

# DHS HR System Proposed Regulations

*Maximizing Results, Rewarding Excellence*



# How We Got Here

- ▶ Because of DHS' critical mission, Congress granted DHS and OPM authority to create a new HR system, based on contemporary and excellent HR practice
- ▶ DHS and OPM convened a Design Team which compiled an extensive collection of innovative and successful HR practices and developed a range of options for a new DHS human resources system
- ▶ Options for the new HR system were reviewed by a Senior Review Committee (SRC), made up of DHS and OPM officials and the presidents of DHS' three largest unions (AFGE, NTEU, NAAE)
- ▶ After careful consideration of the ideas and perspectives captured throughout this comprehensive design process, DHS Secretary Tom Ridge and OPM Director Kay Coles James will issue proposed regulations for the new DHS HR system

## DESIGN TEAM FACTS

80 DHS employees, supervisors, union representatives, and OPM representatives were members

64 nationwide Focus Groups and Town Hall meetings were conducted to gain input from employees in all major DHS components

Over 65 public and private sector organizations and HR experts were contacted

52 options were created reflecting a range of options, information and ideas - these options were then presented to the SRC



# Why Change Is Needed

- ▶ We have a critical mission and we can't afford to fail — our HR system must support our efforts
- ▶ We need the ability to act swiftly and decisively in response to homeland security threats and other mission needs
- ▶ It is essential that we continue to attract and retain highly talented and motivated employees who are committed to excellence
- ▶ Our systems must be easily adaptable to the changing nature of work

## What's not going to change....

- ▶ **Our commitment to our employees and our pledge to preserve fundamental merit principles, to prevent prohibited personnel practices, and to honor and promote veterans preference**



# Benefits of the Proposed HR System

- ▶ The proposed HR system is an opportunity for us to have a system that better meets the needs of the Department and our employees
- ▶ Employees will have a greater opportunity to influence their pay
  - Annual pay increases based on performance and/or competency attainment
- ▶ Managers will set performance expectations that reflect job requirements and more accurately assess the competencies and contributions of employees, while maintaining employee rights and fairness
- ▶ Flexible and streamlined discipline and appeals processes will lead to faster resolution of issues while maintaining due process
- ▶ The labor relations system will recognize management's need for flexibility and the ability to act swiftly, while continuing collective bargaining and encouraging collaboration with unions



# Proposed HR System — The Facts

- ▶ The proposed HR system **will not change the basic civil service rights of our employees**
- ▶ DHS is proposing that most employees will be covered by the new HR system, with the following exceptions:
  - Military Personnel
  - Executive Schedule (EX, PAS)
  - Administrative Law Judges
  - TSA Screeners
  - Employees of the Office of Inspector General
  - **Wage Grade** employees, **Senior Executive Service (SES)** employees, and members of the **Uniformed Division of the Secret Service** will keep their current pay and classification systems (but all other applicable provisions of the new HR system will apply)
- ▶ **No jobs will be eliminated** as a result of the transition to the new system
- ▶ There will be **no reduction in current pay or benefits for employees as a result of the transition** to the new system
  - The proposed HR system will not change the rules regarding retirement, health or life insurance benefits, or leave entitlements
  - The proposed HR system will not address or change current overtime policies and practices, however DHS continues to review these policies and practices



# Overview of Proposed HR System

## HR System GOALS

- *Enable DHS to act swiftly and decisively in response to mission needs*
- *Reward performance*
- *Be easily adaptable to the changing nature of work*
- *Attract and maintain a highly skilled and motivated workforce*
- *Ensure due process and protect basic employee rights*

## How Proposed HR System Achieves These Goals

### Pay

- ▶ Gives employees greater control over their earning potential
- ▶ Creates a pay system that is more sensitive to changes in the market

### Performance

- ▶ Creates performance expectations that are tied to the DHS mission and better reflect job requirements
- ▶ More accurately measures employee competencies and contributions

### Classification

- ▶ Simplifies structure
- ▶ Groups jobs into clusters based on occupational series
- ▶ Establishes 4 bands (typically) for each occupational cluster
- ▶ Identifies competencies for each cluster

### Labor Relations

- ▶ Includes provisions that allow DHS to act more swiftly to achieve its mission
- ▶ Includes collective bargaining rights
- ▶ Encourages consultation, information sharing, and collaboration with unions

### Adverse Actions

- ▶ Streamlines process
- ▶ Establishes a single process for performance and misconduct for most offenses

