	45 (29.2%)	46 (29.9%)	130 (84.4%)
Total	36 (7.0%)	78 (15.1%)	118 (22.8%)	131 (25.3%)	154 (29.8%)	403 (77.9%)

k. The classification process is too subjective.

	1	2	3	4	5	3 - 5 total
Personnel Directors	8 (16.7%)	10 (20.8%)	15 (31.3%)	9 (18.8%)	6 (12.5%)	30 (62.6%)
Classifiers	29 (14.3%)	59 (29.1%)	63 (31.0%)	23 (11.3%)	29 (14.3%)	115 (56.6%)
Administrative Officers	3 (3.3%)	10 (11.1%)	27 (30.0%)	29 (32.2%)	21 (23.3%)	77 (85.5%)
Managers	16 (10.3%)	28 (18.1%)	51 (32.9%)	38 (24.5%)	22 (14.2%)	111 (71.6%)
Total	59 (11.3%)	111 (21.2%)	163 (31.1%)	105 (20.0%)	86 (16.4%)	354 (67.5%)

l. Overly rigid job hierarchy which cannot change with new structures.

	1	2	3	4	5	3 - 5 total
Personnel Directors	6 (12.8%)	9 (19.1%)	17 (36.2%)	8 (17.0%)	7 (14.9%)	32 (68.1%)
Classifiers	25 (12.9%)	52 (26.8%)	53 (27.3%)	37 (19.1%)	27 (13.9%)	117 (60.3%)
Administrative Officers	1 (1.2%)	7 (8.5%)	17 (20.7%)	32 (39.0%)	25 (30.5%)	74 (90.2%)
Managers	6 (4.0%)	12 (8.0%)	44 (29.3%)	49 (32.7%)	39 (26.0%)	132 (88.0%)
Total	38 (7.6%)	80 (16.0%)	137 (27.4%)	137 (27.4%)	108 (21.6%)	382 (76.4%)

m. The Factor Evaluation System (FES) is time consuming.

	1	2	3	4	5	3 - 5 total
Personnel Directors	14 (29.2%)	11 (22.9%)	11 (22.9%)	5 (10.4%)	7 (14.6%)	23 (47.9%)
Classifiers	57 (27.4%)	53 (25.5%)	37 (17.8%)	28 (13.5%)	33 (15.9%)	98 (47.2%)
Administrative Officers	10 (11.6%)	17 (19.8%)	20 (23.3%)	23 (26.7%)	16 (18.6%)	59 (68.6%)
Managers	9 (6.3%)	26 (18.2%)	47 (32.9%)	40 (28.0%)	21 (14.7%)	108 (75.6%)
Total	92 (18.0%)	113 (22.1%)	124 (24.2%)	101 (19.7%)	82 (16.0%)	307 (59.9%)

n. Some factors FES are redundant in that they measure the same job dimensions.

	1	2	3	4	5	3 - 5 total
Personnel Directors	11 (23.4%)	7 (14.9%)	15 (31.9%)	10 (21.3%)	4 (8.5%)	29 (61.7%)
Classifiers	38 (18.4%)	57 (27.7%)	40 (19.4%)	43 (20.9%)	28 (13.6%)	111 (53.9%)
Administrative Officers	2 (2.4%)	12 (14.3%)	21 (25.0%)	34 (40.5%)	15 (17.9%)	70 (83.4%)
Managers	8 (5.7%)	22 (15.7%)	64 (45.7%)	35 (25.0%)	11 (7.9%)	110 (78.6%)
Total	59 (11.7%)	105 (20.8%)	149 (29.6%)	128 (25.4%)	63 (12.5%)	340 (67.5%)

o. Some FES factors cause bias in classification of positions.

	1	2	3	4	5	3 - 5 total
Personnel Directors	12 (26.1%)	13 (28.3%)	11 (23.8%)	7 (15.2%)	3 (6.5%)	21 (45.5%)
Classifiers	57 (29.8%)	54 (28.3%)	37 (19.4%)	25 (13.1%)	18 (9.4%)	80 (41.9%)
Administrative Officers	3 (3.8%)	10 (12.5%)	32 (40.0%)	25 (31.3%)	10 (12.5%)	67 (83.8%)
Managers	9 (6.7%)	28 (20.9%)	62 (46.3%)	27 (20.1%)	8 (6.0%)	97 (72.4%)
Total	85 (17.8%)	112 (23.5%)	149 (31.2%)	86 (18.0%)	45 (9.4%)	280 (58.5%)

p. Poor coordination between qualifications and classification standards.

	1	2	3	4	5	3 - 5 total
Personnel Directors	10 (21.7%)	11 (23.9%)	14 (30.4%)	9 (19.6%)	2 (4.3%)	25 (54.3%)
Classifiers	28 (14.4%)	49 (25.3%)	54 (27.8%)	38 (19.6%)	25 (12.9%)	117 (60.3%)
Administrative Officers	4 (4.7%)	8 (9.3%)	29 (33.7%)	29 (33.7%)	16 (18.6%)	74 (86.0%)
Managers	7 (4.8%)	19 (13.0%)	50 (34.2%)	47 (32.2%)	23 (15.8%)	120 (82.2%)
Total	49 (9.9%)	93 (18.7%)	154 (31.0%)	129 (26.0%)	72 (14.5%)	355 (71.5%)

q. There are too many grades in the system.						
	1	2	3	4	5	3 - 5 total
Personnel Directors	16 (34.0%)	10 (21.3%)	9 (19.1%)	5 (10.6%)	7 (14.9%)	21 (44.6%)
Classifiers	86 (42.4%)	47 (23.2%)	29 (14.3%)	21 (10.3%)	20 (9.9%)	70 (34.5%)
Administrative Officers	32 (36.4%)	26 (29.5%)	20 (22.7%)	7 (8.0%)	3 (3.4%)	30 (34.1%)
Managers	54 (34.6%)	44 (28.2%)	34 (21.8%)	12 (7.7%)	12 (7.7%)	58 (37.2%)
Total	197 (37.9%)	134 (25.8%)	96 (18.5%)	49 (9.4%)	44 (8.5%)	189 (36.4%)

2. The following could be cited as objectives of a federal classification system. On a scale of 1 to 5, are these objectives being met by the current system (1 = not being met and 5 = fully met) and how critical are they for the future (1 = not critical and 5 = very critical)? If you don't know, please leave blank.

CURRENT

a. Supports accomplishment of an agency's mission.

	Not Met					3 - 5 total
	1	2	3	4	5	
Personnel Directors	4 (8.9%)	12 (26.7%)	15 (33.3%)	9 (20.0%)	5 (11.1%)	29 (64.4%)
Classifiers	16 (7.9%)	33 (16.3%)	77 (38.1%)	60 (29.7%)	16 (7.9%)	153 (75.7%)
Administrative Officers	18 (19.8%)	15 (16.5%)	37 (40.7%)	19 (20.9%)	2 (2.2%)	58 (63.8%)
Other (Managers)	20 (12.7%)	35 (22.2%)	63 (39.9%)	32 (20.3%)	8 (5.1%)	103 (65.3%)
Total	65 (12.4%)	101 (19.2%)	200 (38.1%)	126 (24.0%)	33 (6.3%)	359 (68.4%)

b. Fair and equitable.

	1	2	3	4	5	3 – 5 total
Personnel Directors	5 (10.6%)	11 (23.4%)	14 (29.8%)	10 (21.3%)	7 (14.9%)	31 (66.0%)
Classifiers	34 (16.7%)	35 (17.2%)	67 (32.8%)	46 (22.5%)	22 (10.8%)	135 (66.1%)
Administrative Officers	18 (20.0%)	25 (27.8%)	33 (36.7%)	13 (14.4%)	1 (1.1%)	47 (52.2%)
Other (Managers)	16 (10.1%)	54 (34.0%)	54 (34.0%)	28 (17.6%)	7 (4.4%)	89 (56.0%)
Total	81 (15.3%)	129 (24.3%)	177 (33.4%)	105 (19.8%)	38 (7.2%)	315 (60.4%)

c. Manageable.

	1	2	3	4	5	3 – 5 total
Personnel Directors	1 (2.1%)	13 (22.1%)	20 (41.7%)	9 (18.8%)	5 (10.4%)	34 (70.9%)
Classifiers	14 (7.0%)	30 (15.1%)	95 (47.7%)	45 (22.6%)	15 (7.5%)	155 (77.8%)
Administrative Officers	8 (9.1%)	20 (22.7%)	43 (48.9%)	17 (19.3%)	0 (0.0%)	60 (68.2%)
Managers	13 (8.4%)	56 (36.1%)	53 (34.2%)	29 (18.7%)	4 (2.6%)	86 (55.5%)
Total	40 (7.7%)	125 (24.1%)	221 (42.6%)	107 (20.6%)	26 (5.0%)	354 (68.2%)

d. Flexible.

	1	2	3	4	5	3 – 5 total
Personnel Directors	5 (10.4%)	18 (37.5%)	15 (31.3%)	6 (12.5%)	4 (8.3%)	25 (52.1%)
Classifiers	29 (14.4%)	36 (17.9%)	83 (41.3%)	44 (21.9%)	9 (4.5%)	139 (67.7%)
Administrative Officers	25 (28.4%)	30 (34.1%)	23 (26.1%)	10 (11.4%)	0 (0.0%)	33 (37.5%)
Managers	36 (23.5%)	57 (37.3%)	42 (27.5%)	13 (8.5%)	5 (3.3%)	60 (39.3%)
Total	103 (19.8%)	148 (28.5%)	172 (33.1%)	76 (14.6%)	20 (3.9%)	268 (51.6%)

e. Provides managerial accountability.

	1	2	3	4	5	3 – 5 total
Personnel Directors	31 (64.6%)	13 (27.1%)	3 (6.3%)	0 (0.0%)	1 (2.1%)	4 (8.4%)
Classifiers	111 (55.0%)	49 (24.3%)	20 (9.9%)	11 (5.4%)	11 (5.4%)	42 (20.7%)
Administrative Officers	13 (15.5%)	27 (32.1%)	30 (35.7%)	9 (10.7%)	5 (6.0%)	44 (52.4%)
Managers	35 (23.2%)	38 (25.2%)	55 (36.4%)	17 (11.3%)	6 (4.0%)	78 (51.7%)
Total	199 (38.8%)	132 (25.7%)	116 (22.6%)	39 (7.6%)	27 (5.3%)	182 (35.5%)

f. Supports other human resources management systems.

	1	2	3	4	5	3 – 5 total
Personnel Directors	5 (11.4%)	10 (22.7%)	17 (38.6%)	7 (15.9%)	5 (11.4%)	29 (65.9%)
Classifiers	15 (8.0%)	34 (18.1%)	68 (36.2%)	54 (28.7%)	17 (9.0%)	139 (73.9%)
Administrative Officers	10 (15.4%)	23 (35.4%)	24 (36.9%)	7 (10.8%)	1 (1.5%)	32 (49.2%)
Managers	23 (17.7%)	40 (30.8%)	50 (38.5%)	14 (10.8%)	3 (2.3%)	67 (51.6%)
Total	61 (13.4%)	115 (25.3%)	166 (36.6%)	84 (18.5%)	28 (6.2%)	278 (61.3%)

g. Interfaces with other management systems (e.g., budget, MIS).

	1	2	3	4	5	3 – 5 total
Personnel Directors	11 (25.0%)	14 (31.8%)	12 (27.3%)	2 (4.5%)	5 (11.4%)	19 (43.2%)
Classifiers	52 (27.8%)	39 (20.9%)	52 (27.8%)	37 (19.8%)	7 (3.7%)	96 (51.3%)
Administrative Officers	23 (33.3%)	14 (20.3%)	18 (26.1%)	13 (18.8%)	1 (1.4%)	32 (46.3%)
Managers	35 (27.8%)	33 (26.2%)	43 (34.1%)	12 (9.5%)	3 (2.4%)	58 (46.0%)
Total	131 (29.0%)	106 (23.5%)	131 (29.0%)	65 (14.4%)	19 (4.2%)	215 (47.6%)

h. Is understandable to managers and employees.						
	1	2	3	4	5	3 – 5 total
Personnel Directors	18 (37.5%)	10 (20.8%)	17 (35.4%)	2 (4.2%)	1 (2.1%)	20 (41.7%)
Classifiers	48 (23.4%)	63 (30.7%)	72 (35.1%)	16 (7.8%)	6 (2.9%)	94 (45.8%)
Administrative Officers	32 (36.0%)	32 (36.0%)	17 (19.1%)	7 (7.9%)	1 (1.1%)	25 (28.1%)
Managers	46 (29.5%)	60 (38.5%)	33 (21.2%)	12 (7.7%)	5 (3.2%)	50 (32.1%)
Total	152 (28.9%)	174 (33.1%)	143 (27.2%)	39 (7.4%)	18 (3.4%)	200 (38.0%)
i. Is conducive to automation.						
	1	2	3	4	5	3 – 5 total
Personnel Directors	13 (28.3%)	14 (30.4%)	9 (19.6%)	7 (15.2%)	3 (6.5%)	19 (41.3%)
Classifiers	44 (22.3%)	56 (28.4%)	60 (30.5%)	28 (14.2%)	9 (4.6%)	97 (49.3%)
Administrative Officers	26 (33.8%)	26 (33.8%)	18 (23.4%)	3 (3.9%)	4 (5.2%)	25 (32.5%)
Managers	34 (26.4%)	42 (32.6%)	37 (28.7%)	11 (8.5%)	5 (3.9%)	53 (41.1%)
Total	128 (26.9%)	142 (29.8%)	129 (27.1%)	52 (10.9%)	25 (5.3%)	206 (43.3%)
j. More of the process can be delegated to managers.						
	1	2	3	4	5	3 – 5 total
Personnel Directors	15 (31.9%)	13 (27.7%)	10 (21.3%)	7 (14.9%)	2 (4.3%)	19 (40.5%)
Classifiers	59 (29.9%)	54 (27.4%)	51 (25.9%)	23 (11.7%)	10 (5.1%)	84 (42.7%)
Administrative Officers	29 (34.9%)	29 (34.9%)	16 (19.3%)	4 (4.8%)	5 (6.0%)	25 (30.1%)
Managers	44 (31.4%)	48 (34.3%)	32 (22.9%)	9 (6.4%)	7 (5.0%)	48 (34.3%)
Total	157 (31.7%)	153 (30.9%)	112 (22.6%)	48 (9.7%)	25 (5.1%)	185 (37.4%)

FUTURE

a. Supports accomplishment of an agency's mission.

	Not Critical					3 - 5 total
	1	2	3	4	5	
Personnel Directors	1 (2.2%)	1 (2.2%)	6 (13.0%)	11 (23.9%)	27 (58.7%)	44 (95.6%)
Classifiers	6 (3.0%)	13 (6.6%)	28 (14.1%)	41 (20.7%)	110 (55.6%)	179 (90.4%)
Administrative Officers	3 (3.4%)	3 (3.4%)	12 (13.8%)	22 (25.3%)	47 (54.0%)	81 (93.1%)
Managers	3 (1.9%)	10 (6.3%)	21 (13.3%)	48 (30.4%)	76 (48.1%)	145 (91.8%)
Total	15 (2.9%)	28 (5.4%)	73 (14.1%)	126 (24.4%)	275 (53.2%)	474 (91.7%)

b. Fair and equitable.

	Critical					3 - 5 total
	1	2	3	4	5	
Personnel Directors	1 (2.1%)	0 (0.0%)	9 (18.8%)	10 (20.8%)	28 (58.3%)	47 (97.9%)
Classifiers	6 (3.0%)	6 (3.0%)	27 (13.6%)	51 (25.8%)	108 (54.5%)	186 (93.9%)
Administrative Officers	1 (1.1%)	4 (4.6%)	12 (13.8%)	24 (27.6%)	46 (52.9%)	82 (94.3%)
Managers	1 (.6%)	8 (5.1%)	22 (14.0%)	55 (35.0%)	71 (45.2%)	148 (94.2%)
Total	9 (1.7%)	21 (4.0%)	73 (14.1%)	147 (24.4%)	269 (53.2%)	489 (91.7%)

c. Manageable.

	Not Critical					3 - 5 total
	1	2	3	4	5	
Personnel Directors	1 (2.1%)	1 (2.1%)	12 (25.0%)	12 (25.0%)	22 (45.8%)	46 (95.8%)
Classifiers	4 (2.0%)	6 (3.1%)	32 (16.3%)	69 (35.2%)	85 (43.4%)	186 (94.9%)
Administrative Officers	0 (0.0%)	3 (3.6%)	12 (14.5%)	40 (48.2%)	28 (33.7%)	80 (96.4%)
Managers	3 (2.0%)	9 (5.9%)	27 (17.6%)	63 (41.2%)	51 (33.3%)	141 (92.1%)
Total	8 (1.6%)	22 (4.3%)	88 (17.4%)	195 (38.5%)	194 (38.3%)	477 (94.2%)

d. Flexible.

