



July 2014

# HUMAN CAPITAL

## OPM Needs to Improve the Design, Management, and Oversight of the Federal Classification System

# GAO Highlights

Highlights of [GAO-14-677](#), a report to congressional requesters.

## Why GAO Did This Study

Almost since its inception in 1949, questions have been raised about the ability of the GS system—the federal government’s classification system for defining and organizing federal positions—to keep pace with the evolving nature of government work. GAO was asked to review the GS classification system.

This report examined: (1) the attributes of a modern, effective classification system and how the GS system compares with the modern systems’ attributes; (2) trends in agencies and occupations covered by the GS system and the pay difference for selected alternative systems; and (3) OPM’s administration and oversight of the GS system. GAO analyzed personnel data from 1988 to 2013, conducted a literature review, compared legislation to OPM procedures, and interviewed subject matter specialists and OPM officials, selected to represent public policy groups, government employee unions, and academia, among others.

## What GAO Recommends

GAO recommends that the Director of OPM (1) work with stakeholders to examine ways to modernize the classification system, (2) develop a strategy to track and prioritize occupations for review and updates, and (3) develop cost-effective methods to ensure agencies are classifying correctly. OPM partially concurred with the first and third recommendation but did not concur with the second recommendation. OPM stated it already tracks and prioritizes occupations for updates. However, OPM did not provide documentation of its actions. GAO maintains that OPM should implement this action.

View [GAO-14-677](#). For more information, contact Robert Goldenkoff at (202) 512-2757 or [goldenkoffr@gao.gov](mailto:goldenkoffr@gao.gov).

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## What GAO Found

GAO’s analysis of subject matter specialists’ comments, related literature, and interviews with Office of Personnel Management (OPM) officials identified a number of important characteristics for a modern, effective classification system, which GAO consolidated into eight key attributes (see table below). GAO’s analysis shows that in concept the current General Schedule (GS) classification system’s design incorporates several key attributes including internal and external equity, transparency, simplicity, and rank in position. However, as OPM implemented the system, the attributes of transparency, internal equity, simplicity, flexibility, and adaptability are reduced. This occurs, in part, because some attributes are at odds with one another so fully achieving one attribute comes at the expense of another. Thus, OPM, working with its stakeholders, is challenged to determine how best to optimize each attribute.

#### Attributes of a Modern, Effective Classification System

**Internal equity:** All employees with comparable qualifications and responsibilities for their respective occupations are assigned the same grade level.

**External equity:** All employees with comparable qualifications and responsibilities are assigned grade levels and corresponding pay ranges comparable to the non-federal sector.

**Transparency:** A comprehensible and predictable system that employees, management, and taxpayers can understand.

**Flexibility:** The ease and ability to modify the system to meet agency-specific needs and mission requirements, including modifying rates of pay for certain occupations to attract a qualified workforce, within the framework of a uniform government-wide system.

**Adaptability:** The ease and ability to conduct a periodic, fundamental review of the entire classification system that enables the system to evolve as the workforce and workplace changes.

**Simplicity:** A system that enables interagency mobility and comparisons, with a rational number of occupations and clear career ladders with meaningful differences in skills and performance, as well as a system that can be cost-effectively maintained and managed.

**Rank-in-position:** A classification of positions based on mission needs and then hiring individuals with those qualifications.

**Rank-in person:** A classification of employees based on their unique skills and abilities.

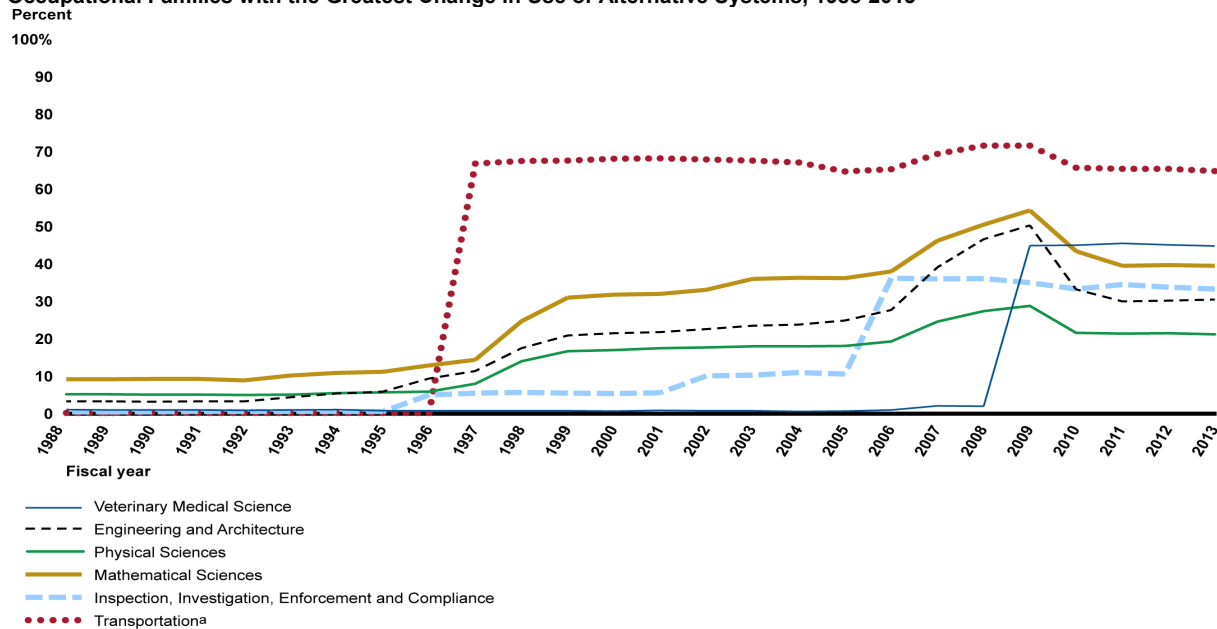
Source: GAO analysis of subject matter specialists, OPM interviews, and literature reviews.

While the GS system’s standardized set of 420 occupations, grouped in 23 occupational families, and statutorily-defined 15 grade level system incorporates several key attributes, it falls short in implementation. For example, the occupational standard for an information technology specialist clearly describes the routine duties, tasks, and experience required for the position. This kind of information is published for the 420 occupations, so all agencies are using the same, consistent standards when classifying positions—embodying the attributes of transparency and internal equity. However, in implementation, having numerous, narrowly-defined occupational standards inhibits the system’s ability to optimize these attributes. Specifically, classifying occupations and developing position descriptions in the GS system requires officials to maintain an understanding of the individual position and the nuances between similar occupations. Without this understanding, the transparency and internal equity of the system may be inhibited, as agency officials may not be classifying positions consistently, comparable employees may not be treated equitably, and the system may seem unpredictable. Several studies have concluded that the GS system was not meeting the needs of the modern federal workforce or supporting agency missions, and some studies suggested reductions in the number of

occupational series and grade levels to help simplify the system. In addition, over the years agencies have sought exceptions to the GS system to mitigate some of its limitations either through demonstration projects or congressionally-authorized alternative personnel systems—often featuring a broadband approach that provided fewer, broader occupational groups and grade levels. By using lessons learned and the results from prior studies to examine ways to make the GS system more consistent with the attributes of a modern, effective classification system, OPM could better position itself to help ensure that the system is keeping pace with the government’s evolving requirements.

The proportion of federal employees covered under alternative personnel systems increased from 6 percent to 21 percent of the white-collar workforce from 1988 to 2013. Occupational families (i.e., groups of occupations based upon work performed) in the science, technology, engineering, and math (STEM) fields are more prevalent in alternative systems. Of the GS system’s 23 occupational families, the 6 with the largest increase from GS to an alternative system were mostly concentrated in STEM occupations (See figure below). GAO estimated that, in 2013, employees in alternative systems were paid about 10 percent more, on average, than GS employees in identical occupations when controlling for factors such as tenure, location, and education in the 90 occupations GAO considered.

**Occupational Families with the Greatest Change in Use of Alternative Systems, 1988-2013**



Source: GAO analysis of Enterprise Human Resources Integration Statistical Data Mart. | GAO-14-677.

<sup>a</sup>In 1996, an alternative personnel system was applied to Federal Aviation Administration air traffic controllers at the Department of Transportation. While these occupations are not STEM-related, the alternative personnel system implemented accounts for the increase in 1996.

OPM is responsible for establishing new—and revising existing—occupational standards after consulting with agencies. From 2003 to 2014, OPM established 14 new occupational standards and revised almost 20 percent of the occupational standards. However, there was no published review or update of 124 occupations since 1990. OPM officials said they first review occupations identified in presidential memorandums as needing review; however OPM does not systemically track and prioritize the remaining occupational standards for review. Therefore, OPM has limited assurance that it is updating the highest priority occupations. Further, OPM is required by law to oversee agencies’ implementation of the GS system. However, OPM officials said OPM has not reviewed any agency’s classification program since the 1980s because OPM leadership at the time concluded the reviews were ineffective and time consuming. As a result, OPM has limited assurance that agencies are correctly classifying positions according to standards.

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## Abbreviations

CHCO	chief human capital officer
CFO	chief financial officer
CPDF	Central Personnel Data File
DHS	Department of Homeland Security
EHRI	Enterprise Human Resources Integration
FIRREA	Financial Institutions Reform, Recovery and Enforcement Act
GS	General Schedule
NAPA	National Academy of Public Administration
NSPS	National Security Personnel System
OPM	Office of Personnel Management
STEM	science, technology, engineering, and math
TSA	Transportation Security Administration

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July 31, 2014

The Honorable Darrell Issa  
Chairman  
The Honorable Elijah E. Cummings  
Ranking Member  
Committee on Oversight and Government Reform  
United States House of Representatives

The Honorable Blake Farenthold  
Chairman  
Subcommittee on Federal Workforce, U.S. Postal Service and the  
Census  
Committee on Oversight and Government Reform  
United States House of Representatives

In 2013, about 1.6 million employees (about 80 percent of the government's civilian white-collar workforce) were covered by the General Schedule (GS) classification system—the federal government's system for defining and organizing federal positions, primarily to assign rates of pay.<sup>1</sup> Almost since its inception in 1949, questions have been raised about the GS classification system's ability to keep pace with the evolving complexity and nature of federal work. As one example, the field of cybersecurity did not exist when the GS system began 65 years ago. Today, cybersecurity is one of a number of mission-critical skill gaps in the federal workforce and the GS system does not have a specific classification standard for the work performed in this occupation. In 2011, we reported that agencies have difficulties filling this critical need.<sup>2</sup>

Several public policy groups and some Office of Personnel Management (OPM) reports have raised questions about the ability of the GS system to

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<sup>1</sup>The GS classification system was established by the Classification Act of 1949 (Pub. L. No. 81-429, 63 Stat. 954 (Oct. 28, 1949)). Federal employees who are not white-collar workers are not covered by the GS system, but are instead covered by the Federal Wage System, which is a uniform pay-setting system covering federal blue-collar employees. These employees are paid a prevailing wage comparable to private sector rates in each local wage area.

<sup>2</sup>GAO, *Cybersecurity Human Capital: Initiatives Need Better Planning and Coordination*, [GAO-12-8](#) (Washington, D.C.: Nov. 29, 2011).

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meet agencies' needs for flexible talent management tools that enable them to align employees with mission requirements. As a result, over the years there have been a number of proposals and demonstration projects aimed at addressing limitations with the GS system. Most recently, the fiscal year 2015 President's Budget called for reforms to update the classification system—along with hiring and pay—to create a modernized personnel system that will allow the federal government to compete for and reward top talent.

Given the changing nature of federal work, you asked us to examine aspects of the GS system including the extent to which it helps agencies address critical skills gaps within the federal civil service. This report assesses (1) the attributes of a modern, effective classification system and how the GS system compares with the modern systems' attributes; (2) the trends in agencies and occupations covered by the GS system and the pay difference for selected alternative systems; and (3) the OPM administration and oversight of the GS system.