### Appeals

- ▶ Establishes a simpler and faster process
- ▶ Maintains an avenue to independent due process



# Market-based pay

- ▶ Jobs grouped into a limited number of **broad occupational clusters** based on occupational series. For each occupational cluster, there are typically 4 “bands”
  - **Wide bands that are open** (e.g., no steps) **and based on local labor market rates**
  - **Other individual adjustments** (like current “special rates”) also available for unusually difficult assignments, special skills, or recruiting/retention
  - Within each cluster, **promotion to another band** (e.g., full performance to senior expert) **requires assessment and/or competition**
  - **No reduction in employees’ current pay or benefits as a result of transition to the new system**



# Pay and Performance Incentives

- ▶ The **annual rate adjustments are based** on labor market conditions, mission, availability of funds, the level of pay adjustments received by employees of other Federal agencies, and other factors
  - All employees who meet organizational expectations will receive this annual adjustment
  - No raises for employees who do not meet expectations
  - Market adjustments may differ by occupational cluster and by locality
- ▶ **Additional increases to employee base pay** will be based on performance and/or demonstrated competency attainment
  - All employees who meet organizational expectations will receive a performance-based increase
  - Higher increases to outstanding performers
- ▶ **Gainsharing/goalsharing, special act awards, and performance bonuses** are also available



# Performance Management

- ▶ The proposed system includes a revamped performance management system designed to more accurately measure employees' competencies and contributions
  - **Traditional performance elements and standards are now optional**, allowing performance expectations to better reflect assignment-specific standards
  - 3 or 4 level rating system
  - **No quotas or forced ratings distribution**
- ▶ Substantial investment in **managerial training** and **oversight by a Performance Review Board** will help ensure fairness and consistency
- ▶ Additionally, performance ratings/pay consequences are grievable and unacceptable performance ratings that result in adverse actions may be appealed



# Labor Relations

- ▶ **Includes the right to organize and bargain collectively**, while adding provisions that enable DHS to take action and meet other mission needs without unnecessary delay
  - Allows DHS to act swiftly and decisively in response to mission needs by removing the requirement for collective bargaining over the impact and implementation of core management rights (e.g., deployment of personnel, assignment of work, use of new technology). Impact and implementation bargaining may be done at DHS' discretion
  - Maintains the right to bargain collectively over the impact and implementation of other management rights below the Departmental level (i.e., appropriate arrangements/procedures for lay-offs, staffing, discipline, leave, and pay reductions) that significantly impact a substantial portion of the bargaining unit
  - Speeds up collective bargaining by imposing a 30-day time limit on all mid-term bargaining and 60-day deadline for term agreements
- ▶ **Encourages consultation and collaboration with unions**



## Labor Relations (continued)

- ▶ Establishes an independent DHS Labor Relations Board to resolve all bargaining matters and disputes — **ensuring quick resolution and a focus on the Department's mission while maintaining fairness**
  - Establishes a three-member Board of non-DHS employees appointed by the Secretary
  - Includes Federal Labor Relations Authority (FLRA) representation on Board to **enhance objectivity**
  - Retains FLRA to resolve other labor relations matters including employee Unfair Labor Practices (ULPs) and union elections



# Adverse Actions and Appeals

- ▶ **Streamlined discipline process** that better supports the DHS mission while ensuring fairness for employees
  - Retains the same definitions for what constitutes an adverse action
  - A single process for taking either a performance-based or a conduct-based action. The requirement for a Performance Improvement Plan has been eliminated.
  - Includes a standard 15-day notice period of failure/proposed action and a 5-day right to reply (performance or conduct)
  - Authorizes Secretary to identify specific offenses for which removal is mandatory



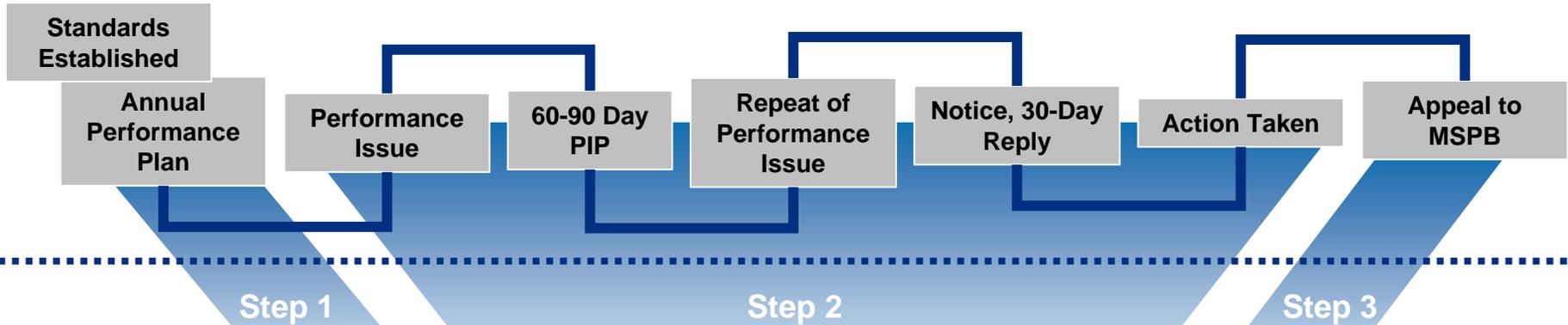
## Adverse Actions and Appeals (continued)

