

Pay, Performance Management and Classification System





We will create a personnel system that is flexible and contemporary while preserving basic civil service principles and merit concepts. We will seek and employ the best and the brightest people our nation has to offer. We will create a cooperative, positive work environment that benefits from the knowledge, experience and active input of employees. We will link individual performance to organizational goals, helping individuals to maximize their potential and contribute fully to the organization.

Secretary Tom Ridge, U.S. Department of Homeland Security Strategic Plan, February 2004



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How We Got Here...



- Because of DHS' critical mission, Congress granted DHS and OPM joint authority to create a new HR system, based on contemporary and excellent HR practices.
- In April of 2003 an Initial Design Team was convened which included DHS employees, supervisors, union representatives and OPM staff members.
- Following extensive research and outreach (64 nationwide Focus Groups and Town Hall meetings), 52 options were developed for consideration.
- Following the review of the options by a Senior Review Committee, the DHS Secretary and OPM Director issued proposed regulations for the new DHS HR System.



Why Change Is Needed...

- We have a critical mission and we can't afford to fail
- Our HR system must support our mission by allowing us to:
 - Take swift action
 - Attract and retain highly talented and motivated employees
 - Be adaptable to the changing nature of work



What's not going to change ...

- Our commitment to our employees and our pledge to preserve fundamental employee rights
 - Preserve fundamental merit principles
 - Prevent prohibited personnel practices
 - Honor and promote veterans preference



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Where We are Now...



- DHS and OPM analyzed more than 3,400 comments submitted during a 30-day public comment period.
- DHS and OPM officials participated in a formal Meet and Confer period with employee representatives of DHS' four largest unions: AFGE, NTEU, NAAE and NFFE.
- Final regulations are expected to be published September 2004.
- LR/ER implementation expected 30 days after final regulations issued.
- Pay, Performance & Classification system implemented in phases beginning in January 2005.



Design Team II Facts

- Chartered to facilitate the implementation of 5 CFR, part 970 regarding the new DHS HR system - MAX^{HR} in a manner that:
 - **Supports critical mission requirements**
 - **Supports employee performance**
 - **Encourages employee confidence and trust in the system**
- Comprised of Human Resources experts from DHS HQ and DHS component organizations. DHS coordinates with OPM on HR System changes for review of government-wide implications or consequences.
- Subdivided into three teams:
 - **Pay, Performance Management and Classification**
 - **Labor and Employee Relations**
 - **Training and Communications**



Pay, Performance Management and Classification Design Team II

Within the scope of the proposed regulations, Design Team II:

- Benchmarked best practices in compensation, job evaluation and performance management. Received briefings and information from more than 30 public and private organizations.
- Established Technical Advisory Groups (TAG) to provide component-specific input on system design.
- Planned for Focus Groups to gain input from employees throughout DHS component organizations.



Continuing Collaboration

DHS is committed to the process of continuing collaboration with employee representative organizations.

DHS plans to capture managerial and employee feedback.

Information sharing, collaboration and feedback will occur throughout our design and implementation phases, e.g.:

- Initial identification of implementation issues and conceptual design;
- Review of research, options, and draft recommendations; and;
- Review of any final draft directive.