To assess the attributes of a modern, effective classification system and the extent to which the GS system balances those attributes, we interviewed more than 25 subject matter specialists. We selected these subject matter specialists because they represented various perspectives on and experiences with federal classification in the following areas: public policy, government employee unions, academia, the Federal Managers Association, and former high-level government officials at OPM and other agencies that implemented an alternative personnel system. We analyzed the results of discussion groups we held with the specialists to identify the attributes of a modern, effective classification system. We provided the subject matter specialists and OPM officials the opportunity to comment on the attributes and modified the attributes or definitions as appropriate. In addition, we reviewed relevant literature on the GS system, published from 2000 to 2014, from OPM, academic journals, and public policy organizations. We also reviewed relevant literature on selected alternative personnel systems, applicable federal laws, and

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OPM's classification guidance.<sup>3</sup> We used this information along with information from our discussion groups to compare the design and implementation of the GS system and a notional alternative personnel system to determine the extent to which the GS system balances the attributes of a modern, effective classification system.

To assess the trends in occupations covered under the GS system and characteristics of occupations associated with alternative personnel systems, we used OPM's Enterprise Human Resources Integration (EHRI) Statistical Data Mart, which contains information on personnel actions and other data for most federal civilian employees.<sup>4</sup> We analyzed EHRI data starting with fiscal year 1988, the first year for which data were available, and ending with 2013, the most recent, complete fiscal year of data available. To analyze the pay differences between employees on the GS system and employees on alternative personnel systems, we performed a multivariate regression analysis on EHRI data for fiscal year 2013. In the regression, we controlled for several factors including employees' years of federal service, age, education, and pay basis (hourly, annually). We estimated this model for occupations with at least 2.5 percent employee representation in both systems and which contained at least 0.125 percent of the federal government, or about 90 of more than 400 possible occupations. We assessed the reliability of EHRI data through electronic testing to identify missing data, out of range values, and logical inconsistencies. We also reviewed our prior work assessing the reliability of these data and interviewed OPM officials knowledgeable about the data to discuss the data's accuracy and steps OPM takes to ensure reliability. On the basis of this assessment, we

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<sup>3</sup> When we refer to alternative personnel systems in this section, we refer to systems that are broader than alternative pay plans that we analyze in objective 2. The universe of alternative personnel systems is unknown and our analysis did not attempt to catalogue all of the alternative personnel systems. We reviewed literature on several alternative personnel systems and demonstration projects, such as the Department of Commerce's Alternative Personnel System and National Institute of Standards and Technology; the Department of Defense Science and Technology Laboratory demonstration project, Civilian Acquisition Personnel demonstration project, and Naval Demonstration project at China Lake, and the Department of Energy's National Nuclear Security Administration.

<sup>4</sup>EHRI (formerly Central Personnel Data File (CPDF)) is the primary government-wide source for information on federal employees. The EHRI data we analyzed cover executive branch civilian employees and do not cover the U.S. Postal Service, most legislative or judicial branch employees, or intelligence agencies. OPM transitioned from CPDF to EHRI as of fiscal year 2010.



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believe the EHRI data we used are sufficiently reliable for the purpose of this report.

To assess OPM's administration and oversight of the GS system, we reviewed the relevant statutes, particularly Title 5, Chapter 51 of the U.S. Code, which defines OPM's role in administration and oversight of the classification system. We also reviewed OPM guidance and standards, such as *The Classifier's Handbook* and *Introduction to the Position Classification Standards*. We then compared the steps OPM takes with regard to administration and oversight of the classification system to legislation outlining OPM's responsibilities. In addition, we interviewed OPM officials in the offices of Employee Services and Merit System Accountability and Compliance to determine the actions they have taken to oversee agencies' implementation of the classification system. See appendix I for a more detailed discussion of our scope and methodology.

We conducted this performance audit from May 2013 through July 2014 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

The GS classification system is a mechanism for organizing work, notably for the purposes of determining pay, based on a position's duties, responsibilities, and qualification requirements, among other things. The GS system was created by the Classification Act of 1949 and was later codified in Title 5 of the U.S. Code.<sup>5</sup> The origins of the GS system can be traced to the 1880s when merit replaced political patronage as the method of filling federal jobs. Classification was seen as a necessary first step in the equitable treatment of applicants and employees.

A guiding principle of the GS classification system is that employees should earn equal pay for substantially equal work. The classification system aligns positions with rates of base pay by establishing a

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<sup>5</sup>U.S.C. §§ 5101-5115.

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standardized schedule, which OPM administers.<sup>6</sup> Similarly, the classification system is the foundation of many other human capital management policies, as shown in figure 1.


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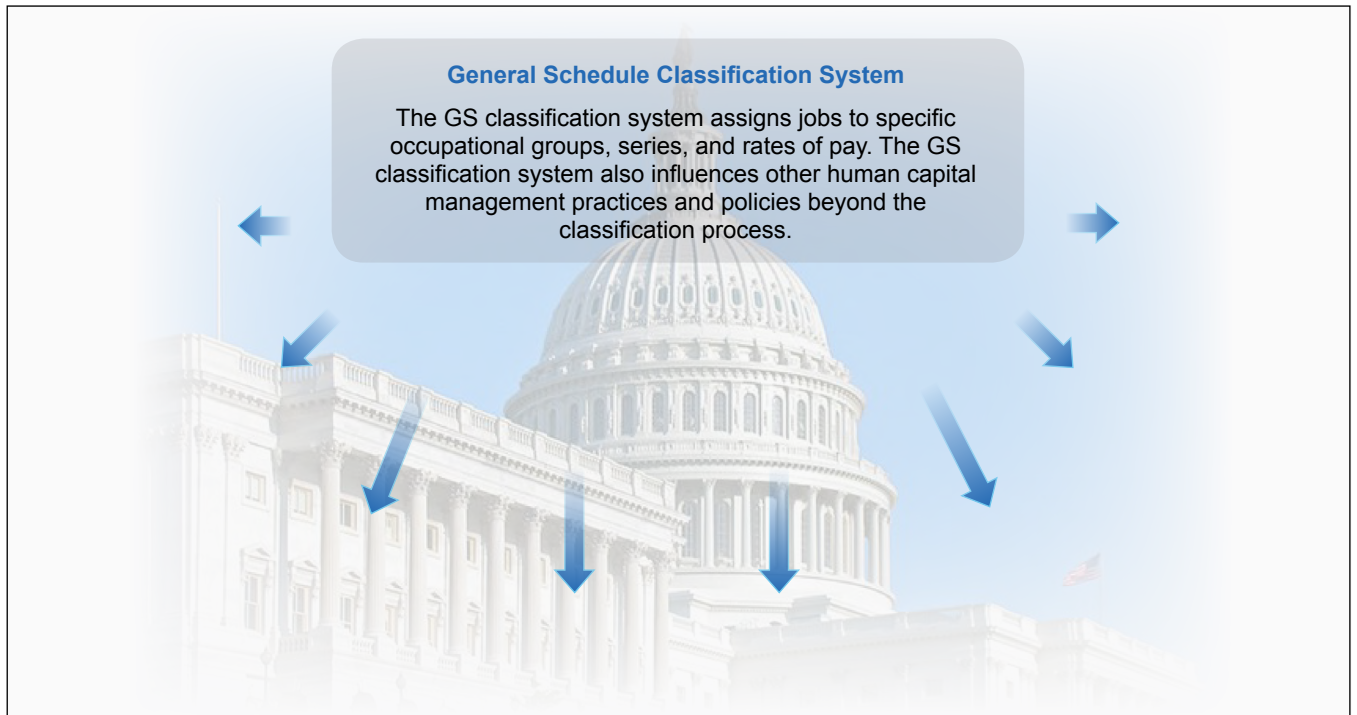
<sup>6</sup>OPM sets government-wide regulations and policies on pay setting, including locality pay, severance pay, and recruitment, relocation, and retention incentives, among others. Annual adjustments to base pay rates are determined pursuant to 5 U.S.C. §5303, and see GAO, *Federal Workers: Results of Studies on Federal Pay Varied Due to Differing Methodologies*, [GAO-12-564](#) (Washington, D.C.: June 22, 2012).

**Interactive graphic**

**Figure 1: The General Schedule Classification System Influences and Intersects with Other Federal Management Policies and Practices For Human Capital Resources**

**Directions:**

 **ROLL OVER** each personnel activity title below to see more information regarding how the General Schedule classification system influences the activity.



Source: GAO analysis. | GAO-14-677

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To print a text version of this graphic, see appendix II.

OPM, which is responsible for administering and overseeing the GS classification system, organized the work of the government into:

- 23 occupational groups (also referred to as occupational families), which are large categories of white-collar occupations, consisting of a group of related occupations (for example, the Accounting and Budget group has an occupational group number of GS-0500);
- 420 occupational series (also referred to as occupations), which are subsets of an occupational group consisting of positions in a similarly specialized line of work and with similar qualification requirements (for example, the Accounting series has a series number of GS-0510);
- 15 grades, which are the numerical designations based on the complexity of the work and knowledge required to do the job, and are on a scale of GS-1 to GS-15 as defined by Title 5 (for example, Accountant, grade GS-12).<sup>7</sup> Generally, grades are assigned by using a nine-factor evaluation point system—the Factor Evaluation System—based on the position’s degree of difficulty, responsibility, and qualifications.<sup>8</sup> Each grade has 10 steps which represent periodic increases in an employee’s rate of basic pay, if the employee obtains a satisfactory performance evaluation, and can be given in the form of a within grade increase—typically 52 weeks or longer—or a quality step increase—used to reward employees who display high-quality performance;<sup>9</sup>
- position descriptions (also referred to as positions), which are the official descriptions of the duties and responsibilities that make up the work performed by an employee (for example, an Accountant would

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<sup>7</sup>5 U.S.C. § 5104.

<sup>8</sup>5 U.S.C. § 5106(b). The nine factors include knowledge required by the position, supervisory controls, guidelines, complexity, scope and effect, personal contacts, purpose of contacts, physical demands, and work environment. Although less common, classification standards can also be written in a narrative format, where the user grades the work by reviewing the work of the position as a whole, and narrative factor format, where the user grades the work by reviewing the difficulty of individual factors essential to the work.

<sup>9</sup>5 U.S.C. § 5332. The rates of GS pay are adjusted in accordance with 5 U.S.C. § 5303. Quality step increases are given to employees who receive the highest possible performance rating and are used to move an employee through the GS pay range faster than by the periodic step increases alone. We previously reported that only a small percentage of employees receive a quality step increase. See [GAO-12-564](#).