	1	2	3	4	5	3 – 5 total
Personnel Directors	0 (0.0%)	1 (2.1%)	11 (22.9%)	15 (31.3%)	21 (43.8%)	47 (98.0%)
Classifiers	5 (2.5%)	12 (6.1%)	39 (19.7%)	68 (34.3%)	74 (37.4%)	181 (91.4%)
Administrative Officers	0 (0.0%)	4 (4.8%)	11 (13.3%)	27 (32.5%)	41 (49.4%)	79 (95.2%)
Managers	3 (2.0%)	11 (7.2%)	18 (11.8%)	56 (36.6%)	65 (42.5%)	139 (90.9%)
Total	9 (1.8%)	30 (5.9%)	83 (16.3%)	179 (35.1%)	209 (41.0%)	471 (92.4%)

e. Provides managerial accountability.

	1	2	3	4	5	3 – 5 total
Personnel Directors	1 (2.1%)	2 (4.3%)	3 (6.4%)	11 (23.4%)	30 (63.8%)	44 (93.6%)
Classifiers	14 (7.1%)	7 (3.6%)	18 (9.2%)	44 (22.4%)	113 (57.7%)	175 (91.4%)
Administrative Officers	2 (2.5%)	2 (2.5%)	21 (25.9%)	33 (40.7%)	23 (28.4%)	77 (95.0%)
Managers	7 (4.6%)	4 (2.6%)	39 (25.8%)	47 (31.1%)	54 (35.8%)	140 (92.7%)
Total	26 (5.2%)	16 (3.2%)	87 (17.4%)	138 (27.5%)	234 (46.7%)	459 (91.6%)

f. Supports other human resources management systems.

	1	2	3	4	5	3 – 5 total
Personnel Directors	0 (0.0%)	1 (2.2%)	10 (22.2%)	12 (26.7%)	22 (48.9%)	44 (97.8%)
Classifiers	5 (2.7%)	8 (4.4%)	31 (16.9%)	57 (31.1%)	82 (44.8%)	170 (92.8%)
Administrative Officers	1 (1.6%)	2 (3.1%)	26 (40.6%)	20 (31.3%)	15 (23.4%)	61 (95.3%)
Managers	4 (3.1%)	11 (8.6%)	45 (35.2%)	41 (32.0%)	27 (21.1%)	113 (88.3%)
Total	11 (2.5%)	26 (5.8%)	121 (27.2%)	133 (29.9%)	154 (34.6%)	408 (91.7%)

g. Interfaces with other management systems (e.g., budget, MIS).						
	1	2	3	4	5	3 – 5 total
Personnel Directors	1 (2.3%)	1 (2.3%)	14 (31.8%)	9 (20.5%)	19 (43.2%)	42 (95.5%)
Classifiers	10 (5.4%)	5 (2.7%)	41 (22.0%)	46 (24.7%)	84 (45.2%)	171 (91.9%)
Administrative Officers	1 (1.4%)	3 (4.3%)	25 (35.7%)	20 (28.6%)	21 (30.0%)	66 (94.3%)
Managers	8 (6.3%)	14 (10.9%)	39 (30.5%)	36 (28.1%)	31 (24.2%)	106 (82.8%)
Total	23 (5.1%)	29 (6.4%)	128 (28.3%)	112 (24.7%)	161 (35.5%)	401 (88.5%)
h. Is understandable to managers and employees.						
	1	2	3	4	5	3 – 5 total
Personnel Directors	3 (6.3%)	2 (4.2%)	6 (12.5%)	11 (22.9%)	26 (54.2%)	43 (89.6%)
Classifiers	3 (1.5%)	9 (4.5%)	28 (14.0%)	71 (35.5%)	89 (44.5%)	188 (94.0%)
Administrative Officers	0 (0.0%)	5 (5.9%)	6 (7.1%)	30 (35.3%)	44 (51.8%)	80 (94.2%)
Managers	3 (1.9%)	8 (5.2%)	13 (8.4%)	48 (31.2%)	82 (53.2%)	143 (92.8%)
Total	10 (1.9%)	27 (5.3%)	56 (10.9%)	166 (32.3%)	255 (49.6%)	477 (92.8%)
i. Is conducive to automation.						
	1	2	3	4	5	3 – 5 total
Personnel Directors	3 (6.5%)	1 (2.2%)	9 (19.6%)	9 (19.6%)	24 (52.2%)	42 (91.4%)
Classifiers	16 (8.2%)	14 (7.2%)	51 (26.2%)	51 (26.2%)	63 (32.3%)	165 (84.7%)
Administrative Officers	1 (1.3%)	7 (9.0%)	18 (23.1%)	23 (29.5%)	29 (37.2%)	70 (89.8%)
Managers	12 (8.9%)	16 (11.9%)	34 (25.2%)	34 (25.2%)	39 (28.9%)	107 (79.3%)
Total	33 (6.9%)	43 (9.0%)	121 (25.2%)	122 (25.4%)	161 (33.5%)	404 (84.1%)

j. More of the process can be delegated to managers.

	1	2	3	4	5	3 - 5 total
Personnel Directors	5 (10.6%)	3 (6.4%)	3 (6.4%)	16 (34.0%)	20 (42.6%)	39 (83.0%)
Classifiers	14 (7.2%)	18 (9.2%)	51 (26.2%)	58 (29.7%)	54 (27.7%)	163 (83.6%)
Administrative Officers	5 (6.1%)	6 (7.3%)	22 (26.8%)	27 (32.9%)	22 (26.8%)	71 (86.5%)
Managers	11 (7.7%)	11 (7.7%)	25 (17.6%)	51 (35.9%)	44 (31.0%)	120 (84.5%)
Total	37 (7.5%)	41 (8.3%)	106 (21.5%)	162 (32.9%)	146 (29.7%)	414 (84.1%)

3. Please note the changes, if any, you would make to the Federal Classification System and indicate whether you believe that the change would still be required if we had full pay comparability with the private sector. (1 means strongly disagree that the noted change is needed and 5 means strongly agree that the noted change is needed.) Yes means that the change should still be made even if there were pay comparability. If you don't know, please leave blank.

a. Fewer grade levels (broad banding).

	Strongly Disagree					Strongly Agree					
	1	2	3	4	5	1	2	3	4	5	3 - 5 total
Personnel Directors	11 (22.9%)	3 (6.3%)	11 (22.9%)	6 (12.5%)	17 (35.4%)	34 (70.8%)					
Classifiers	41 (20.9%)	25 (12.8%)	51 (26.0%)	35 (17.9%)	44 (22.4%)	130 (66.3%)					
Administrative Officers	21 (25.0%)	21 (25.0%)	21 (25.0%)	10 (11.9%)	11 (13.1%)	42 (50.0%)					
Managers	41 (26.5%)	29 (18.7%)	31 (20.0%)	24 (15.5%)	30 (19.4%)	85 (54.9%)					
Total	122 (24.0%)	80 (15.7%)	120 (23.6%)	77 (15.1%)	110 (21.6%)	307 (60.3%)					

b. More grade levels.

	1	2	3	4	5	3 – 5 total
Personnel Directors	31 (66.0%)	5 (10.6%)	8 (17.0%)	0 (0.0%)	3 (6.4%)	11 (23.4%)
Classifiers	130 (65.3%)	32 (16.1%)	25 (12.6%)	5 (2.5%)	7 (3.5%)	37 (18.6%)
Administrative Officers	61 (70.9%)	7 (8.1%)	12 (14.0%)	5 (5.8%)	1 (1.2%)	18 (21.0%)
Managers	82 (53.6%)	27 (17.6%)	28 (18.3%)	9 (5.9%)	7 (4.6%)	44 (28.8%)
Total	319 (62.3%)	76 (14.8%)	77 (15.0%)	20 (3.9%)	20 (3.9%)	117 (22.8%)

c. Fewer occupational series.

	1	2	3	4	5	3 – 5 total
Personnel Directors	9 (19.6%)	4 (8.7%)	13 (28.3%)	11 (23.9%)	9 (19.6%)	33 (71.8%)
Classifiers	49 (24.6%)	34 (17.1%)	56 (28.1%)	31 (15.6%)	29 (14.6%)	116 (58.3%)
Administrative Officers	21 (25.3%)	13 (15.7%)	16 (19.3%)	14 (16.9%)	19 (22.9%)	49 (59.1%)
Managers	41 (27.9%)	28 (19.0%)	35 (23.8%)	21 (14.3%)	22 (15.0%)	78 (53.1%)
Total	126 (25.1%)	81 (16.1%)	126 (25.1%)	82 (16.3%)	87 (17.3%)	295 (58.7%)

d. More occupational series.

	1	2	3	4	5	3 – 5 total
Personnel Directors	19 (41.3%)	8 (17.4%)	13 (28.3%)	5 (10.9%)	1 (2.2%)	19 (41.4%)
Classifiers	79 (39.9%)	38 (19.2%)	51 (25.8%)	12 (6.1%)	18 (9.1%)	81 (41.0%)
Administrative Officers	35 (43.2%)	10 (12.3%)	16 (19.8%)	12 (14.8%)	8 (9.9%)	36 (44.5%)
Managers	43 (29.1%)	22 (14.9%)	38 (25.7%)	26 (17.6%)	19 (12.8%)	83 (56.1%)
Total	190 (38.1%)	80 (16.0%)	123 (24.6%)	57 (11.4%)	49 (9.8%)	229 (45.8%)

e. Broader salary ranges within grade levels.

	1	2	3	4	5	3 – 5 total
Personnel Directors	3 (6.3%)	1 (2.1%)	6 (12.5%)	15 (31.3%)	23 (47.9%)	44 (91.7%)
Classifiers	26 (13.3%)	20 (10.3%)	39 (20.0%)	48 (24.6%)	62 (31.8%)	149 (76.4%)
Administrative Officers	13 (15.1%)	9 (10.5%)	22 (25.6%)	18 (20.9%)	24 (27.9%)	64 (74.4%)
Managers	12 (7.6%)	14 (8.9%)	35 (22.2%)	41 (25.9%)	56 (35.4%)	132 (83.5%)
Total	61 (11.9%)	44 (8.6%)	103 (20.1%)	128 (25.0%)	177 (34.5%)	408 (79.6%)

f. Faster progression between grades.

	1	2	3	4	5	3 – 5 total
Personnel Directors	11 (22.9%)	11 (22.9%)	12 (25.0%)	5 (10.4%)	9 (18.8%)	26 (54.2%)
Classifiers	53 (27.2%)	46 (23.6%)	45 (23.1%)	24 (12.3%)	27 (13.8%)	96 (49.2%)
Administrative Officers	16 (18.0%)	20 (22.5%)	17 (19.1%)	12 (13.5%)	24 (27.0%)	53 (59.6%)
Managers	30 (19.0%)	26 (16.5%)	43 (27.2%)	27 (17.1%)	32 (20.3%)	102 (64.6%)
Total	115 (22.2%)	106 (20.5%)	125 (24.1%)	73 (14.1%)	99 (19.1%)	297 (57.3%)

g. Faster progression within grades.

	1	2	3	4	5	3 – 5 total
Personnel Directors	9 (19.1%)	7 (14.9%)	13 (27.7%)	8 (17.0%)	10 (21.3%)	31 (66.0%)
Classifiers	34 (17.6%)	35 (18.1%)	48 (24.9%)	34 (17.6%)	42 (21.8%)	124 (64.3%)
Administrative Officers	12 (13.6%)	16 (18.2%)	13 (14.8%)	17 (19.3%)	30 (34.1%)	60 (68.2%)
Managers	19 (12.0%)	25 (15.8%)	40 (25.3%)	30 (19.0%)	44 (27.8%)	114 (72.1%)
Total	77 (15.0%)	89 (17.3%)	119 (23.1%)	95 (18.4%)	135 (26.2%)	349 (67.7%)

h. Classification authority with line management.

	1	2	3	4	5	3 - 5 total
Personnel Directors	12 (25.5%)	4 (8.5%)	7 (14.9%)	12 (25.5%)	12 (25.5%)	31 (65.9%)
Classifiers	54 (27.1%)	29 (14.6%)	36 (18.1%)	35 (17.6%)	45 (22.6%)	116 (58.3%)
Administrative Officers	18 (20.7%)	9 (10.3%)	9 (10.3%)	23 (26.4%)	28 (32.2%)	60 (68.9%)
Managers	19 (12.1%)	17 (10.8%)	26 (16.6%)	46 (29.3%)	49 (31.2%)	121 (77.1%)
Total	109 (21.0%)	62 (12.0%)	83 (16.0%)	123 (23.7%)	141 (27.2%)	347 (66.9%)

i. Classification authority at higher management.

	1	2	3	4	5	3 - 5 total
Personnel Directors	15 (31.9%)	7 (14.9%)	7 (14.9%)	10 (21.3%)	8 (17.0%)	25 (53.2%)
Classifiers	51 (26.3%)	28 (14.4%)	34 (17.5%)	44 (22.7%)	37 (19.1%)	115 (59.3%)
Administrative Officers	23 (25.8%)	16 (18.0%)	19 (21.3%)	14 (15.7%)	17 (19.1%)	50 (56.1%)
Managers	33 (22.0%)	31 (20.7%)	41 (27.3%)	30 (20.0%)	15 (10.0%)	86 (57.3%)
Total	132 (26.1%)	84 (16.6%)	107 (21.1%)	103 (20.4%)	80 (15.8%)	290 (57.3%)

j. Classification Authority with personnel office.

	1	2	3	4	5	3 - 5 total
Personnel Directors	5 (10.9%)	7 (15.2%)	16 (34.8%)	8 (17.4%)	10 (21.7%)	34 (73.9%)
Classifiers	25 (12.8%)	24 (12.3%)	47 (24.1%)	24 (12.3%)	75 (38.5%)	146 (74.9%)
Administrative Officers	23 (26.4%)	14 (16.1%)	22 (25.3%)	11 (12.6%)	17 (19.5%)	50 (57.4%)
Managers	44 (29.1%)	38 (25.2%)	29 (19.2%)	24 (15.9%)	16 (10.6%)	69 (45.7%)
Total	104 (20.5%)	86 (17.0%)	121 (23.0%)	72 (14.2%)	110 (24.5%)	303 (61.7%)

k. Classification of work groups, not positions.

	1	2	3	4	5	3 – 5 total
Personnel Directors	23 (53.5%)	3 (7.0%)	8 (18.6%)	5 (11.6%)	4 (9.3%)	17 (39.5%)
Classifiers	89 (49.7%)	27 (15.1%)	32 (17.9%)	21 (11.7%)	10 (5.6%)	63 (35.2%)
Administrative Officers	19 (25.0%)	14 (18.4%)	13 (17.1%)	17 (22.4%)	13 (17.1%)	43 (56.6%)
Managers	36 (26.7%)	19 (14.1%)	30 (22.2%)	28 (20.7%)	22 (16.3%)	80 (59.2%)
Total	177 (38.6%)	65 (14.2%)	88 (19.2%)	75 (16.4%)	53 (11.6%)	216 (47.2%)

l. Skill based pay.

	1	2	3	4	5	3 – 5 total
Personnel Directors	4 (9.3%)	2 (4.7%)	15 (34.9%)	13 (30.2%)	9 (20.9%)	37 (86.0%)
Classifiers	32 (17.4%)	19 (10.3%)	56 (30.4%)	43 (23.4%)	34 (18.5%)	133 (72.3%)
Administrative Officers	5 (6.3%)	3 (3.8%)	20 (25.3%)	24 (30.4%)	27 (34.2%)	71 (89.9%)
Managers	4 (2.8%)	11 (7.6%)	24 (16.6%)	41 (28.3%)	65 (44.8%)	130 (89.7%)
Total	49 (10.3%)	36 (7.5%)	118 (24.7%)	130 (27.2%)	145 (30.3%)	393 (82.2%)

m. Rank in person.

	1	2	3	4	5	3 – 5 total
Personnel Directors	11 (24.4%)	5 (11.1%)	11 (24.4%)	12 (26.7%)	6 (13.3%)	29 (64.4%)
Classifiers	60 (34.9%)	25 (14.5%)	40 (23.3%)	28 (16.3%)	19 (11.0%)	87 (50.6%)
Administrative Officers	8 (15.4%)	6 (11.5%)	17 (32.7%)	7 (13.5%)	14 (26.9%)	38 (73.1%)
Managers	12 (12.2%)	6 (6.1%)	38 (38.8%)	17 (17.3%)	25 (25.5%)	80 (81.6%)
Total	96 (24.6%)	42 (10.7%)	114 (29.2%)	68 (17.4%)	71 (18.2%)	253 (64.8%)

WOULD STILL MAKE CHANGE AFTER PAY COMPARABILITY ESTABLISHED:

a. Fewer grade levels (broad banding).