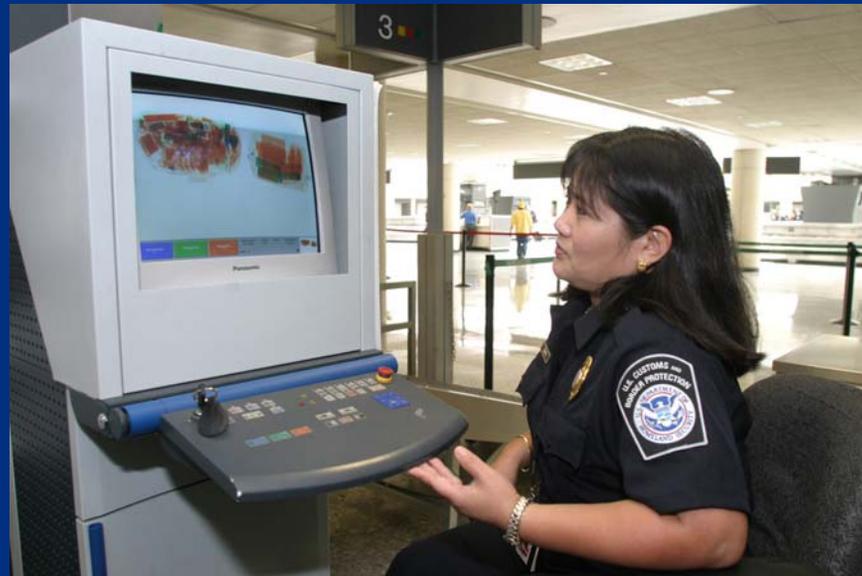
Benefits of the New System



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MAX^{HR} Facts

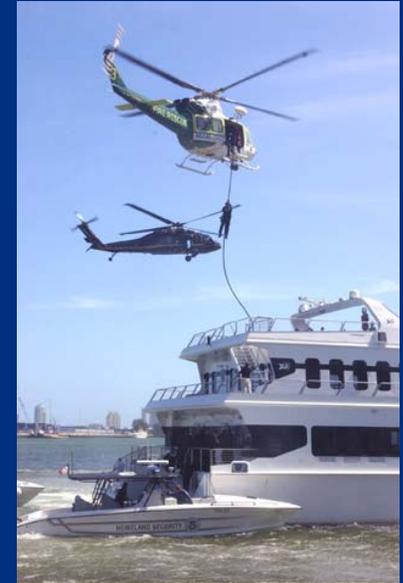
- Will not change the basic civil service rights of our employees.
- No jobs will be eliminated.
- No reduction in current pay or benefits for employees as a result of the transition to the new system.



MAX^{HR} Facts (con't)

Most DHS employees will be covered, except:

- Military Personnel
- TSA Screeners*
- Stafford Act Employees*
- Executive Schedule (EX, PAS)
- Employees of the Office of Inspector General*
- Administrative Law Judges
- **Wage Grade** employees, **Senior Executive Service (SES)** employees, and members of the **Secret Service Uniformed Division** will keep their current pay and classification systems (but other applicable provisions of the new HR system will apply)



*These groups may be covered administratively or by a parallel system.



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Classification/Job Evaluation

- Jobs grouped into occupational clusters.
- Each occupational cluster will have pay bands that describe levels of work.
- Pay bands will initially link to the General Schedule.
- Appeal/reconsideration of classification decisions will be through OPM.



Classification/Job Evaluation

What's New

- Occupational Clusters
- Pay Bands associated with levels of work
- DHS specific occupational series (as needed)

What's Not New

- OPM Occupational Series
- Reconsideration/appeals process



Pay Structure

- Pay Bands grouping levels of work (no steps).
- Pay structure tied to local labor market rates.
- Other individual adjustments (e.g., special rates/locality rates)
- Other forms of payments e.g., special skills, special staffing, etc.)
- DHS Compensation Committee



Pay Structure

What's New

- Wide pay ranges (no GS grades or steps)
- Pay ranges based on local labor market rates by occupation
- Base pay increases based on performance
- DHS Compensation Committee

What's Not New

- Locality pay still applies for retirement, premium, and overtime pay
- Special rates. May be based on recruitment and retention issues or critical skills.
- Annual adjustment



Performance/Pay Incentives

- All employees who meet organizational expectations will receive an annual adjustment.
- Additional annual increases based on performance and/or demonstrated competency attainment.
- Ability to recognize group and/or individual performance achievements.
- Pay incentives based on observable and verifiable performance expectations.
- Special act awards.



Performance/Pay Incentives

What's New

- Annual adjustment equal to the increase in the minimum rate of the band
- Increases based on performance or competencies, not years in a grade
- Ability to influence amount of increase based on performance

What's Not New

- Good performers continue to receive an annual adjustment
- Special act awards



Performance Management

- New performance management system
 - 3 or 4 level rating system
 - No quotas or forced ratings distribution
- Traditional performance elements and standards are now optional
- Substantial investment in managerial training.
- Performance Review Boards may be established to promote consistency, fairness and credibility.



Performance Management

What's New

- Traditional performance elements and standards now optional
- Performance expectations established by specific job assignments and priorities
- Performance Review Boards may be established to promote consistency, fairness and credibility

What's Not New

- Managers are required to set and communicate performance expectations
- Performance ratings are grievable
- Rating of “unacceptable” may be appealed



Phased Implementation Approach

- **DHS is proposing that labor relations, adverse actions, and appeal systems be implemented 30 days after final regulations are published.**
- **Pay, Performance Management, and Classification systems will be implemented in early calendar year 2005.**



Additional Information & Comments

- For additional information
 - http://www.dhs.gov/dhspublic/interapp/editorial/editorial_0345.xml
- General comments may be emailed to
MAXHR@hq.dhs.gov