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perform duties such as recognizing and measuring revenues, and matching revenues and expenses by applying methodologies such as accrual accounting and depreciation); and

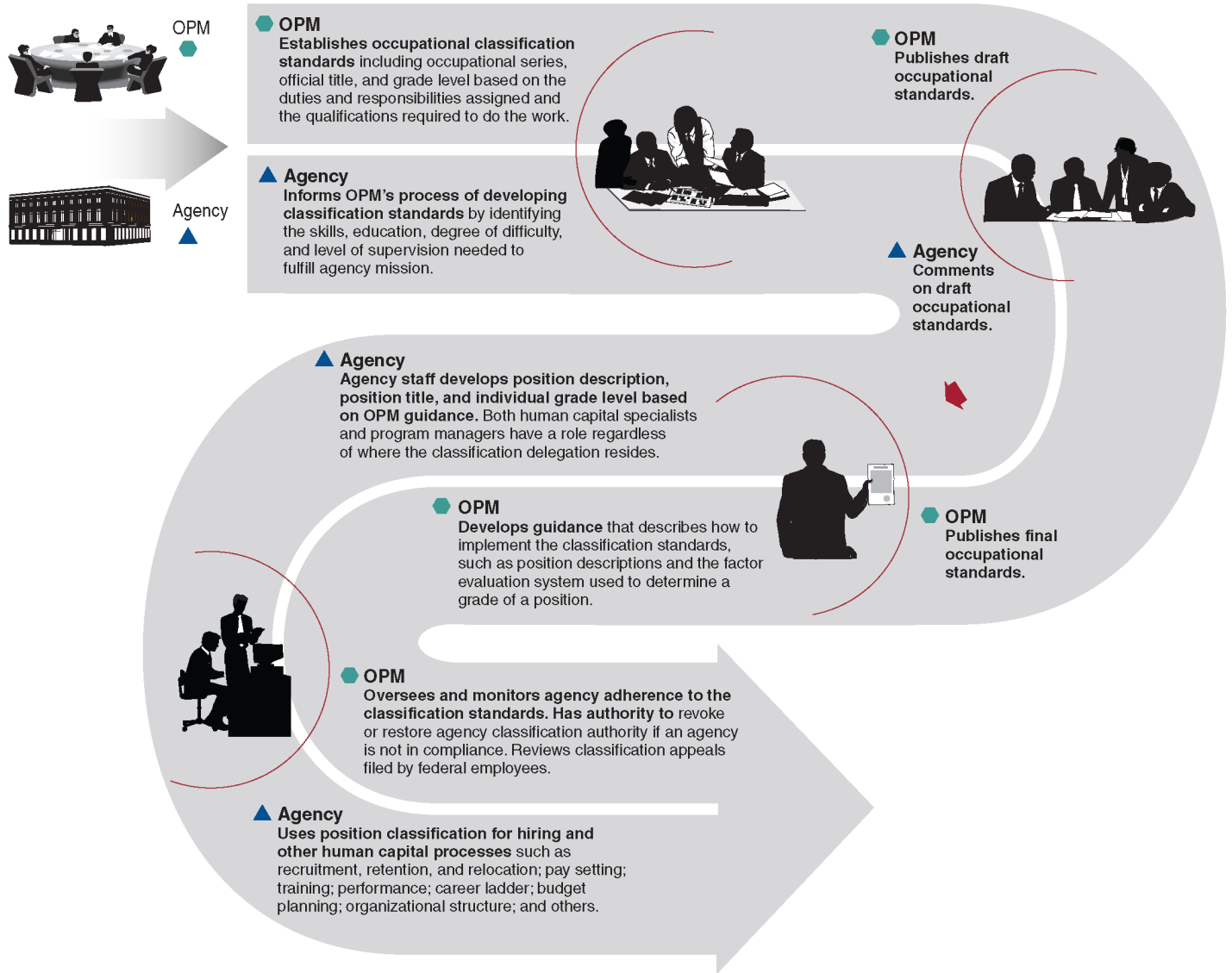
- position titles (also referred to as titles), which are the official names of the positions within an occupational series (for example, Cost Accountant or Accounting Officer). OPM provides titles as part of its role in classification, but agencies can develop unofficial titles specific to their mission for use within the agency.

Finally, OPM establishes the basic policies, criteria, and guidance to classify occupations and grade jobs on the GS system. Agencies are required to place each of their positions in the appropriate class and grade, consistent with OPM's classification standards.<sup>10</sup> OPM's guidance assists agencies in correctly classifying positions, including determining the proper occupational series, position title, and grade of each position, as shown in figure 2.

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<sup>10</sup>5 U.S.C. § 5107.

**Figure 2: OPM and Agency Roles in Establishing New and Revising Existing Occupations**



Source: GAO analysis of OPM documents. | GAO-14-677

There has been a long-standing debate about the effectiveness of the GS classification system and several studies have concluded that the GS system has not kept pace with the changing government workforce. The studies also found the work of the federal government has become more highly skilled and specialized than the classification system was designed

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to address, when most of the federal workforce was engaged in clerical work. The following reports are examples of such studies:

- In 1991, the National Academy of Public Administration (NAPA) reported that the system was not meeting the needs of the modern federal workforce, and not supporting agency missions.<sup>11</sup> NAPA suggested a new classification model to decrease the number of occupations and grade levels to three: developmental, full performance, and senior/expert.
- In 2002, OPM reported that the federal government needed a classification system that would enable more strategic human capital management. OPM outlined the advantages and disadvantages of the GS classification system and concluded that agencies should be allowed to tailor their pay practices to better recruit, manage, and retain employees to accomplish their mission.<sup>12</sup>
- In 2003 we reported that defining a job and determining the appropriate pay was complicated by the classification process and standards, which we said were outdated and not applicable to current jobs and work.<sup>13</sup> More recently, in 2014 we reported that a number of federal agencies' chief human capital officers (CHCO) reported that a lack of staff mobility makes it difficult for agencies to align their workforce with evolving missions. The CHCOs noted that job qualifications often emphasize experience over the underlying skills needed; if the occupational structure was broader and more focused on skills and competencies, they said it would be easier to transfer qualified individuals to where they are most needed.<sup>14</sup>
- In 2004, we, along with the National Commission on the Public Service Implementation Initiative, hosted a forum with selected executive branch officials, key stakeholders, and other experts to discuss human capital reforms.<sup>15</sup> Forum participants agreed that a

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<sup>11</sup>National Academy of Public Administration, *Modernizing Federal Classification: An Opportunity for Excellence* (Washington, D.C.: July 1991).

<sup>12</sup>Office of Personnel Management, *A Fresh Start for Federal Pay: The Case for Modernization* (Washington, D.C.: April 2002).

<sup>13</sup>GAO, *Human Capital: Opportunities to Improve Executive Agencies' Hiring Processes*, [GAO-03-450](#) (Washington, D.C.: May 30, 2003).

<sup>14</sup>GAO, *Human Capital: Strategies to Help Agencies Meet Their Mission in an Era of Highly Constrained Resources*, [GAO-14-168](#) (Washington, D.C.: May 7, 2014).

<sup>15</sup>GAO, *Human Capital: Principles, Criteria, and Processes for Governmentwide Federal Human Capital Reform*, [GAO-05-69SP](#) (Washington, D.C.: Dec. 1, 2004).

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“one size fits all” approach to human capital management is not appropriate for the challenges and demands government faces. Additionally, they agreed that there should be a government-wide framework to guide human capital reform built on a set of beliefs that entail fundamental principles and boundaries that include criteria and processes that establish the checks and limitations when agencies seek and implement their authorities.

- In 2014, the Partnership for Public Service reported that by treating all occupations equally and linking them to the current pay scales, the GS system is unable to distinguish between meaningful differences in complexity and skill across occupations.<sup>16</sup> The Partnership for Public Service proposed revising the classification system, among other changes to the federal civil service system. Specifically, it recommended reducing the number of grades from 15 to 5 and, for selected occupations, benchmarking the pay to comparable private sector, nonprofit, and state and local government occupations to ensure pay comparability.

Congress and OPM have authorized some alternatives to the GS system to address a variety of concerns—frequently related to pay. According to a report prepared for OPM, agencies moved to alternative personnel systems to, among other things:

- implement alternative pay schedules, which have wider ranges of pay than the General Schedule, to compete with external markets;
- implement performance-based pay systems, which aim to enhance and reward performance; and
- simplify classification so that managers have greater flexibility to assign employees where they are needed more without having to reclassify jobs.<sup>17</sup>

Over the years, there have been several examples where Congress or OPM have authorized alternative systems. In 1996, Congress authorized an alternative personnel system for air traffic controllers and other Federal Aviation Administration employees that allowed for more pay

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<sup>16</sup>The Partnership for Public Service and Booz Allen Hamilton, *Building the Enterprise: A New Civil Service Framework* (Washington, D.C., and Herndon, Va.: April 2014).

<sup>17</sup>Human Resources Research Organization, *Alternative Job Evaluation and Compensation Systems in the United States Government Organizations*, a report prepared at the request of the U.S. Office of Personnel Management (Alexandria, Va.: March 2002).



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flexibilities—specifically, a higher pay scale and performance-based pay.<sup>18</sup> In 2002, the enabling legislation for the Department of Homeland Security (DHS) required that the department operate a “flexible” and “contemporary” personnel system to include alternative practices in areas such as pay setting, performance evaluation, hiring, job classification, and discipline.<sup>19</sup> In 2006, the Transportation Security Administration (TSA), part of DHS, implemented a pay-for-performance system.<sup>20</sup> However, the implementation of these alternative personnel systems at DHS was controversial, and as a result, the alternative personnel system for DHS was defunded in 2009 and the initial pay-for-performance system at TSA was eliminated in 2013. An evaluation of the DHS system noted that one of the challenges to implementing a new personnel system was ensuring stakeholder buy in. In addition, through its demonstration project authority, OPM authorized the National Institute of Standards and Technology’s demonstration project to consolidate the GS grades into broader pay bands, implement a pay-for-performance system, and allow for recruitment and retention allowances.<sup>21</sup>

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<sup>18</sup>Department of Transportation and Related Agencies Appropriations Act for FY 1996, Pub. L. No. 104-50, § 347, 109 Stat. 436 (Nov. 15, 1995)

<sup>19</sup>The Homeland Security Act of 2002. Pub.L. No. 107-296, § 841, 116 Stat. 2135, 2229 (Nov. 25, 2002), codified at 6 U.S.C. § 411 and 5 U.S.C. § 9701 and defunded by the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009, Pub. L. No. 110-329, § 522, 122 Stat. 3574, 3684 (Sept. 30, 2008).

<sup>20</sup>The Aviation and Transportation Security Act, Pub. L. No. 107-71, §101, 115 Stat. 587, 601 (Nov. 19, 2001), *codified at* 49 U.S.C. § 114(n) provided that the personnel management system established by the Administrator of the Federal Aviation Administration under 49 U.S.C. § 40122, applied to the employees of the TSA, or alternately, it allowed the Under Secretary of TSA to make modifications to the personnel management system, including adopting aspects of other personnel systems of the Department of Transportation. Further, the Under Secretary of Transportation for Security has authority to employ, appoint, discipline, terminate, and fix and establish levels of compensation, terms, conditions of employment, and other benefits for transportation security officers. Pub. L. No. 107-71, § 111(d), as amended, codified at 49 U.S.C. 44935 note.

<sup>21</sup>The National Institute of Standards and Technology’s demonstration project was made permanent in 1996. National Technology Transfer and Advancement Act of 1995. Pub. L. No. 104-113, § 10, 110 Stat. 775, 779 (Mar. 7, 1996). OPM can authorize a demonstration project for up to 5 years, with some exceptions. 5 U.S.C. § 4703(d)(1)(B). The demonstration project agency must obtain legislative authority for a project to become permanent.

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## GS and Alternative Systems Need to More Effectively Balance Key Attributes of a Modern, Effective Classification System

### Eight Important Attributes of a Modern, Effective Classification System

Our analysis of subject matter specialists' comments, related literature, and interviews with OPM officials identified a number of important characteristics for a modern, effective classification system, which we consolidated into eight key attributes. While each attribute is important individually, the inherent tensions between some will challenge OPM, policymakers, and stakeholders to find the optimal balance points so that all of the attributes will contribute to an effective system when assembled collectively. Importantly, the weight that policymakers and stakeholders assign to each attribute—and the trade-offs made among competing attributes—are important in evaluating alternative classification designs like those found in demonstration projects or the Partnership for Public Service's recent model.<sup>22</sup>

Moreover, while the attributes listed below were frequently cited by subject matter specialists and the literature we examined, there was no consensus in priority or in degree of these attributes. Subject matter specialists agreed that any changes to the classification system should align with the guiding principle of equal pay for work of substantially equal value.

The eight attributes of a modern, effective classification system are as follows:

- **Internal equity.** All employees with comparable qualifications and responsibilities for their respective occupations are assigned the same grade level.

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<sup>22</sup>Key stakeholders may include officials representing the Office of Management and Budget, federal employee unions, the Chief Human Capital Officers Council, and public policy groups.