	Yes	No
Personnel Directors	25 (62.5%)	15 (37.5%)
Classifiers	103 (59.9%)	69 (40.1%)
Administrative Officers	43 (61.4%)	27 (38.6%)
Managers	78 (57.4%)	58 (42.6%)
Total	260 (59.5%)	177 (40.5%)

b. More grade levels.

	Yes	No
Personnel Directors	9 (25.7%)	26 (74.3%)
Classifiers	31 (19.9%)	125 (80.1%)
Administrative Officers	21 (33.9%)	41 (66.1%)
Managers	41 (32.8%)	84 (67.2%)
Total	106 (26.6%)	293 (73.4%)

c. Fewer occupational series.

	Yes	No
Personnel Directors	21 (56.8%)	16 (43.2%)
Classifiers	92 (58.6%)	65 (41.4%)
Administrative Officers	46 (68.7%)	21 (31.3%)
Managers	69 (59.5%)	47 (40.5%)
Total	240 (60.2%)	159 (39.8%)

d. More occupational series.		Yes	No
	Personnel Directors	12 (35.3%)	22 (64.7%)
	Classifiers	69 (45.4%)	83 (54.6%)
	Administrative Officers	32 (53.3%)	28 (46.7%)
	Managers	63 (56.8%)	48 (43.2%)
	Total	183 (48.7%)	193 (51.3%)
e. Broader salary ranges within grade levels.		Yes	No
	Personnel Directors	33 (82.5%)	7 (17.5%)
	Classifiers	120 (69.4%)	53 (30.6%)
	Administrative Officers	49 (69.0%)	22 (31.0%)
	Managers	103 (77.4%)	30 (22.6%)
	Total	319 (72.7%)	120 (27.3%)
f. Faster progression between grades.		Yes	No
	Personnel Directors	17 (48.6%)	18 (51.4%)
	Classifiers	76 (48.4%)	81 (51.6%)
	Administrative Officers	41 (59.4%)	28 (40.6%)
	Managers	71 (56.3%)	55 (43.7%)
	Total	214 (52.6%)	193 (47.4%)
g. Faster progression within grades.		Yes	No
	Personnel Directors	21 (58.3%)	15 (41.7%)
	Classifiers	96 (58.9%)	67 (41.1%)
	Administrative Officers	43 (60.6%)	28 (39.4%)
	Managers	86 (64.2%)	48 (35.8%)
	Total	257 (60.6%)	167 (39.4%)

h. Classification authority with line management.		
	Yes	No
Personnel Directors	26 (66.7%)	13 (33.3%)
Classifiers	108 (66.3%)	55 (33.7%)
Administrative Officers	55 (82.1%)	12 (17.9%)
Managers	101 (79.5%)	26 (20.5%)
Total	301 (72.5%)	114 (27.5%)
i. Classification authority at higher management.		
	Yes	No
Personnel Directors	19 (52.8%)	17 (47.2%)
Classifiers	104 (65.4%)	55 (34.6%)
Administrative Officers	40 (61.5%)	25 (38.5%)
Managers	74 (63.2%)	43 (36.8%)
Total	246 (62.3%)	149 (37.7%)
j. Classification authority with personnel office.		
	Yes	No
Personnel Directors	24 (66.7%)	12 (33.3%)
Classifiers	124 (79.0%)	33 (21.0%)
Administrative Officers	38 (61.3%)	24 (38.7%)
Managers	71 (62.8%)	42 (37.2%)
Total	271 (70.0%)	116 (30.0%)
k. Classification of work groups, not positions.		
	Yes	No
Personnel Directors	9 (29.0%)	22 (71.0%)
Classifiers	56 (40.9%)	81 (59.1%)
Administrative Officers	37 (66.1%)	19 (33.9%)
Managers	66 (64.7%)	36 (35.3%)
Total	177 (51.3%)	168 (48.7%)

l. Skill based pay.

	Yes	No
Personnel Directors	24 (72.7%)	9 (27.3%)
Classifiers	101 (68.7%)	46 (31.3%)
Administrative Officers	49 (79.0%)	13 (21.0%)
Managers	113 (89.7%)	13 (10.3%)
Total	301 (77.6%)	87 (22.4%)

m. Rank in person.

	Yes	No
Personnel Directors	19 (55.9%)	15 (44.1%)
Classifiers	70 (51.1%)	67 (48.9%)
Administrative Officers	23 (74.2%)	8 (25.8%)
Managers	51 (68.9%)	23 (31.1%)
Total	175 (59.5%)	119 (40.5%)

4. What would be the likely impacts of increased delegation of classification authority to line managers. Please rate the impact with 1 meaning no impact and 5 meaning a very likely impact. If you don't know, please leave blank.

a. Increased demand on manager's time.

	<u>No Impact</u>				<u>Impact</u>	
	1	2	3	4	5	3 – 5 total
Personnel Directors	1 (2.1%)	3 (6.3%)	7 (14.6%)	12 (25.0%)	25 (52.1%)	44 (91.7%)
Classifiers	1 (.5%)	12 (5.9%)	32 (15.6%)	65 (31.7%)	95 (46.3%)	192 (93.6)
Administrative Officers	3 (3.3%)	5 (5.5%)	11 (12.1%)	31 (34.1%)	41 (45.1%)	83 (91.3%)
Managers	10 (6.0%)	7 (4.2%)	30 (18.0%)	65 (38.9%)	55 (32.9%)	150 (89.8%)
Total	18 (3.3%)	28 (5.2%)	86 (16.0%)	178 (33.1%)	228 (42.2%)	492 (91.3%)

b. Lessening of adversarial relationship between classifiers and managers.

	1	2	3	4	5	3 - 5 total
Personnel Directors	3 (6.4%)	0 (0.0%)	4 (8.5%)	13 (27.7%)	27 (57.4%)	44 (93.6%)
Classifiers	9 (4.5%)	17 (8.4%)	37 (18.3%)	56 (27.7%)	83 (41.1%)	176 (87.1%)
Administrative Officers	2 (2.2%)	9 (9.9%)	28 (30.8%)	23 (25.3%)	29 (31.9%)	80 (88.0%)
Managers	7 (4.3%)	23 (14.1%)	39 (23.9%)	61 (37.4%)	33 (20.2%)	133 (81.5%)
Total	25 (4.7%)	50 (9.5%)	113 (21.4%)	161 (30.5%)	179 (33.9%)	453 (85.8%)

c. Strengthened managerial accountability.

	1	2	3	4	5	3 - 5 total
Personnel Directors	4 (8.5%)	1 (2.1%)	3 (6.4%)	7 (14.9%)	32 (68.1%)	42 (89.4%)
Classifiers	17 (8.5%)	13 (6.5%)	30 (14.9%)	48 (23.9%)	93 (46.3%)	171 (85.1%)
Administrative Officers	5 (5.6%)	6 (6.7%)	14 (15.6%)	35 (38.9%)	30 (33.3%)	79 (87.8%)
Managers	6 (3.6%)	8 (4.8%)	24 (14.5%)	74 (44.8%)	53 (32.1%)	151 (91.4%)
Total	34 (6.4%)	31 (5.9%)	72 (13.6%)	167 (31.6%)	225 (42.5%)	464 (87.7%)

d. Need for oversight and monitoring of system.

	1	2	3	4	5	3 - 5 total
Personnel Directors	0 (0.0%)	0 (0.0%)	8 (16.7%)	12 (25.0%)	28 (58.3%)	48 (100%)
Classifiers	3 (1.5%)	1 (.5%)	27 (13.4%)	39 (19.3%)	132 (65.3%)	198 (98.0%)
Administrative Officers	3 (3.3%)	2 (2.2%)	16 (17.6%)	19 (20.9%)	51 (56.0%)	86 (94.5%)
Managers	7 (4.3%)	8 (4.9%)	41 (25.2%)	47 (28.8%)	60 (36.8%)	148 (90.8%)
Total	14 (2.6%)	13 (2.5%)	96 (18.1%)	123 (23.2%)	284 (53.6%)	503 (94.9%)

e. Training of managers and supervisors.

	1	2	3	4	5	3 - 5 total
Personnel Directors	1 (2.1%)	0 (0.0%)	6 (12.5%)	9 (18.8%)	32 (66.7%)	47 (98.0%)
Classifiers	0 (0.0%)	1 (.5%)	15 (7.3%)	53 (25.9%)	136 (66.3%)	204 (99.5%)
Administrative Officers	0 (0.0%)	4 (4.4%)	7 (7.7%)	15 (16.5%)	65 (71.4%)	87 (95.6%)
Managers	1 (.6%)	0 (0.0%)	20 (12.0%)	61 (36.5%)	85 (50.9%)	166 (99.4%)
Total	3 (.6%)	5 (.9%)	52 (9.7%)	142 (26.4%)	336 (62.5%)	530 (98.6%)

f. Improved flexibility of classification system.

	1	2	3	4	5	3 - 5 total
Personnel Directors	4 (8.5%)	6 (12.8%)	14 (29.8%)	12 (25.5%)	11 (23.4%)	37 (78.7%)
Classifiers	41 (20.8%)	26 (13.2%)	54 (27.4%)	37 (18.8%)	39 (19.8%)	130 (66.0%)
Administrative Officers	6 (6.7%)	5 (5.6%)	18 (20.2%)	20 (22.5%)	40 (44.9%)	78 (87.6%)
Managers	8 (5.1%)	13 (8.3%)	19 (12.1%)	51 (32.5%)	66 (42.0%)	136 (86.6%)
Total	61 (11.8%)	50 (9.7%)	114 (22.1%)	122 (23.6%)	169 (32.8%)	405 (78.5%)

g. Increased classification errors.

	1	2	3	4	5	3 - 5 total
Personnel Directors	2 (4.3%)	5 (10.9%)	7 (15.2%)	12 (26.1%)	20 (43.5%)	39 (84.8%)
Classifiers	7 (3.4%)	23 (11.3%)	34 (16.7%)	54 (26.6%)	85 (41.9%)	173 (85.2%)
Administrative Officers	3 (3.3%)	16 (17.8%)	20 (22.2%)	23 (25.6%)	28 (31.1%)	71 (78.9%)
Managers	16 (10.0%)	15 (9.4%)	45 (28.1%)	51 (31.9%)	33 (20.6%)	129 (80.6%)
Total	32 (6.1%)	61 (11.6%)	112 (21.3%)	145 (27.6%)	175 (33.3%)	432 (82.2%)

h. Timeliness of classification process.

	1	2	3	4	5	3 – 5 total
Personnel Directors	5 (10.6%)	1 (2.1%)	12 (25.5%)	11 (23.4%)	18 (38.3%)	41 (87.2%)
Classifiers	12 (5.9%)	15 (7.4%)	56 (27.6%)	45 (22.2%)	75 (36.9%)	176 (86.7%)
Administrative Officers	4 (4.5%)	8 (9.0%)	16 (18.0%)	24 (27.0%)	37 (41.6%)	77 (86.6%)
Managers	5 (3.1%)	11 (6.8%)	25 (15.4%)	58 (35.8%)	63 (38.9%)	146 (90.1%)
Total	27 (5.1%)	39 (7.4%)	115 (21.8%)	142 (26.9%)	205 (38.8%)	399 (75.6%)

i. Fairness.

	1	2	3	4	5	3 – 5 total
Personnel Directors	8 (17.8%)	3 (6.7%)	20 (44.4%)	5 (11.1%)	9 (20.0%)	34 (75.5%)
Classifiers	25 (12.3%)	18 (8.9%)	59 (29.1%)	45 (22.2%)	56 (27.6%)	160 (78.9%)
Administrative Officers	2 (2.3%)	8 (9.1%)	24 (27.3%)	30 (34.1%)	24 (27.3%)	78 (88.7%)
Managers	11 (6.8%)	15 (9.3%)	50 (31.1%)	39 (24.2%)	46 (28.6%)	135 (83.7%)
Total	47 (9.0%)	48 (9.2%)	161 (30.8%)	124 (23.8%)	142 (27.2%)	427 (81.8%)

j. Increased abuse of authority.

	1	2	3	4	5	3 – 5 total
Personnel Directors	3 (6.7%)	3 (6.7%)	14 (31.1%)	8 (17.8%)	17 (37.8%)	39 (86.7%)
Classifiers	12 (5.9%)	20 (9.8%)	41 (20.1%)	51 (25.0%)	80 (39.2%)	172 (84.3%)
Administrative Officers	8 (8.8%)	14 (15.4%)	22 (24.2%)	23 (25.3%)	24 (26.4%)	69 (75.9%)
Managers	18 (11.3%)	29 (18.1%)	49 (30.6%)	35 (21.9%)	29 (18.1%)	113 (70.6%)
Total	45 (8.6%)	68 (13.0%)	133 (25.3%)	122 (23.2%)	157 (29.9%)	412 (78.4%)

5. What role(s) do you think the Classifier should play if OPM were to delegate more classification authority to Agencies AND if Agencies were to delegate more classification authority to line managers? (1 indicates strongly disagree and 5 indicates strongly agree).

a. Should perform oversight and evaluation of the system.

	<u>Strongly Disagree</u>				<u>Strongly Agree</u>	
	1	2	3	4	5	3 – 5 total
Personnel Directors	6 (12.5%)	2 (4.2%)	9 (18.8%)	4 (8.3%)	27 (56.3%)	40 (83.4%)
Classifiers	23 (11.3%)	14 (6.9%)	16 (7.8%)	36 (17.6%)	115 (56.4%)	167 (81.8%)
Administrative Officers	6 (6.4%)	8 (8.5%)	17 (18.1%)	21 (22.3%)	42 (44.7%)	80 (85.1%)
Managers	10 (6.1%)	12 (7.3%)	29 (17.6%)	55 (33.3%)	59 (35.8%)	143 (86.7%)
Total	50 (9.3%)	37 (6.9%)	74 (13.8%)	141 (22.5%)	256 (47.6%)	471 (83.9%)

b. Should serve as technical advisor.

	1	2	3	4	5	3 – 5 total
Personnel Directors	0 (0.0%)	0 (0.0%)	1 (2.1%)	5 (10.4%)	42 (87.5%)	48 (100%)
Classifiers	2 (1.0%)	3 (1.5%)	2 (1.0%)	32 (15.5%)	167 (81.1%)	201 (97.6%)
Administrative Officers	3 (3.2%)	2 (2.1%)	6 (6.4%)	16 (17.0%)	67 (71.3%)	89 (94.7%)
Managers	3 (1.8%)	5 (3.0%)	7 (4.2%)	49 (29.5%)	102 (61.4%)	163 (95.1%)
Total	9 (1.7%)	10 (1.8%)	18 (3.3%)	107 (19.8%)	397 (73.4%)	532 (96.5%)

c. Should assist in strategic work force planning.

	1	2	3	4	5	3 - 5 total
Personnel Directors	1 (2.2%)	0 (0.0%)	2 (4.3%)	6 (13.0%)	37 (80.4%)	45 (97.7%)
Classifiers	6 (2.9%)	10 (4.9%)	18 (8.8%)	35 (17.2%)	135 (66.2%)	188 (92.2%)
Administrative Officers	7 (7.7%)	6 (6.6%)	25 (27.5%)	21 (23.1%)	32 (35.2%)	78 (85.8%)
Managers	17 (10.8%)	12 (7.6%)	15 (9.5%)	55 (34.8%)	59 (37.3%)	129 (81.6%)
Total	34 (6.5%)	29 (5.5%)	65 (12.4%)	121 (23.0%)	277 (52.7%)	463 (88.1%)

For demographic purposes, please check the appropriate box in each group:

(1) Male 357 (65.1%) Female 191 (34.9%) No answer 11

(2) Groups:	Responses	Sample
Personnel Director	48 (9.1%)	86 (5.5% total sample)
Classifier	208 (39.5%)	414 (23.9% total sample)
Administrative Officer	94 (17.8%)	466 (26.8% total sample)
Mid-level manager	177 (33.6%)	764 (43.9% total sample)
Unidentified	32 (1.9%)	

(3) Years of Experience in Federal Position classification, if applicable? (318 total responses)

1-4	46 (14.5%)
5-9	60 (18.9%)
10-14	74 (23.3%)
15-19	68 (21.4%)
20+	70 (22.0%)

(4) GS 357 (59.6%) GM 191 (38.9%) SES 8 (1.5%)

(556 total responses)

(5) Series (341 total responses; 218 unidentified)

201	38	(11.1%)
221	179	(52.5%)
341	76	(22.3%)
Other	48	(14.1%)

and Grade or level (507 total responses; 52 unidentified)

12	222	(43.8%)
13	119	(23.5%)
14	93	(18.3%)
15	70	(13.8%)
Level 3	1	(0.2%)
Level 4	1	(0.2%)
Level 5	1	(0.2%)

(6)

Non-supervisory	113	(21.9%)
First-line Supervisor	235	(45.5%)
Second line supervisor	168	(32.6%)

(516 responses; 43 no answer)

(7) Agency Name:

(8) City/Metropolitan Area

(9) Level in Agency: (535 Total Responses; 24 Unidentified)

Regional Office/Command Level	153	(28.6%)
Installation/Activity/Field Office	190	(35.5%)
HO/Central Office	192	(35.9%)

Atlanta, GA	20	Baltimore, MD	19	Boston, MA	21	Chicago, IL	25
Dallas, TX	11	Dayton/Springfield, OH	32	Denver, CO	30	Houston, TX	11
Huntsville, AL	13	Ashland, WV-KY-OH	0	Ks Ciy, MO-KS	30	LA-LgBch, CA	9
Monmouth, NJ	4	Philadelphia, PA	23	San Antonio, TX	20	Seattle, WA	12

APPENDIX D

AGENCIES WITH SPECIAL PERSONNEL PROVISIONS

INTRODUCTION

Congress through statutes or the president through executive order can include or exclude whole or parts of a number of federal agency personnel requirements from Title 5 of the U.S. Code. These exclusions for federal executive, legislative, and judicial agencies take several forms:

- Exceptions, such as the Federal Bureau of Investigation, whose recruitment, promotion, internal placement and adverse action (but not classification) functions are under a 1941 Executive Order;
- Exemptions, such as the Defense Intelligence Agency (DIA), for which Congress authorizes the Secretary of Defense, through the 1984 Defense Authorization Act, to use his power under 10 U.S.C. 1590(a) to classify and pay employees;
- Fully independent personnel statutes, such as the 1980 legislation that created the General Accounting Office's separate system.¹⁸

In addition, government corporations or government-sponsored enterprises generally have separate personnel systems. While these types of entities are distinct from federal agencies (with different legal structures and funding sources) some aspects of their personnel systems are useful for comparison.