- ▶ **Simpler and faster appeals process** that will lead to a quicker resolution of issues while **maintaining an avenue to independent due process**
  - Retains an independent review by allowing employees to appeal to MSPB, except for mandatory removal offenses. An independent DHS panel is established to review appeals of actions based on mandatory removal offenses
  - No changes have been made to EEOC-related appeals
  - Streamlined MSPB appeals through shortened processing and filing times for appeals, accelerated decision timeframes, etc.
  - Eliminates authority of MSPB or other parties to mitigate agency selected penalty **except in cases of discrimination or other prohibited personnel practices**
- ▶ **Encourages** the use of **Alternative Dispute Resolution (ADR)**

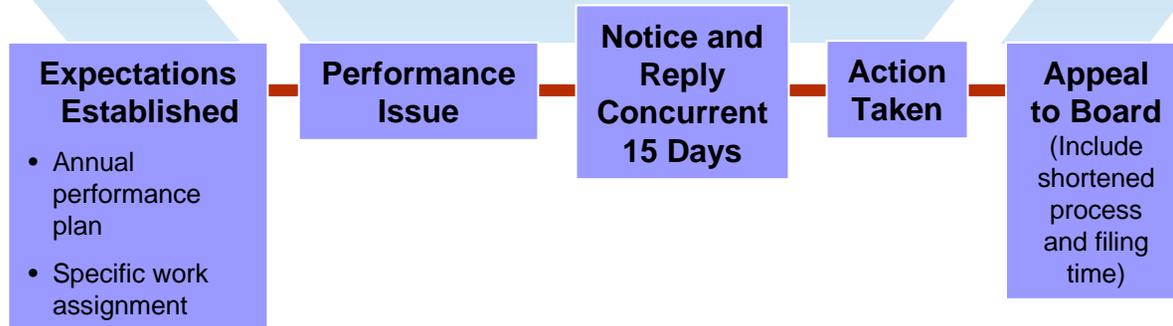


# Streamlined Process for Performance-Based Adverse Actions

## Current Process



## Proposed Process



## Next Steps

- ▶ The proposed system will be implemented in phases to allow for detailed design, training, and careful implementation
  - DHS is proposing that labor relations, adverse actions, and appeal systems will be effective no sooner than 30 days after the final regulations are published
  - Performance management and pay conversions will be phased in (by component) with DHS headquarters, IAIP, S&T, and USCG beginning in Fall 2004. All others beginning in Fall 2005
  - While the proposed regulations address six HR areas, other improvements are being made to ensure the larger system meets the needs of the organization and its employees
  
- ▶ DHS is committed to an ongoing comprehensive evaluation of the system's effectiveness
  
- ▶ Outreach to employees and their union representatives during the implementation process



# Public Comment

- ▶ These are proposed regulations and are subject to change based on the careful consideration of the input received during the public comment period. No decisions regarding the actual HR system will be finalized until the final regulations are published
  - **Individuals are strongly encouraged to read the full text** of the regulations for specific details **and to provide feedback** on what is being proposed
  - The 30 day public comment period provides an opportunity to submit a **formal** comment on the proposed regulations.

There are two methods for submitting public comment:

- **Via the Internet:** Proposed regulations and background information on the HR Design process can be found online at [www.epa.gov/edocket](http://www.epa.gov/edocket). There will also be a link to this site on the DHS homepage ([www.dhs.gov](http://www.dhs.gov)).
- **Via U.S. Mail:** Written submissions, referencing DHS/OPM and docket number **(DHS-2004-001)**, can be sent to:

DHS/OPM HR System Public Comments  
PO Box 14474  
Washington, DC 20044-4474