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- **External equity.** All employees with comparable qualifications and responsibilities are assigned grade levels and corresponding pay ranges comparable to the nonfederal sector.
  - **Transparency.** A comprehensible and predictable system that employees, management, and taxpayers can understand.
  - **Flexibility.** The ease and ability to modify the system to meet agency-specific needs and mission requirements, including modifying rates of pay for certain occupations to attract a qualified workforce, within the framework of a uniform government-wide system.
  - **Adaptability.** The ease and ability to conduct a periodic, fundamental review of the entire classification system that enables the system to evolve as the workforce and workplace changes.
  - **Simplicity.** A system that enables interagency mobility and comparisons with a rational number of occupations and clear career ladders with meaningful differences in skills and performance, as well as a system that can be cost-effectively maintained and managed.
  - **Rank-in-position.** A classification of positions based on mission needs and then hiring individuals with those qualifications.
  - **Rank-in-person.** A classification of employees based on their unique skills and abilities.

The values policymakers and stakeholders emphasize could have large implications for pay, the ability to recruit and retain mission critical employees, and other aspects of personnel management. This is one reason why—despite past proposals—changes to the current system have been few, as finding the optimal mix of attributes that is acceptable to all stakeholders is difficult. For example, on the one hand a rank-in-person system classifies individuals based on individual qualifications such as performance, education, and seniority. This approach is used by the military and Senior Executive Service. On the other hand, a rank-in-position system classifies positions based on factors such as the duties, responsibilities, and qualifications the position requires and is widely used across the federal government.

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## Implementation of the GS System Could Better Balance Attributes of a Modern, Effective Classification System

The extent to which the design and implementation of the GS classification system balances the attributes of a modern, effective classification system varies. There are two main design features of the GS system: (1) a set of standardized occupations, and (2) statutorily defined grade levels and steps. We found, in concept, these features incorporate several of the key attributes including internal and external equity, transparency, simplicity, and rank-in-position. However, as agencies implement the GS system the attributes of transparency, internal equity, simplicity, flexibility, and adaptability are reduced. This

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occurs, in part, because as discussed earlier in this report, some attributes are at odds with one another, so fully achieving one attribute comes at the expense of another.

OPM publishes and defines a set of occupational standards that describe and differentiate all of the different types of work performed across the government, which agencies then use to develop position descriptions.<sup>23</sup> Providing standard government-wide occupational standards is an example of how **transparency** and **internal equity** are built into the system. For example, the occupational standard for an information technology specialist clearly describes the routine duties and tasks, and experience required for the position. This information is published for all of the 420 occupations defined in the GS system, so all agencies are using the same, consistent standards when writing position descriptions. At the same time, any occupation with the same education, experience, and other requirements should be assigned the same grade level and same base pay range, contributing to **internal equity**. The GS system defines occupations narrowly, meaning that different occupational definitions may exist even for closely related occupations, like electrical engineers and electronics engineers. These two occupations both require similar backgrounds in understanding the theories of advanced mathematics, economics, and computer science. However, in application, electrical engineers tend to concentrate on the electrical systems of physical infrastructure, among other areas, while electronics engineers tend to concentrate on the electrical systems of devices such as satellites and communication systems. The precisely defined occupational standards can also enable comparisons to those occupations in the private sector, providing some level of **external equity**.

However, in practice having numerous, narrowly-defined occupational standards may actually inhibit the system's ability to optimize these attributes for reasons including the following:

- Classifying occupations and developing position descriptions in the GS system requires officials to maintain an understanding of the

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<sup>23</sup>Occupational standards include a definition of the kind of work covered by the standard. This includes background information, such as descriptions of typical assignments found in an occupation covered, and definitions of terms, official titles, and criteria for determining proper grade levels. Agencies comment on draft occupational standards before they are made final.

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potential responsibilities of the individual position and of the nuances between similar occupational definitions. Without this understanding, having numerous occupations from which to choose may inhibit **transparency** and **internal equity**. For example, one subject matter specialist said that the requirements of a particular position may be met by the qualifications of more than one occupational definition. As a result, officials may not be classifying positions consistently, comparable employees may not be treated equitably, and the system may seem unpredictable.

- Having many—more than 400—occupations can limit the **simplicity** of the system. For example, since individual occupations may have their own career ladders or a set number of grades for potential advancement, it can be challenging for agencies to move employees according to their core skills within and across agencies to address evolving needs. Likewise, qualified employees may be limited in their ability to advance in their general fields as related but distinctly defined occupations may require specific experiences in that occupation.
- Interdisciplinary occupations—those that involve duties and responsibilities closely related to more than one professional occupational standard, such as those in certain scientific research fields like natural resources management and biological sciences—provide some **flexibility** to agencies as they allow agencies to combine the work of multiple occupations. This is because the position could be classified in two or more occupational series and the employee with education and experience in either of two or more professions may be considered equally qualified to do the work. The final classification of the position is determined by the qualifications of the employee. However, interdisciplinary occupations decrease the **simplicity** of the system.<sup>24</sup> This is because employees, management, and taxpayers may not be able to easily understand how one occupation differs from another, especially when position descriptions have overlapping responsibilities.
- Finally, a system composed of numerous occupational series can be cumbersome to systematically review, limiting the system's **adaptability**. This is because reviewing and revising occupational series can be a time-consuming effort, partially due to analysis

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<sup>24</sup>Interdisciplinary professional occupations are positions involving duties and responsibilities closely related to more than one occupation and, as a result, could be classified in two or more occupational series. Interdisciplinary classification is used primarily for positions in mathematical, scientific, and engineering disciplines.

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required to understand the differences between and potential effect of closely related occupations, ensure government-wide applicability and gain consensus.

The second key design feature of the GS system is the 15 statutorily defined grade levels intended to distinguish the degrees of difficulty within an occupation, which are designed to **simplify** the system and provide **internal equity**.<sup>25</sup> Agency officials assign a grade level to a position after analyzing the duties and responsibilities according to the factor evaluation system.<sup>26</sup> This allows for easy comparisons of employees in the same occupation and grade level but in different agencies, providing **simplicity** and **internal equity** to the system, and it may help employees move across agencies. Within the 15 grades there are 10 steps<sup>27</sup>—time-based increases that determine a GS employee’s rate of pay—providing **transparency** to the system by creating a clear, predictable process.<sup>28</sup> This design feature emphasizes the GS system as a **rank-in-position** system that focuses on the position and the time spent in that position over the specific characteristics or performance of the incumbent, as a **rank-in-person** system would do.

However, in practice the 15 grades and the 10 steps may actually inhibit the system’s ability to optimize these attributes for reasons such as the following:

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<sup>25</sup>5 U.S.C. § 5104.

<sup>26</sup>While most occupational series standards use the factor evaluation system, some standards are written in a narrative that describes the nature of work and level of responsibility for each grade covered by the standard. This requires users/classifiers to look at work as a whole and select the most appropriate overall grade.

<sup>27</sup>5 U.S.C. § 5332.

<sup>28</sup>For some steps, movement to a new step occurs after 52 weeks, assuming an acceptable level of competence and that the employee did not receive an equivalent increase in pay from any cause during that period. Initial annual pay increases reward a substantial increase in skills, knowledge, and improved performance presumed to occur during the first few years in grade (from step 1 to step 3). Pay progression decelerates once full mastery is achieved (steps 4 through 6 require 2 years between each increase). Finally, skill acquisition is presumed to taper off and the final step increases (steps 7, 8, and 9) are granted in 3-year intervals to reward the loyalty, longevity, and continued mastery of long-term employees, short of promoting them. 5 U.S.C. § 5335. GS employees may also be granted a quality step increase based on outstanding performance.

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- The 15 grades require officials to make meaningful distinctions between such things as the nature and extent of the skills necessary for the work at each level, which may be more difficult in some white-collar occupations where those differences may not be clear cut. For example, officials must be able to determine how the work of a GS-12 accountant is different from a GS-13 accountant. But making clear distinctions between these occupations may be more nuanced, as the basis for them hinges on, for example, how agency officials determine the degree of complexity of the work or the most important duties of the position. As a result, having 15 grade levels may make the system seem less **transparent**, as distinguishing between the levels may not be precisely measured by the elements of the factor evaluation criteria.<sup>29</sup> Otherwise, agencies risk having two employees performing substantially equal work but receiving unequal pay, which decreases the degree to which the system can ensure **internal equity**.
  - Further, having so many grades defined by statute, makes it hard to review and revise the grades, thereby limiting the **adaptability** of the GS system. As the nature of work and the workforce changes, the system is constrained, since some revisions to the system would require legislative action. As we concluded in our 2003 report, for example, "...today's knowledge-based organizations' jobs require a much broader array of tasks that may cross over the narrow and rigid boundaries of job classifications. The federal job classification process not only delays the hiring process, but more importantly, the resulting job classifications and related pay might not match the actual duties of the job. This mismatch can hamper efforts to fill the positions with the right employees."<sup>30</sup>

To address some of the issues we found in our 2003 report, among other things we recommended that OPM "study how to simplify, streamline, and reform the classification process." In response, OPM published a report which outlined several strategic principles to modernize the civil service system, while preserving the merit system principles.

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<sup>29</sup>Not all occupations comprise all 15 grade levels. The occupational category determines the grade levels covered by an occupational series. For example, administrative and professional occupations typically follow a two-grade interval pattern such as GS-5, GS-7, and GS-9.

<sup>30</sup>[GAO-03-450](#).

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Extent to Which  
Broadband Systems  
Incorporate Attributes of a  
Modern, Effective  
Classification System Is  
Mixed

Over the years, agencies, either through the use of demonstration projects or congressionally authorized alternative personnel systems, have sought exceptions to the GS system to mitigate some of its limitations. Understanding the benefits and challenges of the design features tested in these alternatives can assist in understanding and evaluating options to improve the GS system. By using lessons learned from the alternative systems and results from prior studies of the GS system to examine ways to make the GS system more consistent with the attributes of a modern, effective classification system, OPM could better position itself to help ensure that the system is keeping pace with the government's evolving requirements. Further, stakeholders like the CHCO Council, unions and others can provide insight into the design and implementation of these alternatives. According to the subject matter specialists and OPM and agency evaluations of alternative personnel systems, most of the alternative systems either retained GS occupations and grades but with higher pay rates to address difficulties in recruiting or retaining well-qualified employees or implemented a broad-banded approach to pay and classification. Broadband systems can provide fewer occupations and fewer grade levels which align with fewer, but broader ranges of pay for that occupation.

Broader bands that combine groups of GS-equivalent occupations into larger occupational families may have broadly defined occupational definitions, increasing agency **flexibility** to use employees according to their skills and competencies—thereby embodying an element of **rank-in-person**. For example, in 1996, the Department of Defense authorized the Civilian Acquisition Workforce Personnel demonstration project to provide employees and management flexibility concerning work assignments.<sup>31</sup> Employees in acquisition occupations with similar characteristics were grouped together into three career paths and assigned broader bands that provided both a broader range of pay and broader spectrum of duties. For example, employees were assigned to projects, tasks, or functions, but did not have their in-position descriptions changed.<sup>32</sup> On

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<sup>31</sup>Initially authorized by the National Defense Authorization Act for Fiscal Year 1996, Pub. L. No. 104-106, Title XLIII, Subtitle A, § 4308, 110 Stat. 186, 669 (Feb. 10, 1996), as codified at 10 U.S.C. § 1701 note, and repealed by Pub. L. No. 111-383, § 872(a)(2), 124 Stat. 4302, (Jan. 7, 2011), as codified at 10 U.S.C. § 1762(g) which as a conforming repeal, repealed the initial authorization and extended the demonstration project under § 872(a)(1).

<sup>32</sup>The 2011 National Defense Authorization Act extended the demonstration project through September 30, 2017.



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the other hand, broader occupational definitions can provide less **transparency** to the specific skills required of a position and can make it more challenging to monitor **internal equity**—as employees in a single broad band may vary widely in their qualifications and responsibilities. In addition, broad-banded systems can combine multiple GS grade equivalents into a smaller range of bands, often between three and five. Just as the bands represent a broader range of grade levels, broad-banded systems often align with broader ranges of pay than the GS system. Broad ranges of grades and pay can enable greater **external equity** by giving agencies more latitude in matching market pay rates. In addition, having fewer broad bands can increase the **simplicity** of the system because broad bands do not require such a precise analysis of the degree of difficulty of an occupation.