The NAPA federal classification study reviewed OPM documents that describe personnel systems of agencies excluded from Title 5 and materials prepared for a NAPA symposium on alternative personnel systems held on September 26, 1990. From these materials we determined which agencies were

¹⁸ Other organizations operate special personnel demonstration projects under authority of the 1978 Civil Service Reform Act (such as the Navy's project at China Lake) or under authority of separate law (such as the National Institute for Standards and Technology demonstration project). These are discussed in Appendix E.

specifically excluded from Title 5 classification requirements.¹⁹ Project staff examined 16 of these separate systems as they relate to classification. This appendix presents the findings and conclusions of this analysis, with emphasis on the benefits the agencies have experienced through the added flexibility of their distinct personnel systems.

REASONS FOR EXCLUDING AGENCIES FROM TITLE 5

In most cases, the reasons for congressional or presidential action in excluding agencies from all or parts of Title 5 are:

- To permit agencies to pay higher salaries to better compete for and retain scarce-skill employees:
- To protect national security;
- To operate in an international environment;
- To separate the personnel systems of oversight organizations from executive branch personnel regulation: and
- To exclude legislative branch agencies from laws and regulations written for executive branch agencies.

Agencies such as the Department of Veterans Affairs, Veterans Health Services and Research Administration with its thousands of physicians, dentists, and other health-care specialists were studied because their exclusion allowed them to attract scarce-skill employees. Also included in this category are the banking and finance-oriented agencies, many of which were excluded when established and others were excluded in 1989 with the passage of the Financial Institutions Reform, Recovery, and Enforcement Act. Included among these agencies are the Comptroller of the Currency, Office of Thrift Supervision, Farm Credit Administration, Federal Credit Union Administration, Federal Housing Finance Board, Federal Reserve Board, and Federal Deposit Insurance Corporation.

The intelligence agencies studied that are excluded from Title 5 for national security and international reasons consist of the Central Intelligence

¹⁹ Not all agencies excluded from Title 5 are necessarily excluded from Title 5 classification requirements, but are excluded from pay, staffing or performance requirements.

Agency, Defense Intelligence Agency and National Security Agency. The CIA was excluded from Title 5 when established and the NSA was later excluded in 1959. The DIA was granted their exclusion in authorizing legislation in the 1980s because they maintained they could not compete within the intelligence community for the skills they needed.

Legislative branch agencies studied that are excluded from Title 5 because of their oversight or legislative branch roles are the General Accounting Office, Office of Technology Assessment, Congressional Budget Office, and Government Printing Office.²⁰

Other agencies studied that are excluded from Title 5 are the Department of Agriculture's Milk Market Administrators and the Department of Defense's nonappropriated funds organizations. Both organizations are self-supporting and not dependent on appropriated funds, but do not employ scarce or high-priced employees.

AGENCY CLASSIFICATION SYSTEMS

Each excluded agency, in accordance with its own priorities, needs and culture, established or is in the process of establishing its own position classification system. These programs run the gamut from continued use of the GS grades and OPM position classification standards to not classifying positions at all, but rather adopting a rank-in-person classification system.

Looking at the various systems on the basis upon which they were exempted from Title 5, we find in the first category (scarce-skill employees) VA and the financial agencies. The VA system is unique in that it is purely a classification system based on rank-in-person as opposed to the Classification Act rank-in-the-position approach. Boards of Examiners evaluate the health care individuals excluded from Title 5, on the basis of their credentials and their achievements. VA uses descriptive ranks for these employees--not numerical grade levels. Two employees who are doing the same job, in the same place can be paid differently because their credentials are different--e.g. one might have a degree in nursing while the other is a practical nurse. VA uses this concept because it is in keeping with the practices and mores of the medical profession. VA's ability to pay special rates makes it more competitive in the marketplace for physicians, dentists and other exempted professions.

²⁰ The Library of Congress is a legislative branch agency which was not studied because it is subject to Title 5 classification.

Most of the "financial" agencies personnel systems were created or have become excluded from Title 5 because of their ever-increasing workloads dealing with recent banking problems, and their need to pay more competitive salaries to hire people with financial and accounting skills. Congress has excluded many of these agencies recently and most have only slightly modified their position classification systems, but they have taken advantage of the pay setting provisions.

The Federal Reserve Board does not use the GS grade level structure, although it continues to use several generic OPM standards to evaluate its positions. The Federal Reserve Board has also developed a performance evaluation approach that is more demanding of managers than its previous efforts. The Federal Deposit Insurance Corporation (FDIC) uses GS grades and OPM standards but increased GS pay and provides locality differentials. Farm Credit and the Comptroller of the Currency were in the process of designing new pay and classification programs during this study.

The intelligence agencies studied have continued to use some of the basic concepts of Title 5, but each has gone its own way. All three intelligence agencies studied have the freedom to pay competitive salaries within the broad GS guidelines. The CIA has a rank-in-person approach to classification. The CIA originally followed Title 5 procedures but has over the years modified its personnel policies in response to program and mission needs. It has modified considerably the GS and the FES factors into a form of grade banding in an attempt to simplify the structure and standards, simplified the system by grouping occupations into 28 categories, and developed its own benchmark position descriptions for each occupational group with internal guides relating to career patterns.

The DIA continues to use the GS grades and changed career ladders to include even numbered grades--not just 5, 7, and 9-- to give managers more ability to reward staff. The agency has developed 300 standard position descriptions that apply to most of their employees. It uses selected factors from OPM's FES format (as CIA has done) to classify positions into about 50 career ladders. DIA has also developed performance standards for the career ladders.

The NSA uses the GS grade levels but has devised four pay systems: Scientific and Technical, Intelligence, Support and Wage and Salary. It uses a point rating system that is a modified FES approach to evaluate positions.

Of the legislative branch agencies, the Government Printing Office is unique in that it is an industrial organization for which the Public Printer negotiates salaries, both blue and white-collar, with union representatives. On the

other hand, it uses grade levels comparable to those of the GS and avails itself of OPM standards.

The General Accounting Office (GAO) has developed broad salary bands for two of its major occupations--evaluators and attorneys. The evaluator bands are divided into three levels of difficulty and the attorney bands into two levels. Its executive positions are treated similarly to OPM's Senior Executive Service (SES) except that GAO uses eight pay levels instead of six. Based on performance, managers may set the pay of employees anywhere within a specific level of a band. GAO sets the salary parameters for each band based on GS pay levels and salary surveys of other similarly oriented public and private organizations. Promotions and salary increases depend exclusively on an employee's performance rating and ranking.

The Congressional Budget Office (CBO) and the Office of Technology Assessment (OTA) have fairly unstructured systems (although OTA has 10 salary levels) which place emphasis on the qualifications of the individual as opposed to the level of the position. This is successful, perhaps due to their relatively small size (about 200 employees in each organization). Like GAO, both agencies evaluate their employees in making salary adjustments.

Of the other organizations studied, the Milk Marketing Administrators organization has 600 employees and depends on fees charged to milk handlers for evaluating their products. Because the milk handlers are not required to use this organization to evaluate their products, salaries depend on the income of the organization, and thus, the organization sets salaries with an eye to what the milk handlers will pay for their services.

The Department of Defense's nonappropriated funds organization (NAF) has 180,000 employees (half white-collar and half blue-collar) who work in post exchanges, lodging and recreational facilities run by DOD, VA and the Coast Guard. The classification structure for 90,000 white-collar employees consists of one large occupational band with six salary-range levels. There are no pay steps within the levels. Managers are free to establish a pay rate of any amount within the top and bottom rates of the band. Salaries are based on locality surveys. Positions are classified to one of the six specific levels--from that point on managers determine the placement and salary of employees.

COMPETITIVE PAY

The single most compelling reason for the success of these agencies, according to agency officials interviewed, seems to be their freedom to pay salaries more in keeping with the market place than is possible for Title 5

agencies. Every agency studied has this prerogative and everyone exercises it. Everyone claims it as the principal reason for being able to recruit and retain highly qualified people. However, pay comparability does not solve all the myriad problems attributed to the classification system.

THE STANDARDS PROBLEM

Classification standards create problems in that they are old, confusing, and subject to interpretation. These and many other criticisms were stated by managers, administrative officers, personnel directors and classifiers who responded to the NAPA survey (Appendix C). The excluded agencies have approached the standards problem in a number of ways.

DIA has career paths for most of its positions and describes work in standard position descriptions for each grade of the career path. Managers decide when a person is ready for the next higher grade. DIA undertook a considerable amount of preliminary work to develop position descriptions and classifications. For certain health care positions, VA uses a classification of people (as opposed to positions) approach. CIA does this for all employees as well. Standards are oriented toward qualifications and achievements of the individual instead of evaluation of the work done.

GAO, CIA and NAF have turned to broad salary bands with relatively few levels of difficulty defined, thus making it easier to classify positions since the present level of precision required by 15 levels is reduced to three or four levels.

TAILOR-MADE SYSTEMS

Another aspect of position classification that is evident from reviewing these agencies is that their systems are tailor-made to their programs, needs, and cultures. For example, the overseas dimension of CIA work is important, and confidentiality of personnel information and national security information is paramount. Within this context, employee development and mobility and organizational renewal seems to be frustrated by Title 5 procedures. The CIA must concentrate on employee competence and behavior to avoid turnover. In light of these needs, it has adopted a rank-in-person approach to classification.

GAO has chosen to simplify the position classification process by using broad salary bands with two and three levels for its attorney and evaluator positions, respectively. In exchange for a simplified classification program, GAO has put more emphasis on its performance appraisal efforts. Salaries are expected to be more competitive with those in the private sector auditing and accounting professions.

At the other end of the spectrum are the NAF employees who do primarily retailing functions and follow local, private hiring practices. Accordingly, the department has developed one broad band with six levels of difficulty from retail sales clerks to top managers, to be administered on a decentralized basis. Employees are paid locality rates for their particular occupation and local managers make the level and salary determination within the appropriate level.

THE NAPA PROTOTYPE

NAPA invited agency representatives from the agencies discussed here to a meeting on January 22, 1991, to discuss their agencies experiences and to obtain their reactions to a NAPA prototype classification system. The driving force for much of the recent relief from the Classification Act provisions of Title 5 is inadequate pay. Agencies which have been able to make their case, have received relief. Even those agencies under the broad GS salary limits have been able to adjust internal salary alignment to better deal with compensation problems. Also, the ability of these agencies to modify their classification systems as organizational needs evolve is a positive factor which aids agency management.

Generally, all the agencies' approaches could be accommodated under NAPA's prototype broad band approach. Nothing in the NAPA plan would preclude agencies from using as many pay increments as they needed, provided these levels fit within NAPA's three classification broad levels e.g., developmental, full-performance and senior/expert. Standards that describe broad levels of work would be easier to develop and use than standards which describe a considerable number of work levels. Even **person** classification systems could be fitted into a broad band scheme. The narrative designations in a rank-in-person classification system could be equated to the broad band levels in NAPA's prototype. Agencies with special pay requirements could still apply them within the overall framework.

APPENDIX E

THE DEMONSTRATION AGENCIES

INTRODUCTION

Since the late 1970s, the Civil Service Reform Act has provided government agencies the opportunity to seek permission from OPM to conduct a demonstration project to determine whether a change in personnel management policies or procedures would result in improved federal personnel management. Eight agencies have sought such permission and received it from OPM or have accrued it through specific legislation from Congress. Of those, four agencies have received approval to experiment with the position classification aspects of their personnel programs as well as with other aspects. Agencies receiving permission from OPM include: the Naval Weapons Center, China Lake, California, and Naval Oceans Systems Center, San Diego, California (both commonly referred to as "China Lake"); Sacramento Air Logistics Center, McClellan Air Force Base, California (commonly referred to as "PACER/SHARE"); and the Defense Logistics Agency, Defense Depot, Ogden, Utah. The Defense Logistics demonstration project received final approval for implementation but was not implemented because of changes in mission requirements. It is included here for discussion purposes as an example of an approved demonstration project which was not implemented. The National Institute of Standards and Technology at Gaithersburg, MD. and Boulder, Co., received separate legislative authority from Congress for its demonstration project.

REASONS FOR THE DEMONSTRATIONS

In requesting permission from OPM to experiment, the four agencies spelled out their objections to the government's classification system. Generally, their principle problems can be grouped into four broad categories.

The first area has to do with the classification structure itself. Agencies argue that it is too complex. It has too many narrow occupations--too many grades. Emphasis on classification accuracy encourages the design of narrow jobs and a hierarchical organization structure which may not be supportive of agency mission accomplishment. All this has a detrimental effect on a manager's ability to recruit, assign work and get a job done.

Secondly, the agencies complained about the time that it took to get work classified. Using the Title 5 system, position descriptions were longer each year and position evaluations were even longer. Classifier workload, because of their

need to audit positions and write long, convincing evaluations, often took months to get a position described, evaluated and filled.

A third problem area was the whole supervisory area. Some said that the system encouraged empire-building by managers. The classification system was causing outstanding performers to leave their field of expertise to become supervisors to get a higher grade and thus more money. Also, because classification is the primary basis for determining pay, the manager's capability to reward performance is severely limited.

Finally, compensation was the tail that was wagging classification instead of the other way around. Managers had to manipulate duties and responsibilities of their employees to get them higher grades and more pay. Often this caused work to be assigned inefficiently to get more pay for individuals as government pay became less and less competitive. Recruiting for high quality employees became more difficult.

AGENCY CLASSIFICATION SYSTEMS

Table E.1 illustrates briefly the essential features of each agency's classification system. Noteworthy is that each of the four agencies turned to broad pay bands instead of GS-grades.

NIST groups all positions into four career paths (i.e. scientific and engineering, scientific and engineering technicians, administrative and support) and establishes a separate pay structure for each career path. Five pay bands replace grades GS-1 through GS-15. Each pay band has a standard which uses two factors: (1) duties and responsibilities and (2) knowledges, skills and abilities.

The Navy project also uses broad bands instead of GS grades. It allocated 21 occupational groups to five career paths. DLA had planned to combine GS and FWS positions and establish five pay bands. Classification to a pay band was to be based on two factors: knowledge required and scope and effect.

Air Force (Pacer/Share) established three separate classification structures: one for non-supervisory wage board employees; one for non-supervisory GS employees; and one for supervisory wage board and GS employees. Work is allocated to one of six work processes in lieu of a specific series as illustrated in the matrix. Four pay bands include GS and Wage Grade (WG) levels 1-15.

In all the above, systems managers have considerable authority to decide in which level an employee's position should be placed.

COMPENSATION

Compensation is based on performance in all four agencies. Revision of the classification system supported design of a performance pay system better fitted to the nature of the work. In the Air Force (Pacer/Share) the thrust is on incentive payments to employees based on organizational cost savings. The system has fostered a close rapport between management and union representatives. DLA's approach was to be based on rewarding employees based on their mastery of the skills needed to accomplish the team's objectives. The other two agencies, both with a research mission, emphasize individual performance. Pay above the minimum at all levels is common to all these experimental approaches.

TAILOR-MADE SYSTEMS

The purpose of the Civil Service Reform Act is to permit certain agencies to change personnel policies or procedures which may result in improved personnel management. Accordingly, the four agencies discussed here have gone four separate ways in developing their classification systems. The common feature of these agencies seems to be their broad band approach.

Each has designed its occupational structure to reflect its primary mission needs. In all cases there has been a consolidation of series into fewer and broader occupational areas.

Classification designations are made by managers in light of factors (different in each agency) that are pertinent to the functions to be performed in that agency.

Air Force's Pacer/Share program has an industrial environment and its program is geared to achieving cost savings. Rewards are given to employees in an organizational unit or team that improves productivity or reduces costs. Such an approach would not be feasible in NIST or Navy's "China Lake" systems where scientific and engineering research and evaluation are of primary concern.

THE BOTTOM LINE

All these experimental approaches could be accommodated under NAPA's prototype broad band approach. The NAPA approach would permit tailor-making of individual agency classifications systems. Levels of difficulty or complexity would be the same governmentwide, which would permit OPM to oversee fairness and equity of the system.

Table E.1
Features of Demonstration Projects

	<u>NIST</u>	<u>Navy-China Lake</u>	<u>Air Force Pacer/Share</u>	<u>DLA-Odgen, Utah</u>
Employees Covered	3,000 employees	8,000 employees	1,700 employees	1,600 employees
Criticism of GS System	<ul style="list-style-type: none"> ● Too many levels ● OPM standards ● FES ● Supervisory pay ● Length of time to fill vacancies ● Uncompetitive entry salaries 	<ul style="list-style-type: none"> ● Heavy paperwork ● Length of time involved 	<ul style="list-style-type: none"> ● Rigid specialization ● Inefficient division of labor ● Supervisory criteria make for empire building ● Costly in terms of time and effort 	<ul style="list-style-type: none"> ● Complexity ● Narrow structure of system limits skills employees acquire and use
Basis for Demo	P.L. 99-574	P.L. 95-454 OPM approved	P.L. 95-454 OPM approved	P.L. 95-454 OPM approved
Date Started	January 1988	1980 (extended to 1995)	February 1988	Not implemented
Program & Evaluation Approach	<ul style="list-style-type: none"> ● Groups positions into 4 career paths ● Consolidated GS grades into 5 pay bands ● Pay for performance ● Pay band standards use 2 factors: duties and responsibilities; knowledge, skills and abilities ● 2-page automated PD ● Automated classification 	<ul style="list-style-type: none"> ● Pay bands instead of grades ● 21 occupational groups converted to 5 occupational career paths ● Added rank-in-person ● Managers make decisions 	<ul style="list-style-type: none"> ● 3 class structures: <ul style="list-style-type: none"> · Non-supervisory WG · Non-supervisory GS · Supervisory WG & GS ● Work allocated to one of 6 work processes ● 4 levels in each of 3 pay bands 	<ul style="list-style-type: none"> ● Skill-based system ● No PDs ● Team work descriptions ● 5 pay bands ● Use 2 factors to classify: <ul style="list-style-type: none"> · knowledge required · scope and effect

	<u>NIST</u>	<u>Navy-China Lake</u>	<u>Airforce Pacer/Share</u>	<u>DLA-Odgen, Utah</u>
Compensation	<ul style="list-style-type: none"> ● Total comparability ● Supervisory pay differentials ● Retention bonuses ● Recruitment bonuses ● Direct hire and flexible entry pay 	<ul style="list-style-type: none"> ● Performance-based ● Increased flexibility for starting salaries 	<ul style="list-style-type: none"> ● Performance based on group efforts ● Broad bands 	<ul style="list-style-type: none"> ● Flexible hiring salaries ● Team rewards
Special or Unusual Features	<ul style="list-style-type: none"> ● Broad pay bands 	<ul style="list-style-type: none"> ● Broad pay bands 	<ul style="list-style-type: none"> ● Broad pay bands ● Use of team approach ● Set in unionized environment 	<ul style="list-style-type: none"> ● Broad pay bands ● Skills approach ● Use of team approach
Success of Program	<ul style="list-style-type: none"> ● Faster hiring ● Faster classification ● Higher pay for top performers, improving retention ● More competitive entry salaries 	<ul style="list-style-type: none"> ● System is simpler ● Less time consuming ● Managers have more control ● Starting salaries have increased ● Large pay rewards for good performance ● 70% of employees favor project 	<ul style="list-style-type: none"> ● Problems of poor timing and lack of readiness cited in 1989 	<ul style="list-style-type: none"> ● Not applicable

APPENDIX F

PAY BANDING FOR WHITE COLLAR JOBS IN THE NONAPPROPRIATED FUND SYSTEM

The white collar jobs in the nonappropriated fund (NAF) system include such activities and facilities as military exchanges, lodging and recreational facilities for military families and others, and similar facilities of the Coast Guard (USCG) and the Department of Veterans Affairs (DVA).

"Nonappropriated fund" means the employees are paid from funds accumulated through sales and services paid for by members of the military, their families and others.

Employees hold jobs in NAF instrumentalities, which are entities of the Army, Navy, Air Force, Marine Corps, Coast Guard and Department of Veteran Affairs. Funds for their pay are not appropriated by Congress, but come from earnings of the military exchanges and the lodging and recreational facilities where they are employed.

Within these NAF Instrumentalities, there are two kinds of jobs:

- Blue collar or trades and labor jobs, which are included in the Federal Wage System (FWS): mechanics, carpenters, painters, electricians, laborers, janitors, laundry workers and others.
- White collar jobs such as retail sales clerks, hotel and motel clerks, office workers, administrators and managers of the facilities.

For NAF white collar jobs, DOD sets the job evaluation and pay policies and administers both systems.

EXISTING JOB EVALUATION AND PAY SYSTEM FOR NAF JOBS

The NAF job evaluation and pay system for blue collar jobs is identical to the FWS. Grades are defined by key ranking jobs, and work within the system is assigned to grades (and therefore pay ranges) by reference to the key ranking jobs. There are a number of local wage areas, and the DOD Wage Fixing Authority surveys private employers to determine the prevailing wage rates. The surveys match jobs with those in private firms and collects pay data. The Authority constructs pay lines from the survey data and adjusts the wage schedules on a regular cycle.

The existing job evaluation and pay system for NAF white collar jobs is a mix of the FWS and GS models. The universe of white collar jobs is divided into three groupings:

- Patron Service (PS): retail selling, recreation and amusement, personal services, safety and security, and child care jobs paid on the basis of hourly rates.
- Administrative Support (AS): office workers, secretaries, tellers, data entry clerks, and other clerical workers, paid on the basis of hourly rates.
- Universal Annual (UA): executive, technical, and professional positions paid on the basis of annual salaries, equivalent to the general schedule at grades GS-5 to GS-18.

The Patron Service (PS) Schedule

The PS job evaluation scheme has seven grades. DOD establishes NAF job classification standards that provide grade level criteria for assigning work.

The pay rates for PS jobs are set in local wage areas by means of periodic wage surveys. The 142 wage areas tend to be small and focused on the vicinity of each NAF facility. For example, the Washington, D.C. metropolitan area contains three separate wage areas, one in the District of Columbia centered on the Navy Yard, one in Northern Virginia centered on Fort Belvoir, and one in Maryland centered on Andrews Air Force Base.

In making wage surveys, setting pay lines, and drawing up new wage schedules for PS jobs, the Authority surveys food service and lodging establishments and retail stores similar to military exchanges, using a set of survey job descriptions that is close to the key ranking jobs that define grades within the system.

Wage schedules for the PS system have five step rates per grade level, and the rules for moving from step to step are similar to the FWS, based almost entirely on periods of time of satisfactory service in grade. DOD sets uniform policies on these and other matters. The DOD components may supplement the policies as they consider necessary.

The Administrative Support (AS) Schedule

The AS job evaluation scheme has seven grades, and DOD sets classification standards. The wage rates are also determined by wage surveys in 142 local wage areas. The types of firms surveyed include banks and insurance companies, and other employers that have substantial clerical work forces.

The AS wage schedules have five step rates in each grade level. The rules for moving from one step rate to the next are based on time served in the grade and satisfactory performance.

The Universal Annual (UA) Schedule

UA job classification scheme is modeled on the general schedule, with grades GS-5 through GS-18. The grades are defined in words, using the definitions of grade levels from the Classification Act (5 U.S.C. 5104). Work is assigned a grade, occupational series, and title using the GS classification tools.

The salary table is identical to the GS salary table and rates are the same nationwide. The salary table is adjusted annually in the same amounts as the general schedule.

EXISTING EMPLOYMENT AND PLACEMENT SYSTEM

The NAF personnel system is a merit system on the model of the federal personnel system. Applicants are evaluated as to their qualifications for specific jobs, rated and ranked, and selected from among the highest rated individuals available. Once they are in the system, they can move from job to job by reassignment or be promoted from grade to grade by going through a formalized selection process -- responding to vacancy announcements, being rated or ranked, and being selected from certificates administered by the personnel office.

This is significant from two points of view. First, except for changes in the wage schedule based on wage surveys and step increases, which are almost automatic with time in grade, the only way to increase the pay of an employee is through a formalized merit promotion system and selection for a job at a higher grade. Second, personnel actions that change the pay or the employment status of an employee are analyzed and acted upon by the personnel staff. This requires paper work and time.

PAY BANDING AND OTHER CHANGES IN THE NAF SYSTEM

The DOD and the Departments of Army, Navy (Including the Marine Corps), and Air Force are now moving to a different job evaluation and pay-fixing system based on the concept of classification and pay banding. The project embraces the white collar jobs in the NAF system and is to be a pilot program with a stated time limit.

The New Job Evaluation Scheme

The new structure will have one job evaluation scheme that embraces all of the jobs formerly in the three, from the retail sales clerks of PS and the office workers of the AS to the administrative staff and top managers of UA.

Instead of complicated structures of seven grades in PS, seven in AS and 14 in UA, there will be six levels for the unified job grading scheme. Each band will be called an "NF level."

The new NF level 1 will embrace all jobs formerly in the PS and AS at grades 1 through 4. This will be the most populous level, with 51,639 employees. The new NF level 2 will embrace all jobs in the PS and AS schedules at grades 5 and 6. The population of this level will be 12,942 employees.

The new NF level 3 will embrace all jobs formerly in PS and AS grade 7, (3284 employees), as well as those formerly in UA grades 5, 6, 7, and 8, (number unknown).

PS and AS jobs at grade 7 were the highest level jobs in those schedules, involving work beyond the journeyman levels, such as sales store department managers in PS, executive secretaries and bookkeepers in AS. These were typically filled by PS and AS employees who had worked their way up through the ranks to the top jobs in their occupational career tracks.

UA jobs formerly in grades 5 through 8 were entry level training and development, technician, and professional jobs preparing employees for higher-graded responsibilities in the US career path. These were typically filled by recent college graduates.

Actually, the UA jobs in the range 5 through 8 fell into grades 5 and 7 with only a few exceptions, just as in the general schedule. In the old system, PS and AS grades 7 overlapped in concept with UA grades 5 and 7, though not necessarily in pay, since UA rates were nationwide and PS and AS were local wage area rates.

The new NF level 4 embraces jobs formerly in the US schedule at grades 9 through 12. This is administrative and professional staff work at what might be regarded as the journeyman levels of most of the UA lines of work, such as personnel management specialists, budget analysts, program analysts, purchasing and contracting specialists, logistics management specialists, and so on. Combining this many grades into the same pay band provides a very wide range of pay levels for these types of work.

The new NF level 5 embraces jobs formerly in UA grades 13 through 15. These are supervisory and managerial jobs and a few high level non-supervisory staff jobs. The new NF level 6 embraces jobs formerly in UA grades 16 and above, which, in the federal scheme, are in the Senior Executive Service.

The new NF levels are defined in words, in brief paragraphs that broadly describe the kinds of work found in each level. They are not defined in terms of key ranking jobs.

The New Pay-Fixing System

The new pay system features a blend of locality rates and national rates, and will no longer have step rates. There will be a minimum rate and a maximum rate for each of the six NF levels or pay bands.

The DOD Wage Fixing Authority will continue to run locality pay surveys to fix the minimum and maximum rates for the new NF levels 1 and 2 and the minimum rate for the new NF level 3. These rates will change in step with changes in the local labor market rates for similar jobs in the private sector. The maximum rate for the new NF level 3 and the minimum and maximum rates for the new NF levels 4, 5, and 6 will be set on a nationwide basis.

This new scheme will work in this manner:

- NF Level 1: The minimum and maximum rates will be set on the basis of pay surveys in local wage areas, and will vary from area to area.
- NF Level 2: The minimum and maximum rates will be set on the basis of local pay surveys and will vary from area to area.
- NF Level 3: The minimum rate will be set on the basis of local pay surveys and will vary from area to area. The maximum rate will be set on a nationwide basis; it will not

vary from area to area. This means that in wage areas with low rates in the local economy, the spread between the minimum and maximum rate for NF level 3 will be greater than in wage areas with high rates in the local economy.

- NF levels 4, 5, and 6: The minimum and maximum rates will be set on a nationwide basis.

A typical pay schedule in this new system is that for the Lauderdale and Mississippi Wage Area. The pay range schedule only has to cover six NF levels and only two pay rates for each level, the bottom and the top of the range. These rates are stated in both annual and hourly amounts.

The ranges overlap. Notice also that the spread between lowest and highest rates in each level is quite substantial.

In NF level 1, the range is \$6340.

In NF level 2, it is \$7750.

In NF level 3, it is \$19,950. Evidently, Lauderdale, Mississippi is a low wage area. The minimum for level 3 is \$12,050 there, while the maximum for level 3 nationwide is \$32,000.

In NF level 4, the range nationwide is \$26,000. One reason for the wide range is that this level embraces so many grades of the former structure.

In NF level 5, the range nationwide is \$36,200. These are supervisory and managerial jobs.

In NF level 6, the executive service, the range is \$14,600 nationwide.

These ranges provide a lot of scope for the line manager to set pay for individual employees, either to compete with other employers, or to recognize employees who take on more responsibility or do especially good work. Managers can make pay adjustments that are truly meaningful.

The manager will have available from the DOD Wage Fixing Authority summary information on what local employers are paying, on average, as guidance in selecting rates to offer to both new and established employees.

To set the minimum and maximum rates of NF levels 1 and 2 and the minimum rate of NF level 3, the DOD Wage Fixing Authority will continue to make wage surveys in 142 wage areas in the United States. They plan eventually to consolidate small wage areas into a smaller number of wage areas, each embracing a larger territory.

Setting the Pay of Individual Employees

There are no step rates, and the range of rates between minimum and maximum in each NF level is wide. The authority to set the pay of each employee shifts to the supervisor or program manager. Jobs will have been assigned to their NF levels. The manager has to decide how much pay will go with each job, and when and how much to adjust employee's pay.

There are very few rules. The managers is free to set the pay of an employee anywhere within the range provided by the NF level of the job. The only restraints on the generosity of the manager will be the profit position of the enterprise and the need to spread the money available for salaries among the employees of the enterprise, and of course, the fact that the amount given to any employee cannot exceed the upper rate of the NF level of the job.

In the past, the manager could increase employee pay through a cash award, an extra step or a promotion. Any of these options required processing paper through the personnel office and waiting for approval and, in the case of a proposed promotion, for position classification and merit selection processes to run their courses. In addition, when these personnel processes had been carried out, the net increase in the pay of the employee was usually such a small amount that it had little meaning as a reward or as an incentive.

Under the new system, when a manager increases the pay of an employee within the pay range, for any reason, it is a payroll transaction, not a personnel action. It does not require sending paper to the personnel shop or classifying a new position. Only when moving an employee from a job in one NF level to a job in another NF level is it necessary to take action to classify the job and make a merit promotion selection.

Changes in Roles and Relationships

The relationship between manager and employee will change profoundly. Instead of automatic rules and formulas, the manager decides what the pay of the employee is to be within the range and when and how much to change it. Evaluation of employee performance in relation to standards and in relation to other employees and in relation to the money available for payroll becomes much

more important than a paper exercise. The manager has to develop skills in discussing performance and pay matters with employees and in counseling employees on these and other matters.

With fewer requirements for reclassification, the number of instances in which the personnel office has to get involved in managerial decision making is greatly reduced. The classification staff can shift its attention from acting on individual cases submitted by the managers to giving advice to managers on effective ways to organize and subdivide work into jobs to accomplish the purposes of the enterprise.

Similarly, the role of the staffing specialists changes. When the manager is raising the pay of an employee within the NF level, it is not necessary to carry out a process of announcing a vacancy, taking applications, rating them, and presenting lists of candidates to the manager, nor is it necessary to pass judgment on the qualifications of employees for particular jobs. The complex machinery of merit selection has to be used much less frequently. The staffing specialist will still be announcing vacancies and rating applications, but it is possible for the staffing specialist also to become an advisor to the manager on better ways to find applicants for jobs and better ways to motivate employees.