While fewer occupational bands are designed to create a more **simple** system, as implemented this may also decrease **transparency** because two employees in the same occupation may have a variety of different responsibilities, thus limiting cross-agency and government comparisons. While increasing agency **flexibility** to use employees according to their skills and competencies, in practice it may limit the **transparency** of the system, because employees and others (e.g., Congress and taxpayers) may be less certain of career-path options. Agencies with numerous, distinctly different occupations may not be able to combine occupations into a single occupational band, thereby limiting the **simplicity** of the system.

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## Agencies Increased Their Use of Alternative Personnel Systems to Obtain Greater Pay Flexibilities

The proportion of federal white-collar employees covered by alternative personnel systems increased from 6 percent in 1988 to 21 percent in 2013, as shown in figure 3.<sup>33</sup> Some of the movement away from the GS system is a result of the implementation of several alternative personnel systems. For example, the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) granted certain federal financial regulatory agencies, which had been taken out of the GS classification system, the flexibility to establish their own compensation systems.<sup>34</sup> FIRREA allowed these agencies the flexibility to establish alternative systems, recognizing that the GS system could impede these agencies' ability to recruit and retain employees critical to meeting their organizational missions.<sup>35</sup> Additionally, Congress directed most of the financial regulatory agencies to seek to maintain pay comparability and to consult with each other to limit the degree to which agencies are competing with each other for employees.

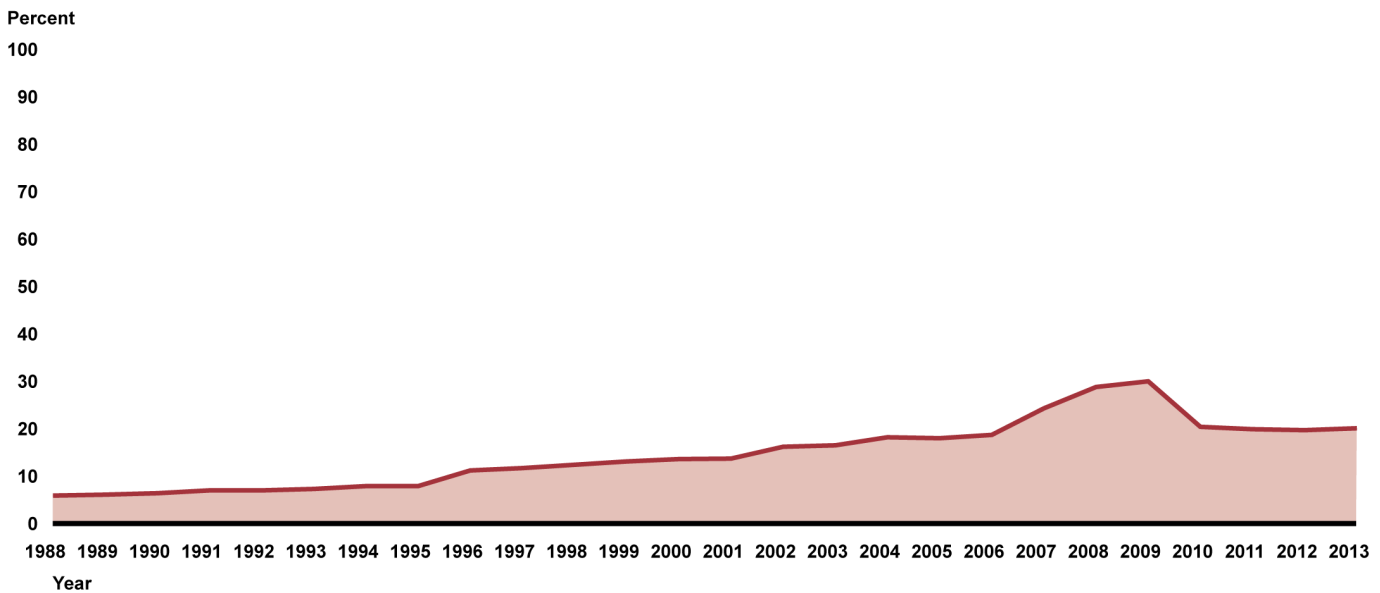
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<sup>33</sup>EHRI (formerly Central Personnel Data File (CPDF)) is the primary government-wide source for information on federal employees. The EHRI data we analyzed cover executive branch civilian employees, and do not cover the U.S. Postal Service, legislative or judicial branch employees, or intelligence agencies. OPM transitioned from CPDF to EHRI as of fiscal year 2010. Our analysis did not include members of the Senior Executive Service.

<sup>34</sup>For example, some of the covered financial regulatory agencies include the Federal Deposit Insurance Corporation, the Comptroller of the Currency, the National Credit Union Administration Board, and the Federal Housing Finance Agency, among others. FIRREA, Pub. L. 101-73 § 1206, 103 Stat. 183 (Aug. 9, 1989), as amended, and codified at 12 U.S.C. § 1833b.

<sup>35</sup>See GAO, *Financial Regulators: Agencies Have Implemented Key Performance Management Practices, but Opportunities for Improvement Exist*, [GAO-07-678](#) (Washington, D.C.: June 18, 2007).

**Figure 3: Proportion of Federal Employees Covered by Alternative Personnel Systems, 1988 - 2013**



Source: GAO analysis of EHRI data. | GAO-14-677

Note: Authorized in 2004 by the National Defense Authorization Act for Fiscal Year 2004, the National Security Personnel System (NSPS) was a management system for the Department of Defense that was designed to improve efficiency in the performance of civilian personnel management and to be flexible, contemporary, and consistent with the public employment principles of merit and fitness. One component of this system intended to reward agencies' highest performing and most valuable employees. Pub. L. No. 108-136, §§ 1101, 1111, 1126-1129, 117 Stat. 1392, 1621-32, 1634, 1640-45 (Nov. 24, 2003). Over the lifetime of the system, which was repealed in 2010, by the National Defense Authorization Act of Fiscal Year 2010, approximately 226,000 civilian employees were taken off the GS system, put into NSPS, and subsequently returned to the GS system. This accounts for the dip beginning in 2009 in figure 3. Pub. L. 111-84, § 1113, 123 Stat. 2190, 2498-2504, (Oct. 28, 2009).

During this time, six agencies (the Departments of Commerce, Defense, Energy, Transportation, and Treasury, and the National Science Foundation) saw the proportion of employees in alternative personnel systems increase by at least 10 percentage points. In 2013, more than 140,000 employees, or about 9 percent of the entire federal white-collar workforce, worked in alternative personnel systems at one of these six agencies. Despite the increase in the use of alternative personnel systems in selected agencies, we found that most agencies had a mix of both—some employees were in the GS system and some were in alternative systems.

The literature we reviewed on alternative personnel systems suggests that agencies' alternative systems were designed with their own purpose and goals, and agencies moved to alternative classification systems to

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attempt to offer market-based pay rates, pay-for-performance, and certain other flexibilities in an attempt to be more competitive in a labor market.<sup>36</sup>

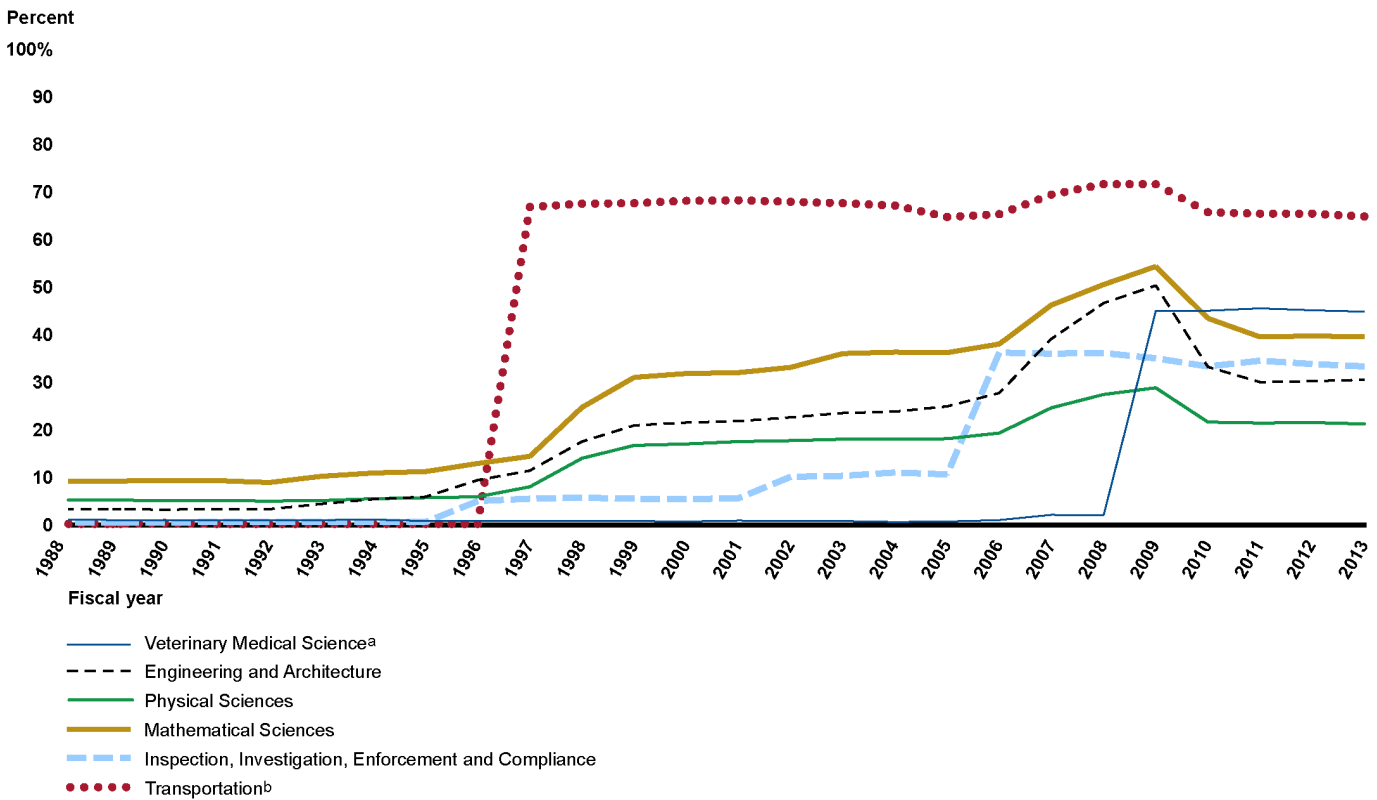
While 22 of the 24 Chief Financial Officers Act agencies had a majority of their employees in the GS system in 2013, we found that occupational families requiring employees with advanced degrees, and in particular occupations in science, technology, engineering, and math (STEM) fields and other technical areas were more likely to be in alternative systems than other types of occupational families.<sup>37</sup> Indeed, of the GS system's 23 occupational families, the 6 with the largest increase from GS to an alternative system were mostly concentrated in STEM occupations, as shown in figure 4.

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<sup>36</sup>Not all alternative personnel systems have been evaluated for how well they achieve these goals, and there is disagreement over how successful some have been at increasing recruiting and retaining goals. Results on the success of those studies are mixed.

<sup>37</sup>The Chief Financial Officers Act agencies are the executive branch agencies listed at 31 U.S.C. § 901(b).

**Figure 4: Occupational Families with the Greatest Change in Use of Alternative Personnel Systems, 1988 - 2013**



Source: GAO analysis of EHRI data. | GAO-14-677.

<sup>a</sup>The demonstration project covering veterinarians at the U.S. Department of Agriculture, Food Safety and Inspection Service was terminated in February 2014.

<sup>b</sup>In 1996, an alternative personnel system was applied to Federal Aviation Administration air traffic controllers at the Department of Transportation. While these occupations are not STEM-related, the alternative personnel system implemented accounts for the increase in 1996.

We estimated that in 2013 employees in alternative personnel systems were paid about 10 percent more, on average, than GS employees in identical occupations when controlling for factors such as tenure, location,

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and education in the 90 occupations we considered.<sup>38</sup> However, there was a significant range among the occupations in the difference in pay between those in the GS and those in alternative systems—going both ways. For example, an employee in the medical officer occupational family in an alternative personnel system earned about 18 percent more than a similar employee working in the GS system. In a few cases, we found that employees working in the GS system were paid more than those working in alternative personnel systems after controlling for characteristics.