Status of the New System

The new system is now being put in place throughout the realm of the NAF Instrumentalities. It is to be an experiment and assessment of 18 months. Then the system can either be adjusted and revised or abandoned, depending on the outcome of the experiment.

APPENDIX G

FEDERAL WAGE SYSTEMS

This appendix covers the job evaluation and the wage determination systems of the federal government for trades and labor jobs paid on an hourly basis. It traces the development of these systems and draws from them lessons that may be relevant to the design or rehabilitation of federal classification systems for white-collar jobs, paid on a salary basis.

CAPSULE HISTORY AND DESCRIPTION OF FEDERAL WAGE SYSTEMS

Navy Wage System, 1860-1968

Navy began surveying wages in private firms and setting Navy wages by prevailing rates in local areas in 1860s, and added a job evaluation system in 1940s. A job evaluation plan was retrofitted to existing wage determination systems.

Navy Job Evaluation Plan

- Sixteen levels, defined by 27 benchmark jobs.
- Benchmark jobs placed in rank order by means of a statistical process called National Average of Differences Index (NADI); this replicated approximate alignment of similar jobs in private industry in a sample of wage areas.
- Used five evaluation factors and a point rating method to place jobs into levels.
- Job evaluation guide described ratings of the benchmark jobs factor by factor. User compared other jobs directly with ratings of the benchmark jobs to assign them to levels.
- Office of Industrial Relations (OIR) issued pre-rated job descriptions to field installations; these served as local job descriptions and as standards. Field installation rated jobs that fit the pre-rated job descriptions, and sent other new positions to OIR for a decision on rating. The OIR level held the authority to rate new types of jobs and issue

pre-rated job descriptions.

- Hazard inherent in jobs was recognized in job evaluation and could place a job in a higher level than it otherwise would have been.
- Supervisory jobs were not classified: they were paid on the basis of a differential added to pay rates for non-supervisory jobs.

Navy Wage Determination Plan

- Navy wage areas were defined as immediate vicinity of Navy installations.
- Surveys were run by local wage survey committees under direction of Area Wage and Classification Offices (AWCO). Local committees included nonvoting union members. OIR specified the jobs to be surveyed.
- Navy pay lines were segmented by levels: had 3 step rates per level with difference of 4 percent between steps.
- Wage schedules were issued by the Secretary of Navy after advice from Navy Wage Committee which was made up of representatives of the separate Navy bureaus involved, and voting union representatives who were employees of the unions they represented.

Army-Air Force Wage Board System, 1868-1968

Army also began wage surveys in local areas before applying a job evaluation plan: the job evaluation plan was fitted to the existing wage fixing system in World War II and after.

Army-Air Force Job Evaluation Plan

- Started with 34 grades, later changed to 15 grades. Grades were defined by 21 benchmark jobs.

- Benchmark jobs were placed in rank order by job evaluation experts using a point rating scheme; these were different from the Navy scheme.
- Used five evaluation factors and a point rating method to place jobs into levels -- evaluation factors were different from the Navy system.
- The job evaluation standard described ratings of benchmark jobs factor by factor: user compared other jobs directly with ratings of the benchmark jobs to assign levels to them. Army and Air Force separately issued job evaluation standards for specific occupations with grades based on reference to the ratings of the benchmark jobs. Army used point rating standards; Air Force used whole job evaluation standards without point ratings.
- Job evaluation was decentralized to the field installation level: each installation described its jobs and evaluated them using standards issued by the two departments and the rating standard for the benchmark jobs.
- At first, hazard inherent in jobs was recognized in job evaluation, but the element of hazard alone was not sufficient to upgrade a job. Later, Army-Air Force paid differentials for specific unusual hazards during periods of exposure and stopped recognizing those hazards in job evaluation. Examples are work with explosives and up high.
- At first, supervisory jobs were classified in the same grade structure as non-supervisory. Later, Army-Air Force set up a separate grade structure for supervisory jobs with pay rates of supervisory grades pegged to rates of specific non-supervisory grades.

Army-Air Force Wage Determination Plan

- Wage areas were defined as commuting areas near Army and Air Force installations -- there were different definitions and different wage area boundaries from Navy.

- Surveys were run by local wage boards under central direction of Army-Air Force Wage Board. Local boards did not specifically include union representatives, but did not exclude members because of union membership -- different from Navy policy.
- Army-Air Force set single pay line from lowest to highest grades, using least squares statistical method. At first, Army-Air Force wage schedules had five step rates; later reduced to four, then to three, with five percent difference between steps.

Other Wage Systems

Sixty different agencies with blue collar employees each had wage fixing authority. Civil Service Commission (CSC) claimed this meant there were 60 different wage systems in Government -- this was CSC basis for pushing for a single system.

Some agency systems copied Navy, others copied Army-Air Force. Some were hybrids that borrowed features from both, others used Navy or Army-Air Force wage data but set different rates. A few agencies negotiated wages with unions.

Coordinated Federal Wage System, 1968-1972

A joint Civil Service Commission (CSC)/Bureau of the Budget (BOB) report of chaotic wage systems (1965) persuaded President Johnson to issue a memorandum to heads of departments and agencies directing them to cooperate with CSC to establish a "coordinated" wage system (November 16, 1965). This authorized the Coordinated Federal Wage System (CFWS) that emerged from agency consultations and union negotiations between 1965-1968.

CFWS Job Evaluation Plan

- Fifteen grades non-supervisory, 19 grades in a separate supervisory structure. Non-supervisory grades were defined by 39 Key Ranking Jobs. (There was also a separate 15 grade structure for working leader jobs.)
- Key Ranking Jobs were placed in rank order by means of Navy's NADI method and by job evaluation, then grades of the Key Ranking Jobs were negotiated with AFL-CIO

union committee. The unions specifically negotiated placing a Machinist at grade 10. The agreement also provided for reviewing the list and grades of the Key Ranking Jobs from time to time, but no changes have ever been made.

- Used four evaluation factors without a point rating scheme to place jobs into grades.
- CSC issued job grading standards for specific occupations, describing grades in narrative form, using the four evaluation factors. Grades in CSC standards were pegged to the Key Ranking Jobs for consistency: Key Ranking Jobs were not used directly by agencies to evaluate jobs.
- Job evaluation was decentralized to agencies. CSC's role was to issue job evaluation standards, check agencies to ensure correct evaluation and decide employee job grading appeals.
- Hazards inherent in jobs were recognized in one job evaluation factor, but specific hazards in most jobs were compensated by pay differentials paid during hours of actual exposure.
- Supervisory jobs were classified in separate grades. Pay for supervisory grades was linked mathematically to pay for specified non-supervisory grades.

CFWS Wage Determination Plan

- CFWS wage areas were set by CSC with agreement of National Wage Policy Committee (NWPC). These areas generally were larger than Navy or Army-Air Force wage areas. CSC drew boundaries according to Bureau of Labor Statistics (BLS) Standard Metropolitan Statistical Areas.
- CSC designated a lead agency for each wage area. The lead agency ran wage surveys under CSC rules, drew pay lines, and issued wage schedules for all agencies with blue-collar employees in the wage area. Local wage

survey committees and agency wage committees included union representatives.

- Pay lines were segmented but calculated by the least squares method. There were three step rates per grade with a difference of four percent between steps.
- NWPC at CSC level advised on policies for the system. The eleven members were equally divided between management and union representatives (five of each), with a chair appointed on a part-time basis by CSC.

Federal Wage System, 1972-1990

Unions pushed through Congress the Monroney Amendment (1968), and then legislation to establish the Federal Wage System (FWS) (P.L. 92-392).

The Monroney Amendment required that in wage areas with insufficient comparable private industry wage data to establish federal wages, wage rates were to be imported from surveys in other areas. (usually with considerably higher wages). It was enacted in 1968 and implemented retroactively in 1970. The effect was to push wage rates in numerous wage areas to levels above prevailing rates in local areas. The Monroney Amendment was partially abrogated by the Defense Authorization Act of 1985, which exempted DOD from it. About 80 percent of the federal hourly wage population is in DOD.

Key features of the 1972-enacted FWS are identical to CFWS, with a few crucial exceptions.

The system has a statutory basis instead of presidential memorandum basis. It covered union involvement in local wage survey committees, in agency wage committees, and in the policy advisory committee.

Wage schedules have five step rates per grade instead of three, with 4 percent difference between steps.

Wage schedules have uniform night shift differentials of 7.5 percent and 10 percent nationwide, instead of pegging night shift differentials to wage practices of private industries in areas surveyed.

Jobs and employees of nonappropriated fund activities are included in the FWS.

Employees whose jobs are downgraded or who are moved to jobs at lower grades because of a reduction-in-force are entitled to saved grade.

The Federal Prevailing Rate Advisory Committee (FPRAC) replaced NWPC. The FPRAC still is evenly divided between management and union members but has a full-time Chair appointed for a fixed term.

FWS Job Evaluation Plan

The FWS job evaluation plan is identical to the CFWS job evaluation plan.

- Stated objectives of job evaluation: Equal pay for substantially equal work in all agencies in local wage area; relative differences in pay in local wage area based on substantial differences in duties, responsibilities and qualification requirements of jobs (5 U.S.C. 5341). Job evaluation is the method to give effect to these objectives within a pay system.
- Same 15 non-supervisory and 19 supervisory grades as CFWS (and same 15 grades for working leader jobs); same 39 Key Ranking Jobs used to define grades and as peg points for OPM job grading standards; same four evaluation factors and non-point rating job grading standards; same job grading process; same policies on hazard differentials; and so on.

FWS Wage Determination Plan

- Stated objectives of wage determination system: Rates of pay are in line with prevailing rates for comparable work within local wage area; rates of pay are set to attract and retain qualified trades and labor employees (5 U.S.C. 5341).
- Same wage areas and wage survey arrangements as CFWS; surveys run by lead agencies; company samples

drawn by DOD to be representative of mix of companies in each area: lead agencies calculate wage schedules under OPM.

- Union representatives are to participate at every level and in every phase of wage surveys and calculation of wage schedules by statute (5 U.S.C. 5343).
- Wage schedules have five step rates per grade; step two matches local prevailing rate: step one is 96 percent. step three is 104 percent. step four is 108 percent, and step five is 112 percent of prevailing rate: employees progress from step to step on basis of time-in-grade formulas specified in the statute (5 U.S.C. 5343).
- Wage schedules are to provide night shift differentials of 7.5% for second shift and 10% for third shift by statute. (5 U.S.C.5343).
- In wage areas that provide insufficient data on private sector rates to calculate federal rates. data are to be imported from other wage areas, except in the case of DOD wage schedules, since 1985 (5 U.S.C. 5343).
- Wage grade jobs and employees of nonappropriated fund entities (post exchanges and recreational facilities of the military departments, VA Canteen Service) are to be covered by the FWS: they formerly had a different system (5 U.S.C. 5342).
- FPRAC advises OPM on policies of the system: its membership and chair are specified in statute. One member is from DOD. two are from military departments. one is from a non-DOD department. one is from OPM, five are from unions representing the largest numbers of employees under exclusive recognition. The full-time chair is appointed for a four-year term (5 U.S.C. 5347).

STATUS OF FEDERAL WAGE SYSTEM TODAY

Federal Prevailing Rate Advisory Committee: Well-established. Being revitalized after a period of little activity. It provides a forum for continuing management-labor dialogue on fundamental policies of the system.

FWS Job Evaluation Plan: The machinery for job evaluation is well-established and functioning satisfactorily. OPM and agencies are carrying out their responsibilities as assigned.

- OPM develops and issues job grading standards. FWS has 303 occupational series and 136 job grading standards. Jobs with over 90 percent of the FWS population are covered by OPM job grading standards. OPM is filling gaps in the collection of standards and updating older standards. The collection of standards would be more complete except that OPM placed a moratorium on standard writing from 1983 to 1985. Also, OPM needs more resources to conduct more occupational studies.
- OPM oversight of agencies in regard to whether they are correctly grading FWS jobs has been criticized as weak since OPM underwent budget and staff reductions in the period 1982 to 1984.
- The machinery is in place to reconsider the fundamental structure of the FWS job evaluation system -- the grades, the Key Ranking Jobs, the evaluation factors -- but there is no urge to do this.
- The job evaluation plan is, by and large, meeting the objectives stated in statute.

FWS Wage Determination Plan: The machinery for wage surveys and calculating pay lines and wage schedules is in place and functioning satisfactorily. The system has 135 wage areas. OPM and the agencies are carrying out their responsibilities as assigned. However, the wage determination system is a prevailing rate system in name only, not in fact.

- There are wage surveys to discover prevailing rates in local wage areas and a well-established machinery for calculating pay lines representative of private sector rates. However, several features of the FWS statute combine, in normal times, to assure that most federal FWS employees will be paid more than the prevailing rates in their areas.

- The effect of the Monroney Amendment in numerous wage areas is (or would be) to push federal wage rates above those of the local areas.
- The five-step structure means that most Federal FWS employees, in normal times, would be paid from 4 percent to 12 percent above the prevailing rates for their local areas; (average pay runs almost 8 percent above prevailing rates because most FWS employees are at about step four).
- Federal FWS employees who work night shifts are (or would be) paid more of a differential than private sector employees in most wage areas.
- These upward pressures on FWS pay have been negated by budgetary limitations on the amount of wage increases each year since 1978. As with the general schedule, annual budgets of the government have provided for pay increases across the board that fall short of the increases that would have been paid by straight application of the prevailing rate process.
- Just as salaries in the general schedule system are set by the budget and are no longer based on comparability with salary levels in the private sector, the FWS system can no longer be considered a prevailing rate system. The prevailing rate principles have been abandoned for a budget-driven system.

Key FWS Job Evaluation Features to Consider in Designing a Model Federal Classification System:

Separating the structure of supervisory jobs from the structure of non-supervisory jobs reinforces the idea that supervisory work differs. Also, the FWS uses only four evaluation factors while the general schedule job evaluation system uses nine, making FWS standards much shorter.

APPENDIX H

SUMMARY OF SITE VISITS AND PHONE INTERVIEWS

PART ONE: INTERVIEWS WITH 10 PRIVATE SECTOR FIRMS REGARDING THEIR JOB EVALUATION SYSTEMS

This appendix presents the results of interviews with compensation specialists/managers at ten private sector firms, selected from a list of the 50 largest employers in the United States. The companies interviewed, along with their respective sizes and lines of operation, are shown in Table H-1.

Table H-1
Ten Private Sector Firms Interviewed, Employees and Line of Operation

<u>Name of Company</u>	<u>Number of Employees</u>	<u>Line of Operation</u>
GE Aerospace	40,000	Aerospace and Defense
Martin Marietta	6,000	Telecommunications, Systems Integration, Defense
General Motors	775,000 (100,000 covered by subject job evaluation system)	Automotive
Ford Motor Company	80,000	Automotive
United Parcel Service (Airline Operation)	3,200	UPS Airline
American Express (Integrated Payment System)		Financial Service (Money Orders and Money Grams)
Hospital Corporation of America	2,000 (many more nationwide)	Medical/Surgical and Psychiatric Hospitals
Prudential Insurance	100,000 (40,000 covered by subject job evaluation system)	Insurance and Financial Services
Sears Roebuck and Company	500,000 (600 covered by subject job evaluation system)	Merchandise, Investments, Realty, Credit Card, Insurance
May Department Stores	115,000 (16,000 covered by subject job evaluation system)	Merchandise/Retailing

The phone interviews were 30 to 60 minutes for each firm. The questionnaire used appears at the end of this appendix.

OVERVIEW OF FINDINGS

Number of Job Evaluation Systems in a Single Corporation

- All companies used more than one job evaluation system in their corporation.
- Most used two job evaluation systems--one for executives or top level managers and one for all other positions.
- One company was highly decentralized--headquarters used a single job evaluation system and each operating unit (in different locations throughout the country) selected, designed/adopted, and maintained their own.
- None of the ten companies used a job evaluation system for union employees.

Characteristics of Job Evaluation Systems

- A variety of types of job evaluation systems were in use, including:
 - Point Factor--six instances of use
 - Market Pricing--six instances of use
 - Hay Method--two instances of use
- Job Evaluation Systems varied in age from 50 years to less than one year. Almost all new system are market pricing systems. The age (in years) of the different systems is as follows:
 - Point Factor--50, 25, 15 (2), 10, and new
 - Market Pricing--25, 10, 6, and new (3)

Hay Method--"many years." and 6 years

- Most systems were decentralized. Reasons cited for decentralization included flexibility, responsiveness to labor market and business conditions, more acceptable to managers and employees, and more accurate (reliable, valid).
- Job evaluation for top management or executives was centralized. The single reason cited in almost every case was the treatment of executives as a "corporate resource."
- In almost every case, there were few or no "tools" (such as classification standards) that were developed or maintained to apply to the job evaluation system. In most cases, the interviewees did not know what the NAPA staff meant by this question.
- Regarding the number of different levels for a typical professional or administrative occupation: the minimum number of levels was three; the maximum number of levels was six; the average was three to four.
- Changes to job evaluation systems seem to be driven by business-related events, such as mergers, acquisitions, and downsizing.

Grade or Pay Levels

- In almost every case, corporations are reducing the number of grade levels in their systems, or going to a system of broad banding. Reasons cited for broad banding included responding to the changing nature of work (work is becoming more complex, and in most cases the lowest two to four levels in a system were no longer used) and increasing the flexibility to assign and move people around.
- One company was increasing their number of grade levels (going from four to eight): two were retaining relatively narrow pay bands. Reasons cited for maintaining narrow bands include cost control, the value of promotions to employee recognition, and corporate culture.

Miscellaneous

- For all companies interviewed, the primary (and in most cases the only) purpose of the job evaluation system was for pay setting.
- Several companies were modifying their systems to allow for dual tracks.
- One company explained that they considered an automated job evaluation system but decided against it because it would be too rigid and would not be necessary with a flexible system.
- Only one company indicated that they did not reveal to management their job evaluation guidelines in order to preclude management from "gaming the system."
- Most companies referred to their corporate culture when discussing changes to the job evaluation system or the number of grade/pay levels. These companies believed that a change to job evaluation or pay systems required that they consider the culture and that they make a conscious effort to manage the impact of the change on the culture.

INTERVIEW GUIDE--PRIVATE SECTOR

COMPANY: _____
INTERVIEWEE: NAME: _____

 TITLE: _____

 PHONE: _____

PART I. BACKGROUND ON THE COMPANY

1. IS YOUR ORGANIZATION THE:
 ____ HEADQUARTERS OR PARENT ____ SUBSIDIARY
 ____ OTHER: DESCRIBE: _____
2. WHAT IS THE NATURE OF YOUR BUSINESS?
3. HOW MANY EMPLOYEES?
4. WHAT TYPES OF PEOPLE/OCCUPATIONS DO YOU EMPLOY?
5. HOW ARE YOU ORGANIZED?
6. WHAT SEGMENTS AND PERCENTAGE OF THE WORK FORCE, IF ANY, BELONG TO A UNION?

PART II. BACKGROUND ON THE JOB EVALUATION SYSTEM

1. WHAT KIND OF JOB EVALUATION SYSTEM(S) ARE YOU CURRENTLY USING? (IF YOU ARE USING MORE THAN ONE SYSTEM, INDICATE TYPES OF OCCUPATIONS COVERED BY EACH SYSTEM).
2. WHEN WAS (WERE) YOUR CURRENT JOB EVALUATION SYSTEM(S) INSTALLED? LAST REVIEWED/MODIFIED?

REGARDING YOUR JOB EVALUATION SYSTEM FOR WHITE COLLAR WORK

3. WHAT KIND OF TOOLS DO YOU USE IN APPLYING YOUR JOB EVALUATION SYSTEM? (E.G., SINGLE GRADE EVALUATION STANDARD; MANY STANDARDS BASED ON OCCUPATION; ETC.) HOW DO YOU DEVELOP AND MAINTAIN THESE TOOLS? WHAT ROLE DO MANAGERS PLAY, IF ANY?
4. HOW MANY GRADE LEVELS IS YOUR SYSTEM MADE UP OF? DO YOU THINK THIS IS TOO MANY; TOO FEW; OR JUST ABOUT RIGHT.
FOR YOUR AVERAGE WHITE COLLAR OCCUPATION, HOW MANY LEVELS (OR CLASSES) DO YOU DEFINE?

5. IN YOUR OPINION, HOW WELL DOES YOUR CURRENT SYSTEM PROVIDE THE FOLLOWING:
 - A. VALIDITY
 - B. RELIABILITY
 - C. INTERNAL EQUITY (EQUAL PAY FOR EQUAL WORK)
 - D. RESPONSIVE TO CHANGE IN JOB CONTENT DUE TO TECHNOLOGICAL OR SOCIAL CHANGE
 - E. FLEXIBLE TO ADAPT TO CHANGING BUSINESS CONDITIONS
 - F. EASY/INEXPENSIVE TO ADMINISTER
 - G. EASY TO COMMUNICATE TO MANAGERS AND EMPLOYEES

6. IS THE ADMINISTRATION OF YOUR JOB EVALUATION SYSTEM CENTRALIZED OR DECENTRALIZED?
7. WHAT ROLE DO THE FOLLOWING GROUPS PLAY IN JOB EVALUATION?
 - A. MANAGERS
 - B. EMPLOYEES
 - C. UNION MEMBERS
 - D. PERSONNELISTS/JOB ANALYSTS

8. IF YOU CHANGED YOUR JOB EVALUATION SYSTEM IN THE LAST 10 YEARS. WHAT WAS (WERE) THE REASON(S)?
9. HOW WOULD YOU RATE THE SUCCESS IN ACHIEVING INTENDED RESULTS?

PART III. MISCELLANEOUS

1. WOULD YOU BE WILLING TO PARTICIPATE IN A DETAILED INTERVIEW DURING THE IN-DEPTH STUDY PHASE OF OUR PROJECT/

INTERVIEWER: _____ DATE: _____

PART TWO: SUMMARY OF SITE VISITS

SELECTION OF SITES

Project staff selected sites that had:

Large and varied work forces (except for local sites)--sites with 5000 or more employees, including both unionized and non-unionized work forces.

A wide variety of classification systems and methods--whole job, narrative vs. point factor rating, rank-in-person, rank-in-position, benchmark, pay banding.

SITES VISITED

National: Canada
State: Michigan
California
County/City: City of Los Angeles
City of Phoenix
Fairfax County (local)
Montgomery County (local)
Arlington County (local)

Private: AT & T
IBM
GE Aerospace

SUMMARY OF FINDINGS--FEATURES DESIRED IN FEDERAL SYSTEM

- A recent study of the future of the Public Service indicates the requirement to simplify the classification process.
- Effort to reduce the number of Occupational Groups or Series in order to reduce the time and expense of administering the system (this was the case in 3 different sites).
- Trend towards fewer non-exempt series/classes and employees due to automation in the workplace and elimination of much of this low level work.
- Experimenting with "skill-based classification." Managers describe a

classification level in terms of what they expect of the employee at that level. Level definitions consist of a list of job proficiencies.

- Organization's classification method is point factor, with 9 total factors included. However, not every factor is described for every type of job. For example, "outside contact: are not described for engineering positions.
- Organization currently maintains both point factor and whole job classification methods. For both methods, they provide benchmark position descriptions as part of their classification standards.
- Organization accomplishes a "dual track" through a factor for "Creativity." Supervisors receive less credit for this factor than non-supervisory experts.
- Organization went to a progressive "dual track" approach where they created many non-supervisory experts whose pay was equivalent to supervisors. However, no one was applying for supervisory positions. To rectify the situation, they modified their approach to provide a guaranteed pay differential of 5% to supervisors.
- Organization's single nationwide grade level structure enables employees to move around from one part of the organization to another.
- Decentralized administration: centralized audit (2 different sites).
- Use committees of line managers to classify positions. This enhances managers' understanding of classification and appreciation of internal equity: they "buy-in" to system (2 different sites).
- Speed up process of appeals by delegating authority to make appeals decisions to low level in organization.
- Qualifications are part of the classification standard: qualification and classification functions are under the same manager (5 different sites).
- Managers can establish qualifications above the minimum qualifications defined (2 different sites).
- Effort to move compensation from base pay to nonpermanent pay.
- Pay progression within a grade is based on satisfactory performance.
- Achieve a link between training and classification through a mechanism

known as "bridge position" or "temporary training class" (3 different sites).

- Developing an automated approach to classification (2 different sites).
- In transitioning to a new classification system--achieved a high level of acceptance through a concerted effort to market the new system (through videos, pamphlets, newsletters) (2 different sites).

SUMMARY OF FINDINGS -- PROBLEMS TO AVOID IN DESIGNING A MODEL SYSTEM

- Organization maintains 3 different classification methods: point factor, whole job narrative, and peer ranking. Three different systems makes it difficult for managers and employees to understand the classification system, creates problems in keeping the system current, and is very expensive to administer.
- The "Position Analysis Questionnaire" system has 187 classification factors. The system is proprietary: it requires a contract with the founding company to maintain the system. Job analysts do not explain specific factors to managers and employees.
- There are no centrally documented guidelines for the classification of positions (3 different sites: all of which maintained a highly centralized system).
- The classification system is driven by the process rather than by management requests.
- In transitioning to a new classification system--25% of all employees appealed their grade level in the new system.

APPENDIX I

SUMMARY OF "FORWARD THINKERS" SURVEY

Forward thinkers in the field of human resources management, recommended by Barbara Fiss of OPM and Howard Risher of the Wyatt Corporation, were asked to write responses to open-ended questions on a survey mailed to them. The NAPA staff mailed 53 surveys to the corporate, academic and consultant men and women identified as forward thinkers around the country who could address the future of job evaluation. Thirty-two forward thinkers responded for a 60% response rate. The survey questions and a summary of responses are shown below.

THE FUTURE OF JOB EVALUATION

1. Over the past five years, how would you describe the shift, if any, in private sector employers' interest in job evaluation? Check the statement(s) that best reflects your viewpoint.

32 people provided 56 responses.

<u>25 (44.6%)</u>	Search for more efficient administrative methods.
<u>13 (23.2%)</u>	Search for more valid and reliable methods.
<u>10 (17.9%)</u>	Other:
<u>2 (3.6%)</u>	More reliance on market pricing.
<u>2 (3.6%)</u>	Search for alternative methods reflecting alternative human resources philosophies.
<u>2 (3.6%)</u>	A shift to something that better responds to the need for work force flexibility.
<u>1 (1.8%)</u>	Less reliance on expensive consultants and their computer systems.
<u>1 (1.8%)</u>	Shift toward job design and career pathing of jobs irrespective of the job evaluation methodology.
<u>1 (1.8%)</u>	Major emphasis on computer assisted input and administration.
<u>1 (1.8%)</u>	More emphasis on job evaluation where there had been none before.

7 (12.5%) Less emphasis on job evaluation.

1 (1.8%) Little or no change.

2. Over the next five years, how do you expect private sector employers' interest in job evaluation to change?

32 people provided 37 responses.

29 (78.4%) Search for improved methods to:

9 (24.3%) Relate job evaluation to business or organizational objectives or culture.

4 (10.8%) Prepare job description and evaluate jobs using automated system.

3 (8.1%) Simplify systems.

3 (8.1%) Efficiently market price jobs and include in job evaluation process.

3 (8.1%) Support workplace flexibility.

2 (5.4%) Ensure internal equity and pay for skills.

2 (5.4%) Properly and quickly reflect the impact (up or down) of technological change on job value.

2 (5.4%) Ensure validity and reliability.

1 (2.7%) Reduce administrative burden and better communicate methodology to managers.

6 (16.2%) Less emphasis on job evaluation.

2 (5.4%) Little or no change.

3. There are a number of often cited problems with conventional job evaluation methods. Please place in rank order the three (3) most important problems (with "1" as the most important).

32 people responded.

Low	Medium	High	Rank	
2	7	11	1st	Inadequate flexibility or inability to respond effectively to changing organizational plans.
3	12	2	2nd	Inadequate supervisor/manager acceptance of job evaluation decisions.
11	3	1	3rd	Staff resource requirements for proper system maintenance.
4	3	6		Suspect or unknown system validity and reliability.
4	4	4		Conflict between job evaluation results and market pricing results.
2	3	4		Inadequate employee understanding of job evaluation process.
5	1	2		Delayed or prolonged response time.
1	0	1		Other.

4. In your opinion, what is the primary purpose served by a job evaluation system?

32 people provided 43 responses.

<u>13 (30.2%)</u>	Provide an internal system to determine the relative value of jobs to an organization. -
<u>11 (25.6%)</u>	Provide internal equity.
<u>4 (9.3%)</u>	Place a value on non-market priceable positions.
<u>4 (9.3%)</u>	Validate the job worth hierarchy to match the needs of a business or organization.
<u>4 (9.3%)</u>	Establish a framework for job development and creation of career ladders.

- 4 (9.3%) Provide a credible basis for communication and justifying pay differentials.
- 1 (2.3%) Determine exempt/nonexempt status.
- 1 (2.3%) Documentation of jobs.
- 1 (2.3%) Job reclassification.

5. What recent developments or breakthroughs in job evaluation methods will have the most significant impact on prevailing practices over the next five years?

32 people provided 48 responses.

- 23 (47.9%) Computerized systems of job evaluation or mathematical modeling integrated and supportive of decision making by people.
- 5 (10.4%) Skill-based pay programs which pay on the basis of what you know or have been trained for rather than what you do.
- 5 (10.4%) Integrate market pricing with job content evaluation, i.e., development of a more employee understandable factor comparison system.
- 4 (8.3%) Ease of administration and reduced cost and management time resulting from computerized systems.
- 3 (6.3%) Variable group incentives or team based approaches.
- 3 (6.3%) Use of optical scanning for collecting information on standardized instruments such as scored job questionnaires.
- 2 (4.2%) Single factor evaluation system (without duplicative factors) which is accountable to and tailored to business plan.
- 2 (4.2%) Ability to perform more complex evaluations with less administrative effort through the use of the computer.
- 1 (2.1%) Education of company practitioners by American Compensation Association faculty, who are not consultants and who work in competitive, for profit industries.

6. How will other changes and trends in the field of compensation management affect job evaluation practices?

30 people provided 44 responses.

- 11 (25%) Team/group incentives will reduce inter-job distinctions. Needed flexibility of staffing will have the same impact.
- 9 (20.5%) Skill/knowledge based pay systems may make traditional job evaluation systems obsolete.
- 5 (11.4%) Variable individual pay may undermine job evaluation systems since less total compensation depends on grade than on individual or company performance.
- 5 (11.4%) Biggest change will be in pricing and compensation trends, not job evaluation. More compensation will be customized based on business needs.
- 4 (9.0%) "At-risk" compensation will undermine the cost effectiveness of traditional base compensation practices.
- 3 (6.8%) The need to communicate more with employees and to obtain their involvement should produce more objective job evaluation systems.
- 3 (6.8%) Flattening of organizational structures and decentralization of authority are reshaping the traditional hierarchy of jobs.
- 2 (4.5%) Will be fewer compensation specialists in competitive industries because such staff is considered overhead.
- 2 (4.5%) Geographical and occupational differentials will place more emphasis on market pricing rather than job evaluation.

7(a). In your opinion, what organizational trends will affect salary management, and specifically, job evaluation practices in the 1990s?

22 people provided 31 responses.

- 10 (32.3%) Flatter organizations will need flatter base pay systems and emphasize alternative and at-risk compensation, flexible benefits and changes in job design.
- 5 (16.1%) Growing popularity of alternative rewards shift emphasis toward variable pay and away from base pay; thereby reducing the significance of job evaluation.

- 4 (12.9%) More flexible and self-managed work (at-home work, self managed teams, telecommuting) means thinking of jobs in totally different ways.
- 4 (12.9%) Downsizing and other reorganizations will lead to hybrid jobs without market data so internal evaluation systems will be more important.
- 3 (9.7%) Less emphasis on individual performance, greater emphasis on group performance.
- 2 (6.5%) Organization and job design will play a larger role. Compensation staff must assist management in designing jobs to meet business plan.
- 1 (3.2%) More broad banding of salary ranges and career pathing will lead to more use of generic classifications.
- 1 (3.2%) More focus on unit or plant level pay programs rather than corporate wide.
- 1 (3.2%) Employee participation, including more lower level decision making and changes in managerial roles.

7(b). In your opinion, what staffing trends will affect salary management, and specifically, job evaluation practices in the 1990s?

8 people provided 9 responses.

- 4 (44.4%) Attracting and retaining employees in changing economy will require more aggressive compensation policies and practices.
- 3 (33.3%) Fewer jobs with broader responsibility will require more skilled employees. Trend away from job evaluation to skill based systems and pay for knowledge.
- 1 (11.1%) Use of more temporary staff rather than permanent employees.
- 1 (11.1%) Fewer staff, more computer assisted work.

7(c). In your opinion, what demographic trends will affect salary management, and specifically, job evaluation practices in the 1990s?

15 people provided 16 responses.