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## OPM Is Not Systematically Managing and Overseeing the Classification System

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### OPM Provides Guidance, Training, and Technical Assistance to Agencies in Implementing the GS System

Evaluating the current GS system and identifying whether changes to it are warranted should be informed by how effectively the system is currently administered. OPM is required by law to create and update occupational standards and oversee agencies' implementation of the GS system.<sup>39</sup> To carry out these responsibilities, OPM provides guidance to agencies through handbooks and policy manuals, training, individual meetings with agency officials, quarterly classification forums, and a dedicated e-mail address for specific questions and advice. The guidance

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<sup>38</sup>We performed this analysis on fiscal year 2013 EHRI data using a multivariate regression that also controlled for tenure, age of the employee, agency, occupation, education, geographic location, veterans preference, whether the employee was on excepted service, permanent status, full- or part-time schedule, and whether the employee was paid per hour. When not adjusting for the factors above, in 2013 employees on the alternative pay system earned, on average, about 31 percent more, than those on the GS pay system. We selected 90 occupations for review. We chose occupations that had at least 2.5 percent in both GS and alternative personnel systems and contained at least 0.125 percent of the federal government, to minimize the chances that we would be investigating occupations that had insufficient numbers to evaluate differences. For example, the occupation with the smallest number of employees, Dietitian and Nutritionist, had roughly 2,300 employees.

<sup>39</sup>5 U.S.C. §§ 5106 and 5110-5112.

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to agencies includes, for example, *Introduction to the Position Classification Standards*, which provides basic definitions and a description of the principles and policies necessary to apply the classification standards, and *The Classifier's Handbook*, which describes how to develop position descriptions and how to determine the occupational series and grade of the positions.

OPM also offers classification training through its HR Solutions and HR University.<sup>40</sup> These classes train human resource specialists on basic and advanced classification techniques and are offered in a number of different media: in-person and self-paced online courses.

OPM officials said they also assist agencies with classification issues through OPM's quarterly classification forum and direct inquiries. Officials said common topics discussed at the forums are related to updates to occupational standards and implementation challenges to classifying positions. OPM also uses these forums to update managers and human resource specialists about ongoing classification system-related projects. For example, at the March 2014 classifiers' forum, which we observed, OPM officials discussed the establishment of a new occupational series and solicited feedback from the forum participants. Participants also discussed difficulties they faced in using outdated standards to classify positions in a rapidly changing environment, such as when a position requires knowledge of a new technology (e.g., the use of social media in a public affairs position).

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## OPM Could Benefit from a More Strategic Approach to Creating and Updating Occupational Standards

OPM is responsible for establishing new—and revising existing—occupational standards after consulting with agencies; however, OPM does not know the extent to which it is meeting the needs of agencies with regard to updating occupational standards. From 2003 to 2014, OPM established 14 new occupational standards (new occupations in the federal government), and revised almost 20 percent of the occupational standards.<sup>41</sup> However, there was no published review or update of 124

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<sup>40</sup>HR Solutions is one of OPM's revolving fund activities used to provide training, consulting, and other services to other agencies. HR University provides training for government human capital specialists and career guidance to achieve a high level of technical, consulting, business, and professional competency. HR University was established through the CHCOs with the goal to address competency and skills gaps within the human capital community government-wide.

<sup>41</sup>OPM had 25 more revisions to occupational series in draft as of June 2014.

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occupations, roughly 30 percent of the total GS system occupations, since 1990. For example, the air traffic controller occupational standard has not been updated since June 1978 and the food safety inspector occupational standard has not been updated since June 1971.

OPM officials said that they first address occupations identified in presidential memorandums. Three of the reviews from 2003 to 2014 were in response to a presidential memorandum.<sup>42</sup> For example, in 2013, OPM established a formal records management occupation to define the roles, responsibilities, and skill sets for agency records management specialists to comply with the Presidential Memorandum on Managing Government Records.<sup>43</sup> However, OPM does not systematically track and prioritize the remaining occupational standards. OPM officials told us the other occupational standards that they either created or updated were in response to working with agencies or other stakeholders to determine government-wide or specific agency needs and analysis of occupational trends. OPM officials were unable to provide us with documentation of this prioritization criteria. Further, OPM officials could not provide the near- or long-term prioritization for reviewing occupations. OPM officials said that they do not track all of the agency requests they receive because, in some cases, an agency requested an occupational review from OPM, but after speaking with the agency and evaluating the need for a review, OPM officials determined that no review was necessary. OPM officials said at times they conduct a study to establish an occupation, but find the work is appropriately addressed by an existing occupation and that a new occupation is not warranted. For example, OPM officials said they studied whether a new occupation was needed for positions related to implementing the GPRA Modernization Act of 2010.<sup>44</sup> However, OPM officials said they determined that the position responsibilities fell under the current duties of management and program analysis occupations.

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<sup>42</sup>The updates based on presidential memorandums were for the occupational series: government information, records management and information technology management.

<sup>43</sup>Memorandum on Managing Government Records, Daily Comp. Pres. Docs. 2011 DCPD No. 201100904 (Nov. 28, 2011), 76 Fed. Reg. 75423 (Dec. 1, 2011).

<sup>44</sup>Pub. L. No. 111-352, 124 Stat. 3866 (Jan. 4, 2011). The GPRA Modernization Act significantly enhanced the Government Performance and Results Act of 1993, Pub. L. No. 103-62, 107 Stat. 285 (Aug. 3, 1993).



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Because OPM does not systematically track all agency requests it receives and its subsequent decision on whether or not to review occupational standards, it is unclear whether OPM's decisions are meeting agency needs. In our previous work looking at strategies that help agencies meet their missions, CHCOs said if the position description and job announcements are based on outdated standards, they are less likely to reflect the specific skills needed, making it challenging for agencies to recruit and hire the right individuals.<sup>45</sup>

OPM officials also said that updating the standard for a specific occupation is a resource-intensive process that often takes 6 months to a year to complete. Officials also said reviewing an occupational family, which includes a number of individual occupations, can take multiple years to complete. Further, officials said that some occupations are more dynamic than others and may need to be reviewed more frequently. For example, an emerging occupation or one in the information technology field may need to be updated more frequently as the nature of the work is clarified or changes.

OPM does not know if it is keeping pace with agencies' needs to meet the evolving nature of government work. Without a more strategic approach for systemically tracking and prioritizing updates to occupational standards, especially for more dynamic and emerging occupations, OPM does not have reasonable assurance that it is fulfilling its responsibilities to establish new or revise existing occupational standards based on the highest priorities.

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## OPM Is Not Conducting Oversight of Agency Classification Programs

OPM has not reviewed agency classification programs since the 1980s. Therefore, OPM is not in the best position to know how well or how consistently agencies are complying with classification standards, policy, or guidance. OPM is required by law to review "from time to time" a number of positions in each federal agency to determine whether the agency is correctly placing positions in classes and grades according to OPM-published standards.<sup>46</sup> While the law does not indicate a minimum number of positions and occupations that OPM should review, nor

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<sup>45</sup>GAO-14-168.

<sup>46</sup>5 U.S.C. § 5110. Agencies are also responsible for classifying their own positions consistent with OPM guidance. 5 U.S.C. § 5106.

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specific time frames for review, OPM said it is not currently conducting this oversight at any federal agency. OPM is also authorized to revoke or suspend an agency's classification authority if OPM finds that an agency is not following classification guidance; however, it has not done so in more than two decades.<sup>47</sup>

OPM officials said the agency stopped conducting oversight reviews in the 1980s because OPM determined that the reviews were ineffective at overseeing agency compliance with the occupational standards. Specifically, officials said the reviews were time consuming and agencies did not agree with how OPM selected the position descriptions to review. OPM officials said agencies frequently contested the results of the reviews leading to another time- and resource-intensive review process for both OPM and the agencies. Further, OPM officials said revoking an agency's classification authority requires OPM to provide classification support to the agencies, another time- and resource-intensive process.

OPM officials said in 2014 they had 6 full-time classification policy specialists tasked with maintaining the classification standards, compared to 16 in 2001, and many more in the 1980s. OPM officials said that lower staffing levels limit the agency's ability to perform oversight. However, OPM, like all agencies, must make tradeoffs between competing demands with its limited resources during an era of constrained resources. According to OPM officials, the reduction in employees with classification experience has declined government-wide. In our 2013 high-risk update, we found that an OPM-led working group identified the human resources specialist series—which includes classifiers—as a mission-critical skills gap.<sup>48</sup> The decrease in classifiers within the human resources specialist series can be traced back to the mid-1990s.

OPM officials said they rely on agencies' internal oversight programs to ensure proper application of the classification policies. However, OPM officials told us they do not review agency oversight efforts to ensure consistency, nor do they know which agencies, if any, have robust

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<sup>47</sup>5 U.S.C. § 5111.

<sup>48</sup>In 1990, we began reporting on government operations that we identified as "high risk." Our high-risk list calls attention to the agencies and program areas that are high risk due to their vulnerability to fraud, waste, abuse, and mismanagement or are most in need of broad reform. See, GAO, *High-Risk Series: An Update*, [GAO-13-283](#) (Washington, D.C. Feb. 14, 2013).

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internal oversight mechanisms. Agencies are responsible for classifying positions consistent with OPM occupational standards and guidance. According to OPM officials, oversight functions for classification vary by agency.

OPM officials told us that employees have the right to appeal classification decisions regarding their position if they believe that their position has not been correctly classified by an agency. OPM officials said the appeals published in *the Digest of Significant Classification Decisions and Opinions* provide interpretative guidance to agencies to assist them in applying standards. According to OPM officials, employees commonly appealed the assigned grade level of a position when the job duties described in a position description were not consistent with classification standards. OPM officials said that they may require agencies to conduct classification consistency reviews as a result of a classification appeals decision. While reviewing classification appeals can give OPM a sense of an agency's ability to classify individual positions, it does not address OPM's responsibility to oversee the classification process. Without a strategic approach to oversight, OPM has limited assurance that agencies are correctly classifying positions according to the standards. This may be especially important as the number of occupations and agencies moving to alternative systems continue to increase.

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## Conclusions

The GS system was designed to uphold the key merit system principle of equal pay for work of substantially equal value and other important goals. However, our work and that of other organizations have shown how the GS system has not kept pace with the government's evolving requirements. Indeed, federal agencies have taken on additional roles and responsibilities, the missions they face have become increasingly complex, and the employees they need must possess a range of expertise and skills.

While there is no one right answer or single way to design a classification system, the eight attributes of a modern, effective classification system that we identified—internal equity, external equity, transparency, flexibility, adaptability, simplicity, rank-in-position, and rank-in-person—provide policymakers and stakeholders the criteria to assess the many proposed options and alternatives. Collectively they provide a useful framework for informing discussions of whether refinements to the current system or wholesale reforms are needed. Indeed, the value placed on

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each of the attributes and how they are optimized will largely drive the design of any approach to classification.

Going forward, OPM could improve its management and oversight of the GS system. OPM, like all agencies, must consider cost-effective ways to fulfill its responsibilities in an era of constrained resources. Using a more strategic approach to track and prioritize reviews of occupational standards—that perhaps better reflect more evolving occupations—could help OPM better meet agencies’ evolving needs and the changing nature of government work. Further, a strategic approach to oversight could help OPM better fulfill its responsibility to ensure agencies are correctly implementing the classification process.

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## Recommendations for Executive Action

To improve the classification system and to strengthen OPM’s management and oversight, we recommend that the Director of OPM take the following three actions:

- Working through the CHCO Council, and in conjunction with key stakeholders such as the Office of Management and Budget, unions, and others, should use prior studies and lessons learned from demonstration projects and alternative systems to examine ways to make the GS system’s design and implementation more consistent with the attributes of a modern, effective classification system. To the extent warranted, develop a legislative proposal for congressional consideration.