- 6 (37.5%) Labor shortages will put a strain on compensation programs and cause pressure to raise job levels, especially in market sensitive job groups.
- 4 (25%) The character of the work force in the year 2000 will increase the need for valid job evaluation based on job content to mitigate unequal pay and other discrimination.
- 3 (18.8%) Less skilled workers, older, part-time workers will require more flexible job evaluation and salary management.
- 1 (6.3%) Good market data for benchmark jobs will be critical for employers competing for talent in a shrinking labor pool.
- 1 (6.3%) Effect of labor shortages and market sensitivity will cause conflict between internal evaluation and market, causing the failure of job evaluation systems.
- 1 (6.3%) Companies will have fewer resources to devote to complex and time consuming job evaluation systems.

8. In assigning positions to salary ranges, how would you describe the "appropriate" (i.e., based on your understanding of strategic salary management) balance between internal equity and maintaining competitive market pay levels? For each occupational group, please circle the percentage split that best reflects this balance.

31 people responded.

	<u>I n t e r n a l</u> <u>E m p h a s i s</u>		<u>E q u a l</u> <u>B a l a n c e</u>		<u>M a r k e t</u> <u>E m p h a s i s</u>
	90/10	75/25	50/50	25/75	10/90
Man a g e r i a l P o s i t i o n s					
<u>None: 3 (9.7%)</u>	<u>1 (3.2%)</u>	<u>3 (9.7%)</u>	<u>4 (12.9%)</u>	<u>10 (32.3%)</u>	<u>10 (32.3%)</u>
Professional P o s i t i o n s					
<u>None: 3 (9.7%)</u>	<u>2 (6.5%)</u>	<u>3 (9.7%)</u>	<u>8 (25.8%)</u>	<u>11 (35.5%)</u>	<u>4 (12.9%)</u>
Clerical/Support P o s i t i o n s					
<u>None: 3 (9.7%)</u>	<u>4 (12.9%)</u>	<u>7 (22.6%)</u>	<u>12 (38.7%)</u>	<u>1 (3.2%)</u>	<u>4 (12.9%)</u>

9. Do you believe that this balance will shift over the next five years? Please comment on your expectations.

31 people responded.

No: 5 (16.1%) Current trends will intensify: 4 (12.9%) Yes: 22 (70.1%)

If balance will intensify or shift, please comment on your expectations.
(35 comments were received from 26 respondents).

- 11 (31.4%) Increased move toward market pricing in general.
- 9 (25.7%) Market pricing will become more important due to the development of labor shortages.
- 4 (11.4%) Strategic business concerns will become more important than either internal equity or market pricing.
- 3 (8.5%) Less emphasis on market pricing.
- 3 (8.5%) Move toward skill based pay.
- 2 (5.7%) Move toward a balance of internal equity and market pricing.
- 1 (2.9%) Comparable worth will dominate professional and managerial jobs.
- 1 (2.9%) Employees will become a lot less loyal to their employers.
- 1 (2.9%) Market emphasis will shift from base salary to total earning opportunity (incentives, profit sharing, stock, etc.).

10. Do you believe the U. S. will enact "pay equity" legislation similar to the laws adopted by several Canadian provinces?

31 people responded.

- 27 (87%) No.
- 18 (58%) No.
- 4 (12.9%) Hope not.
- 2 (6.5%) Not within the next five to ten years, at least for the private sector.
- 1 (3.2%) US is and will be market driven.

1 (3.2%) Not enough concern on part of U. S. voting public to cause such laws to be passed.

1 (3.2%) Pay equity in Canada is unwieldy. Will die of its own weight before we leave the 1990s. Proponents have no understanding of compensation practices. Job evaluation is not as scientific as they presume.

3 (9.7%) Yes, such laws will be passed within the next five to ten years.

1 (3.2%) Can't predict what legislators will do.

11. The government covers all white-collar employees (professional, administrative, clerical and technical) under a single classification/job evaluation system. Please comment on the advantages and disadvantages of this philosophy.

31 people responded (9 gave both advantages and disadvantages; 9 gave only advantages and 13 gave only disadvantages).

Advantages (18 people gave 23 responses):

7 (30.4%) A method based on skill, effort, and responsibility is sufficient for any organization.

6 (26.1%) Simplicity in administration and maintenance of the system.

4 (17.4%) Internal equity or at least the illusion of internal equity is enhanced when a common yardstick is used.

2 (8.9%) Theoretically provides comparable worth and increased pressure to resolve any inequities.

1 (4.3%) At the "cross-over point," a single job evaluation system will have an advantage.

1 (4.3%) Less expensive than multiple systems.

1 (4.3%) Easier to communicate to participants.

1 (4.3%) One system is fine as long as its weighted factors are statistically valid.

Disadvantages (22 people gave 31 responses):

9 (29%) Doesn't permit use of different skills and compensable factors for different groups of employees.

- 5 (16.1%) Lacks the flexibility to respond to the market and organizational forces as they affect specific job groups.
- 5 (16.1%) Doesn't allow for different factor weights for exempt and non-exempt jobs.
- 3 (9.7%) Encourages misclassification of jobs.
- 3 (9.7%) Salary structure pays lower level more than market, higher level less and does not provide locality pay.
- 2 (6.5%) Doesn't permit decentralized and delegated approach to compensation management.
- 2 (6.5%) Doesn't focus on the level of accountability that an employer is looking for in excellent employees.
- 1 (3.2%) Not understandable to all participants.
- 1 (3.2%) Doesn't focus on how pay is distributed and how employee contributions are measured.

APPENDIX J

PROPOSED CHANGES IN TITLE 5 LANGUAGE TO ACCOMMODATE NAPA CLASSIFICATION SCHEME

Each section is first quoted showing its existing language. Areas which are proposed for deletion are bounded by square brackets. Proposed additions are in paragraph(s) following the existing text.

Section 5101. Purpose

"It is the purpose of this chapter to provide a plan for classification of positions whereby--

(1) in determining the rate of basic pay which an employee will receive--

(A) the principle of equal pay for substantially equal work will be followed; and

(B) variations in rates of basic pay paid to different employees will be in proportion to substantial differences in the difficulty, responsibility, and qualification requirements of the work performed and to the contributions of employees to efficiency and economy in the service; [and]

(2) individual positions will, in accordance with their duties, responsibilities, and qualification requirements, be so grouped and identified [by classes and grades, as defined by section 5102 of this title, and the various classes will be so described in published standards, as provided by section 5105 of this title.] that the resulting position-classification system can be used in all phases of personnel administration[.]"

Proposed Changes:

- delete the word "and" from paragraph (B):
- delete text from paragraph (2) as shown above, substitute a semicolon for the period at its end, and insert the word "and" following the semicolon; and
- add new paragraph (3), as follows:

(3) in grouping and identifying positions, the definitions provided by sections 5102 and 5104 of this title will be used as the basis for preparing and publishing the standards authorized by section 5105 of this title.

Section 5102. Definitions; application

"(a) For the purpose of this chapter--

(1) "agency" means....

(2) "employee" means

(3) "position" means

(4) "class" or "class of positions" includes all positions which are sufficiently similar, as to--

(A) kind or subject-matter of work:

(B) level of difficulty and responsibility; and

(C) the qualification requirements of the work; to warrant similar treatment in personnel and pay administration; and

(5) "grade" includes all classes of positions which, although different with respect to kind or subject-matter of work, are sufficiently equivalent as to--

(A) level of difficulty and responsibility; and

(B) level of qualification requirements of the work; to warrant their inclusion within one range of rates of basic pay in the general schedule.

(b)

(c)"

Proposed Changes:

•add new subsection (6) to section (a), which would read as follows:

(6) "band" includes all grades of positions which, although different with respect to level of difficulty and responsibility, and level of qualification requirements of the work, are sufficiently equivalent as to--

(A) kind or subject-matter of work; and

(B) relative place in the typical career progression in that class of positions (e.g., development, full performance, or senior/master level); to warrant their inclusion within a band of grades

comprising one or more range(s) of rates of basic pay in the general schedule.

Section 5104. Basis for grading positions

"The general schedule, the symbol for which is "GS." is the basic pay schedule for positions to which this chapter applies. The general schedule is divided into grades of difficulty and responsibility of work, as follows:

(1) Grade GS-1 includes those classes of positions the duties of which are

* * *

(15) Grade GS-15 includes those classes of positions the duties of which are"

Proposed Changes:

- add "(a)" before the current opening paragraph; and
- add new section "(b)," which would read as follows:

(b) Standards for the classification of positions shall be devised using the descriptions provided in (a) above as a framework of relative value for work at each grade level. Such standards may group into a band of grades, work which is described at one or more GS levels. When so grouped, any of the rates of basic pay found in the general schedule for grades contained in the band are available for positions allocated to the band, in accordance with the provisions of chapter 53 of this title.

Section 5105. Standards for classification of positions

"(a) The Office of Personnel Management, after consulting the agencies, shall prepare standards for placing positions in their proper [classes and grades]. The Office may make such inquires or investigations of the duties, responsibilities, and qualification requirements of positions as it considers necessary for this purpose. The agencies, on request of the Office, shall furnish information for and cooperate in the preparation of the standards. In the standards, which shall be published in such form as the Office may determine, the Office shall--

- (1) define the various classes of positions in terms of duties, responsibilities, and qualification requirements;
- (2) establish the official class titles; and
- (3) set forth the [grades] in which the classes have been placed by the Office.

(b)

(c)"

Proposed Changes:

- delete the words "classes and grades" from (a), and substitute the phrase "classes and grades or bands";
- delete the word "grades" and substitute the phrase "grades or bands" in (a)(3).

Section 5106. Basis for classifying positions

"(a) Each position shall be placed in its appropriate class. The basis for determining the appropriate class is the duties and responsibilities of the position and the qualifications required by the duties and responsibilities.

(b) Each class shall be placed in its appropriate grade or band. The basis for determining the appropriate grade or band is the level of difficulty, responsibility, and qualification requirements of the work of the class.

(c) Appropriated funds may not be used"

Proposed Changes:

- existing paragraph (c) is renumbered to become paragraph (d): and
- new paragraph (c) is inserted, as follows:

(c) The basis for determining the appropriate grade or band is the overall character of the duties, responsibilities and qualification requirements of that class and grade, in relation to the typical career progression for the class (e.g., does the grade represent a development, full performance, or senior/expert level assignment in the career field).

Section 5107. Classification of positions

"Except as otherwise provided by this chapter, each agency shall place each position under its jurisdiction [in its appropriate class and grade] in conformance [with standards published by the Office of Personnel Management] or, if no published standards apply directly, consistently with published standards. When facts warrant, an agency may change a position which it has placed in a [class or grade] under this section from that [class or grade] to another [class or grade]. Subject to subchapter VI of chapter 53 of this title, these actions of an agency are

the basis for pay and personnel transactions until changed by certificate of the Office."

Proposed Changes:

- in lieu of the existing language which says, "... in its appropriate class and grade", substitute the clause "... in its appropriate class and grade or band ...":

- in lieu of the existing language which says, "... with standards published by the Office of Personnel Management" substitute the clause "... with standards published by or with the approval of the Office of Personnel Management"; and

- in the three places where it currently says, "class or grade" substitute the phrase "class, grade, or band".

Section 5110. Review of classification of positions

"(a) The Office of Personnel Management, from time to time, shall review such number of positions in each agency as will enable the Office to determine whether the agency is placing positions [in classes and grades] in conformance with or consistently with published standards.

(b) When the Office finds under subsection (a) of this section that a position is not placed in its proper [class and grade] in conformance with published standards or that a position for which there is no published standard is not placed in the [class and grade] consistently with published standards, it shall, after consultation with appropriate officials of the agency concerned, place the position in its appropriate [class and grade] and shall certify this action to the agency. The agency shall act in accordance with the certificate, and the certificate is binding on all administrative, certifying, payroll, disbursing, and accounting officials."

Proposed Changes:

- in lieu of the existing language in (a) which says "... in classes and grades ...", substitute the clause "... in classes and grades or bands ...":

- in lieu of the existing language in (b) which says "...class and grade ..." in three different places, substitute in each place the clause "class and grade or band"

Section 5111. Revocation and restoration of authority to
classify positions

(a) When the Office of Personnel Management finds that an agency is not placing positions [in classes and grades] in conformance with or consistently with published standards, it may revoke or suspend the authority granted to the agency by section 5107 of this title and require that prior approval of the Office be secured before an action placing a position [in a class and grade] becomes effective for payroll and other personnel purposes. The Office may limit the revocation or suspension to--

- (1) the departmental or field service, or any part thereof;
- (2) a geographic area;
- (3) an organization unit or group of organization units;
- (4) certain types of classification actions
- (5) [classes in particular occupational groups or grades]; or
- (6) classes for which standards have not been published.

(b) After revocation or suspension, the Office may restore the authority to the extent that it is satisfied that later actions placing positions [in classes and grades] will be in conformance with or consistent with published standards.

Proposed Changes:

- in lieu of the existing language in (a) which says "... in classes and grades" substitute the clause "... in classes and grades or bands ...;"
- in lieu of the existing language in (a) which says "... in a class and grade ...," substitute the clause "... in a class and grade or band"
- in lieu of the existing language in (a) which says "...classes in particular occupational groups or grades" substitute "... classes in particular occupational groups, grades or bands ...";
- in lieu of the existing language in (b) which says "... in classes and grades" substitute the clause "... in classes and grades or bands"

Management

"(a) Notwithstanding section 5107 of this title, the Office of Personnel Management may--

- (1) ascertain currently the facts as to the duties, responsibilities, and qualification requirements of a position;
- (2) place [in an appropriate class and grade] a newly created position or a position coming initially under this chapter;
- (3) decide whether a position is [in its appropriate class and grade]; and
- (4) change a position [from one class or grade to another class or grade] when the facts warrant.

The Office shall certify to the agency concerned ...

(b)"

Proposed Changes:

- in lieu of the existing language in (a) which says "... in an appropriate class and grade" substitute the clause "... in an appropriate class and grade or band ...:"
- in lieu of the existing language in (a) which says "... in its appropriate class and grade" substitute the clause "... in its appropriate class and grade or band ...:"
- in lieu of the existing language in (a) which says "... from one class or grade to another class or grade" substitute the clause "... from one class, grade, or band to another class, grade, or band ...:"

Section 5113. Classification records

"The Office of Personnel Management may--

- (1) ...;
- (2) ...; and

(3) interview employees of the agency who have knowledge of the duties and responsibilities of positions and information as to the reasons for placing a position [in a class or grade]."

Proposed Changes:

•in lieu of the existing language in (3) which says "... in a class or grade". substitute the clause "... in a class, grade or band.

Title 5, Code of Federal Regulations, Part 35

1. In lieu of the "three-grade limitation" that currently applies to bumping and retreating in a RIF:

Limit bumping to senior/expert level and full performance level employees, and to displacing developmental level employees in the same occupational family only. Developmental level employees are being groomed to perform at the full performance level of proficiency. Therefore, full performance and higher level employees who displace developmental level employees should retain their classifications at the full performance or higher levels.

Limit retreating to developmental employees only, and to the displacement of senior/expert or full performance level employees in the occupational family from which a released employee was promoted.

Neither of these changes should serve to limit the offering of vacancies at any level for which a released employee may be qualified in the same or another occupational family, if an agency chooses to do so.

2. The regulations should provide that surplus supervisors who are released from their competitive levels can displace either senior/expert or full performance level employees, depending on their individual qualifications to perform work in the occupational family, with the determination made by agencies on a case-by-case basis.
3. Delete the regulation providing grade retention since it will have no application in an ungraded system like the NAPA model.

4. Modify the pay retention regulations either to eliminate the two-year waiting period and have the annual comparability increase limitation become effective immediately, or freeze the employee's pay entirely until the retained pay comes within the pay range for the position occupied.
5. Reduce the regulatory definition of the "minimum area of competition" (Title 5, code of Federal Regulations, section 351.402) to a lower organizational echelon. In a system like the NAPA model, the number of employees in each competitive level will be greater than in the current system, thereby increasing the number of employees who are involved in the first round of competition for retention in a RIF. Reducing the minimum area of competition in a system like the model will provide employees with an adequate opportunity to compete for retention, while limiting the disruptive effect of a RIF to a smaller segment of the organization.

"A much needed approach to this problem area, that people have been reluctant to address for far too many years."

Ralph C. Bledsoe
Director, Ronald Reagan
Presidential Library

"Every personnel regulation, rule and standard should be designed to help the line manager accomplish organizational missions. At the heart of personnel management is work classification and the changes recommended in this report provides that increased flexibility needed to justify placing greater responsibility and accountability for mission accomplishment where it belongs--on the shoulders of the line manager."

Alan K. Campbell
Visiting Executive Professor
The Wharton School
University of Pennsylvania

"The current classification system allows the manager to be precisely wrong. What the manager needs is the opportunity to be roughly right. This study presents a system that will allow the manager to do that."

James E. Colvard
Senior Fellow
Center for Naval Analyses

"This is an excellent study. It is the only comprehensive analysis of a problem that must be addressed by the federal civil service system and most states as well."

Patricia W. Ingraham
Professor, The Maxwell School
Syracuse University