Develop cost-effective mechanisms to oversee agency implementation of the classification system as required by law.

- Develop a strategy to systematically track and prioritize updates to occupational standards.
- Develop a strategy that will enable OPM to more effectively and routinely monitor agencies’ implementation of classification standards.

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## Agency Comments and Our Evaluation

We provided a draft of this product to the Director of OPM for comment. In written comments, which are reprinted in appendix III, OPM partially concurred with two of the three recommendations and did not concur with one. OPM also provided technical comments on our draft report, which we incorporated as appropriate.

OPM stated that it partially concurred with our recommendation to work with key stakeholders to use prior studies and lessons learned to examine

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ways to make the GS more consistent with the attributes of a modern, effective classification system. OPM agreed that the system needs reform but OPM noted several efforts to assist agencies with classification issues, including its interagency classification policy forum and partnering with agencies to address challenges related to specific occupational areas. While these examples of assisting agencies to better implement the GS on a case-by-case basis are helpful, they are not fully addressing the fundamental challenges facing the GS system, which we and others have said is not meeting the needs of federal agencies. For example, as noted in this report, at the March 2014 interagency classification forum that we observed, OPM provided status reports on classification projects such as its study on pay equity and closing critical skills gaps. OPM also discussed its new procedures for collecting agency comments during occupational reviews. OPM stated that the studies and lessons learned of alternative personnel systems and demonstration projects focused on pay rather than classification. However, as we noted in the report, classification and pay are closely related, and we continue to believe that the lessons learned from these efforts should be used to examine ways to make the GS system more consistent with the attributes of a modern, effective classification system. OPM also discussed its new procedures for collecting agency comments during occupational reviews. We are encouraged at OPM's plan to leverage partnerships with key stakeholders to inform future strategies and action plans, and continue to recommend that OPM uses these efforts examine ways to make the design and implementation of the GS system more in line with the attributes of a modern, effective classification system.

OPM stated that it did not concur with our recommendation to develop a strategy to systematically track and prioritize updates to occupational standards. Specifically, OPM noted that occupational standards are updated in response to a systematic, prioritized process informed by working with agencies and other stakeholders and analysis of occupational trends. However, OPM officials were unable to provide us with the documentation of their efforts. As noted in our report, OPM has not published a review or update of 124 occupations, roughly 30 percent of the total number of occupations on the GS system, since 1990. Further, OPM officials could not provide the near- or long-term prioritization of occupations schedule for review. As a result, OPM cannot demonstrate whether it is keeping pace with agencies' needs nor does it have reasonable assurance that it is fulfilling its responsibilities to establish new, or revise existing occupational standards based on the highest priorities. We continue to believe that OPM should take action to fully address this recommendation.

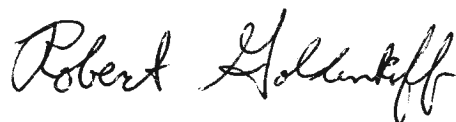
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OPM stated that it partially concurred with our recommendation to develop a strategy to more effectively and routinely monitor agencies' implementation of classification standards. OPM stated that it will continue to leverage the classification appeals program to provide interpretative guidance to agencies to assist them in classifying positions. OPM also stated it will direct consistency reviews as appropriate, however as we note in the report, OPM does not review agencies' internal oversight efforts. We are encouraged to see that OPM stated it will look for opportunities to further expand their monitoring and oversight activities and we will continue to monitor OPM's efforts in that regard. However, OPM did not state whether it would develop a strategy to assist it in doing so as we recommended. We continue to believe that OPM should develop a strategy to fully address the recommendation and we will continue to monitor OPM's efforts in that regard.

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As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the Committee on Oversight and Government Reform. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report please contact me at (202) 512-2757 or [goldenkoffr@gao.gov](mailto:goldenkoffr@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix IV.



Robert Goldenkoff  
Director  
Strategic Issues

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# Appendix I: Objectives, Scope, and Methodology

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Given the changes in the federal workforce and the ongoing attention to federal civil service skills gaps, there has been a growing interest in reexamining the federal classification system to ensure agencies are equipped with the tools to maintain or acquire the skills and talent needed. Our objectives were to assess (1) the attributes of a modern, effective classification system and how the General Schedule (GS) classification system compares with the modern systems' attributes; (2) the trends in agencies and occupations covered under the GS system and the pay difference for selected alternative systems; and (3) the Office of Personnel Management's (OPM) administration and oversight of the GS system.

To assess the attributes of a modern, effective classification system, we held discussion groups with subject matter experts and conducted a literature review. Our discussion groups included over 25 subject matter specialists. We selected these subject matter specialists because they represented various perspectives on and experiences with federal classification. Specifically, we conducted sessions covering the following areas: (1) the public policy arena, with representatives such as the Partnership for Public Service, Project on Government Oversight, American Enterprise Institute, Booz Allen Hamilton, the Federal Salary Council, Human Resources Research Organization, and American Society for Public Administration; (2) federal employee organizations, with representatives such as the American Federation of Government Employees, National Treasury Employees Union, International Federation of Professionals and Technical Engineers, and the National Federation of Federal Employees; (3) academia with representatives from American University and Rutgers University; (4) an official from the Federal Managers Association; (5) former employees of OPM, including high-ranking officials and prior OPM directors; and (6) officials who were formerly in personnel positions at federal agencies that have employees on alternative personnel systems, such as the Departments of Defense, Energy, and Homeland Security. We collaboratively analyzed major themes through repeated review and discussion of detailed notes of the discussion groups to identify the attributes of a modern, effective classification system along with other themes for consideration. We provided the subject matter experts and OPM officials the opportunity to comment on the attributes, and modified the attributes or definitions as appropriate. For additional perspectives on the attributes of a modern, effective system we reviewed relevant literature on the GS system published from 2000 to 2014 from OPM, academic journals, and public policy organizations. In addition, we reviewed relevant literature on selected alternative personnel systems, applicable federal laws, and

statutes pertaining to classification, and OPM's classification guidance, such as *The Classifier's Handbook* and *The Introduction to the Position Classification Standards*. Because OPM is not responsible for the oversight of alternative personnel systems, it does not have a listing of all alternative personnel systems. Therefore, the universe of alternative personnel systems is unknown and our analysis did not attempt to catalogue all of the alternative personnel systems. When we refer to alternative personnel systems in this section, we refer to systems that are broader than alternative pay plans that we analyze in objective 2. We reviewed literature on several alternative personnel systems and demonstration projects, such as the Department of Commerce's Alternative Personnel System and National Institute of Standards and Technology; the Department of Defense Science and Technology Reinvention Laboratory demonstration project, Civilian Acquisition Workforce Personnel demonstration project, and Naval Demonstration project at China Lake, and the Department of Energy's National Nuclear Security Administration. We used this information, along with information from our discussion groups and the literature review, to compare the design features of the GS classification system and a notional alternative personnel system to determine the extent to which the GS system balances the attributes of a modern, effective classification system.

To assess the trends in agencies and occupations covered under the GS system and the pay difference for alternative systems, we analyzed personnel data from OPM's Enterprise Human Resources Integration (EHRI) Statistical Data Mart for fiscal years 1988 through 2013.<sup>1</sup> Our analysis included nonsenior executive, white-collar occupations in the 24 Chief Financial Officers (CFO) Act agencies, which represent the major departments, such as the Department of Defense and most of the executive branch workforce.<sup>2</sup> Our trend analysis begins with fiscal year 1988 because it was the first year for which data were available, and ends with 2013 because it was the most recent, complete fiscal year of

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<sup>1</sup> EHRI (formerly Central Personnel Data File (CPDF)) is the primary government-wide source for information on federal employees. The EHRI data we analyzed cover executive branch civilian employees, and do not cover the U.S. Postal Service, most legislative or judicial branch employees, or intelligence agencies. OPM transitioned from CPDF to EHRI as of fiscal year 2010.

<sup>2</sup>The CFO Act agencies are the executive branch agencies listed at 31 U.S.C. § 901(b). We excluded senior executive and blue collar occupations because they have never been a part of, and are not comparable to the General Schedule system.



data available during our review. To determine trends in the proportion of the federal nonexecutive, white collar workforce covered by alternative personnel systems, we analyzed for each fiscal year the proportion of those employees—government-wide and within CFO Act agencies and occupational families—covered under general schedule pay plans (GS, GL, GM) compared to all other pay plans.

To analyze the pay differences between employees on the GS system and employees on alternative personnel systems, we performed a multivariate regression analysis on EHRI data for fiscal year 2013. Consistent with standard practice in studies of the determinants of earnings, we attempted to explain the differences by predicting the logarithm of annual adjusted pay on characteristics of federal workers. In the regression, we controlled for employees' years of federal experience, age, education, type of service (competitive or excepted), type of appointment (permanent or nonpermanent), veterans' preference, schedule (full or part-time), and pay basis (hourly, annually). We also included a set of indicator variables for agency of employment, occupational series, and geography. By including these indicator variables, we controlled for the possibility that agencies might have higher pay rates and occupations might earn different rates of pay regardless of whether they were in the GS or an alternative system. We estimated this model for occupations with at least 2.5 percent employee representation in both systems, and which contained at least 0.125 percent of the federal government, or about 90 of more than 400 possible occupations.

We assessed the reliability of the EHRI data through electronic testing to identify missing data, out of range values, and logical inconsistencies. We also interviewed OPM officials about our use of the data and reviewed our prior work assessing the reliability of these data.<sup>3</sup> On the basis of this

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<sup>3</sup>For example, see GAO, *Federal Workforce: Recent Trends in Federal Civilian Employment and Compensation*, [GAO-14-215](#) (Washington, D.C.: Jan. 29, 2014) and *Federal Workers: Results of Studies on Federal Pay Varied Due to Differing Methodologies*, [GAO-12-564](#) (Washington, D.C.: June 22, 2012).

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assessment, we believe the EHRI data we used are sufficiently reliable for the purpose of this report.<sup>4</sup>

To assess how OPM administers the GS classification system and oversees agency implementation of the classification standards, we reviewed relevant statutes, agency policies and guidance, and interviewed OPM officials. Specifically, we reviewed Title 5, Chapter 51 of the U.S. Code, which establishes the role of OPM and the agencies in oversight of the GS classification system, among other things.<sup>5</sup> We also reviewed OPM's guidance to agencies on how to classify positions and determine the proper grade, title, and category in which to place the positions. This guidance was included in documents such as *The Introduction to the Position Classification Standards*, *The Classifier's Handbook*, *Handbook of Occupational Groups and Families*, *Qualification Standards*, and the *Digests of Significant Classification Decisions and Opinions*. In addition, we conducted interviews with relevant OPM officials in the offices of Merit System Accountability and Compliance, and Employee Services to determine the actions they have taken to oversee agencies' implementation of the classification system, and we compared these actions to legislation outlining OPM's responsibilities. To understand the administration and oversight issues agencies encounter with regard to the classification system, we observed OPM's quarterly classification forum with human capital specialists and attended the Classification Refresher Training.

We conducted this performance audit from May 2013 to July 2014 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>4</sup>We previously concluded that government-wide data from the Central Personnel Data File were 96 percent or more accurate. See GAO, *OPM's Central Personnel Data File: Data Appear Sufficiently Reliable to Meet Most Customer Needs*, [GAO/GGD-98-199](#) (Washington, D.C.: Sept. 30, 1998). Also, in a document dated February 28, 2008, an OPM official confirmed that OPM continues to follow the CPDF data quality standards and procedures contained in our 1998 report.

<sup>5</sup>5 U.S.C §§ 5101-5115.

# Appendix II: Interactive Graphic Information

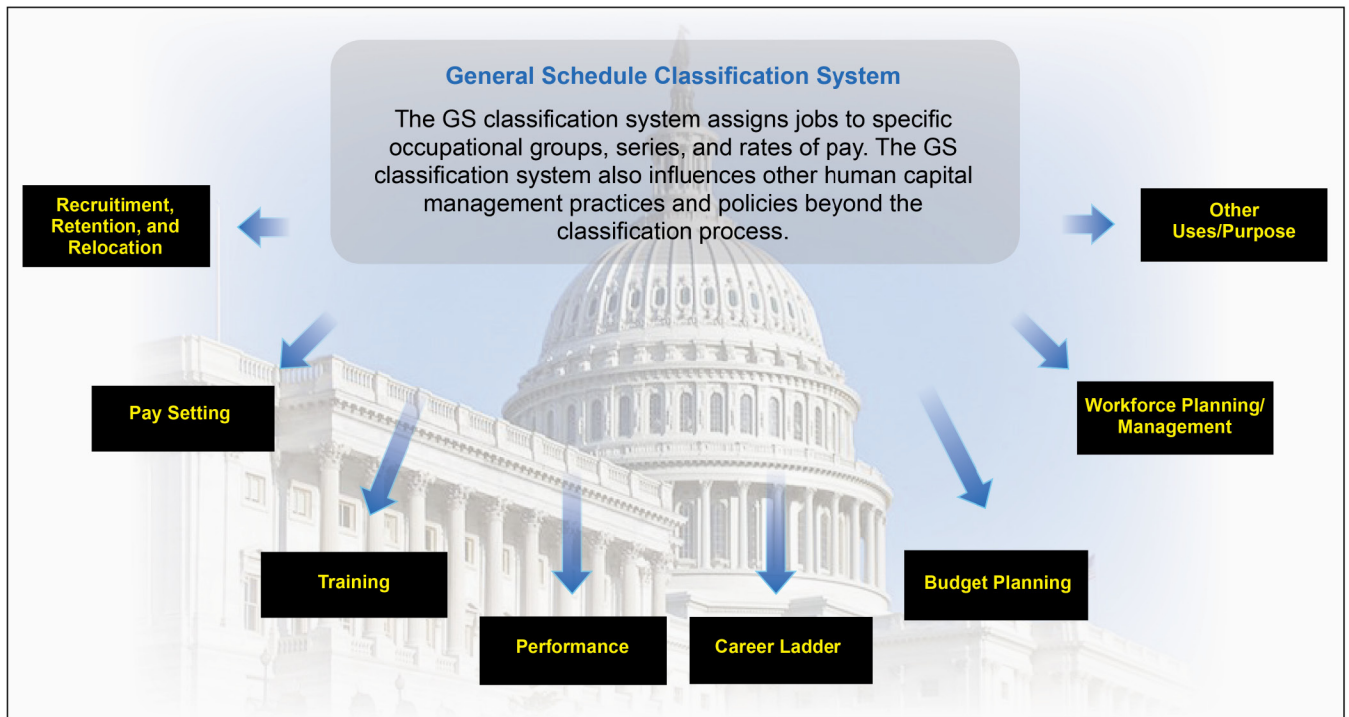
Interactive graphic

**Figure 1: The General Schedule Classification System Influences and Intersects with Other Federal Management Policies and Practices For Human Capital Resources**

**Directions:**



ROLL OVER each personnel activity title below to see more information regarding how the General Schedule classification system influences the activity.



Source: GAO analysis. | GAO-14-677

**Text on Graphic**

General Schedule Classification System

**Rollover Text on Graphic**

The GS classification system assigns jobs to specific occupational groups, series, and rates of pay. The GS system also influences other human capital management practices and policies beyond the classification process.

Text on Graphic	Rollover Text on Graphic
Recruitment, Retention, Relocation Incentives	<p>The GS classification system contains grade levels, which determine base pay rate. This, in turn, establishes a cap on the amount of recruitment, retention, and relocation incentives.</p> <p><u>Recruitment.</u> An agency may pay a recruitment incentive to a newly-hired employee if it has determined the position will be difficult to fill without an incentive. A recruitment-incentive payment generally may not exceed 25 percent of the employee’s base pay rate.</p> <p><u>Retention.</u> An agency may pay a current employee a retention incentive if it determines that an employee possesses unusually high or unique qualifications, or if its special need for the employee’s services makes it essential to retain that employee. In such cases, the employee would be likely to leave the agency without an incentive. Retention incentives may also apply to a group or category of employees. Total retention bonuses generally may not exceed 25 percent of the base pay for an individual employee or 10 percent for a group or category of employees.</p> <p><u>Relocation.</u> An agency may pay a relocation incentive to a current employee who must relocate—permanently or temporarily—to accept a position if it determines that position will be difficult to fill without the incentive. Total relocation-incentive payments generally may not exceed 25 percent of the employee’s annual base pay.</p>
Pay Setting	<p>A position’s classification includes a grade level, which—together with the step level—corresponds to base pay rate. These base pay rates:</p> <ul style="list-style-type: none"> <li>• determine the amount of some payments (e.g., within grade, quality-step, and salary increases resulting from promotion);</li> <li>• define the dollar value of certain personnel actions (e.g., overtime and severance pay);</li> <li>• are the base from which percentages are calculated for a variety of allowances (e.g., recruitment, retention, and relocation incentives); and</li> <li>• are factors in formulas used to calculate various pay entitlements (e.g., retirement benefits).</li> </ul>
Training	<p>A position’s classification influences the training and developmental opportunities available to an employee (e.g., classroom training, rotation to another agency or program). Training needs are the difference between the competencies required to perform the job and an employee’s current capability. Managers use the position classification to establish performance expectations.</p>
Performance Management	<p>The GS classification system informs the standards used to evaluate an employee’s performance via position descriptions, which identify the employee’s responsibilities and manager’s expectations.</p> <p>Performance rewards and corrective actions are also linked to GS. For example, superior performance can lead to a quality step increase, while poor performance can result in a demotion to a lower grade. Also, base pay rates serve to cap performance-based awards which may not exceed 20 percent of base pay.</p>
Career Ladder	<p>The GS classification system establishes a road map for employees and determines how far they may advance in the same position as long as their performance is satisfactory. A promoted employee must be placed at the step of the higher grade that represents at least a two-step increase from the employee’s previous grade. The system automatically delivers the two-grade rise and accompanying pay raise.</p> <p>The GS system sets promotion expectations for both the employee and the supervisor. Federal regulations require an employee to spend 52 weeks in a grade before becoming eligible for advancement resulting in a higher grade or higher rate of basic pay.</p>

Text on Graphic	Rollover Text on Graphic
Budget Planning	The GS classification system informs future planning and budgeting for salaries and expenses. Because a position's grade corresponds to an already established base pay rate, a budget manager can forecast the number and types of positions that can be filled or terminated should the budget environment change.
Workforce Planning/Management	The GS classification system is a work-management tool that allows agencies to align their work with their human resources to perform the work. The agencies use the GS system to identify the mix of occupations and skills needed to fulfill their mission goals, conduct analyses to identify and close skills gaps, develop strategies to address human capital needs, and ensure that the agency is appropriately structured.
Other Use and Purposes	<p>Since 1949, the GS classification system has been used for additional human resources management practices. For example:</p> <ul style="list-style-type: none"> <li>• GS is an unofficial system that equates military rank with civilian grade, screening systems for certain employee benefits, and deciding who gets prime office space.</li> <li>• The Federal Deposit Insurance Corporation uses GS classification standards to establish occupational groups and grades for its positions, but sets pay based on market surveys and negotiations with unions.</li> <li>• The Central Intelligence Agency classifies most of its positions using the GS structure and a modified evaluation system to determine grades.</li> </ul>

Source: GAO analysis.

# Appendix III: Comments from the Office of Personnel Management



Employee Services

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

JUL 22 2014

Robert Goldenkoff  
Director, Strategic Issues  
Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Goldenkoff:

Thank you for providing the U.S. Office of Personnel Management (OPM) the opportunity to comment on the Government Accountability Office (GAO) draft report, "GAO-14-677, OPM Needs to Improve the Design, Management, and Oversight of the Federal Classification System." We appreciate the opportunity to provide you with comments about this report.

#### Responses to Recommended Actions

To improve the classification system and to strengthen OPM's management and oversight of the classification system, we recommend that the Director of OPM take the following actions:

##### Recommendation 1

- Working through the Chief Human Capital Officers (CHCO) Council and in conjunction with key stakeholders such as Office of Management and Budget (OMB), unions, and others, should use prior studies and lessons learned from demonstration projects and alternative systems to examine ways to make the General Schedule (GS) design and implementation more consistent with the attributes of a modern, effective classification system. To the extent warranted, develop a legislative proposal for congressional consideration.

Response: We partially concur. At the hearing before the Subcommittee on the Federal Workforce, U.S. Postal Service and the Census, Director Archuleta stated that the GS system established 65 years ago needs reform. She emphasized that a holistic approach is necessary and we must work with Members of Congress, academics, and experts in labor-management relations towards reform. This is why the President recommended a commission to review and reform the civil service. Additionally, as part of the People and Culture pillar of the President's Management Agenda, OPM is currently leading efforts on Hiring the Best Talent to identify issues or challenges in the application of the GS Classification System. In support of this effort, OPM held an Interagency Classification Policy Forum (CPF) focused on helping agencies "untie the knots" related to the application and challenges of the GS Classification System. OPM is partnering with agencies to develop workgroups and action plans to pursue challenges related to specific occupational areas (e.g., information technology), position management, training and certification. While the demonstration projects and alternative personnel system studies include design features that are alternatives to the GS System, they focus on pay rather than classification. OPM plans to leverage the partnerships with our stakeholders including the CHCO Council and other key stakeholders (e.g., OMB) to inform future strategies and action plans.

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**Appendix III: Comments from the Office of  
Personnel Management**

Mr. Robert Goldenkoff

Recommendation 2

- Develop cost-effective mechanisms to oversee agency implementation of the classification system as required by law. Specifically, OPM should develop a strategy that will systematically track and prioritize updates to occupational standards.

Response: We do not concur. Based on the needs of agencies individually and collectively, OPM currently systematically tracks and prioritizes updates to the occupational standards. OPM coordinates with multiple stakeholders including the CHCO Council and an interagency classification workgroup to address classification needs and challenges Governmentwide. For example, OPM's work with agencies and key stakeholders have influenced updating outdated standards (e.g., Nurse, 610, Archivists, 1420) and the creation of new occupational series (e.g., Records Management, 308). OPM, in carrying out its responsibility under law for developing and issuing classification standards, is involved constantly in conducting occupational studies and writing new standards.

Recommendation 3

- Develop cost-effective mechanisms to oversee agency implementation of the classification system as required by law. Specifically, OPM should develop a strategy that will enable it to more effectively and routinely monitor agencies' implementation of classification standards.

Response: We partially concur. From a classification policy perspective, OPM will explore cost-effective approaches to ensure agencies are implementing classification policy updates and new issuances. From an oversight and monitoring perspective, OPM will continue leveraging the classification appeals program to monitor agency implementation of classification standards. OPM will continue to direct classification consistency reviews and/or compliance as appropriate. In addition, OPM will look for opportunities to further expand monitoring and oversight activities or approaches, within available resources.

Technical comments to the draft are enclosed. Unless otherwise noted, the suggested revisions are meant to provide technical accuracy.

Please contact Ms. Janet Barnes, Deputy Director, Internal Oversight and Compliance on (202) 606-3270, should your office require additional information.

Again, I extend my thanks to your office for providing this opportunity to update and clarify information in the draft report.

Sincerely,



Mark D. Reinhold  
Associate Director

Enclosure

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# Appendix IV: GAO Contact and Staff Acknowledgments

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## GAO Contact:

Robert Goldenkoff, (202) 512-2757 or [goldenkoffr@gao.gov](mailto:goldenkoffr@gao.gov).

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## Staff Acknowledgments:

In addition to the individual named above, Chelsa Gurkin, Assistant Director; Trina Lewis, Assistant Director; Robyn Trotter, Analyst-in-Charge; Ulyana Panchishin; Jeffrey Schmerling; Ben Bolitzer; Jehan Chase; Sara Daleski; Karin Fangman; Steven Putansu; Robert Robinson; Rebecca Shea; and Stewart Small made major contributions to this report.



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