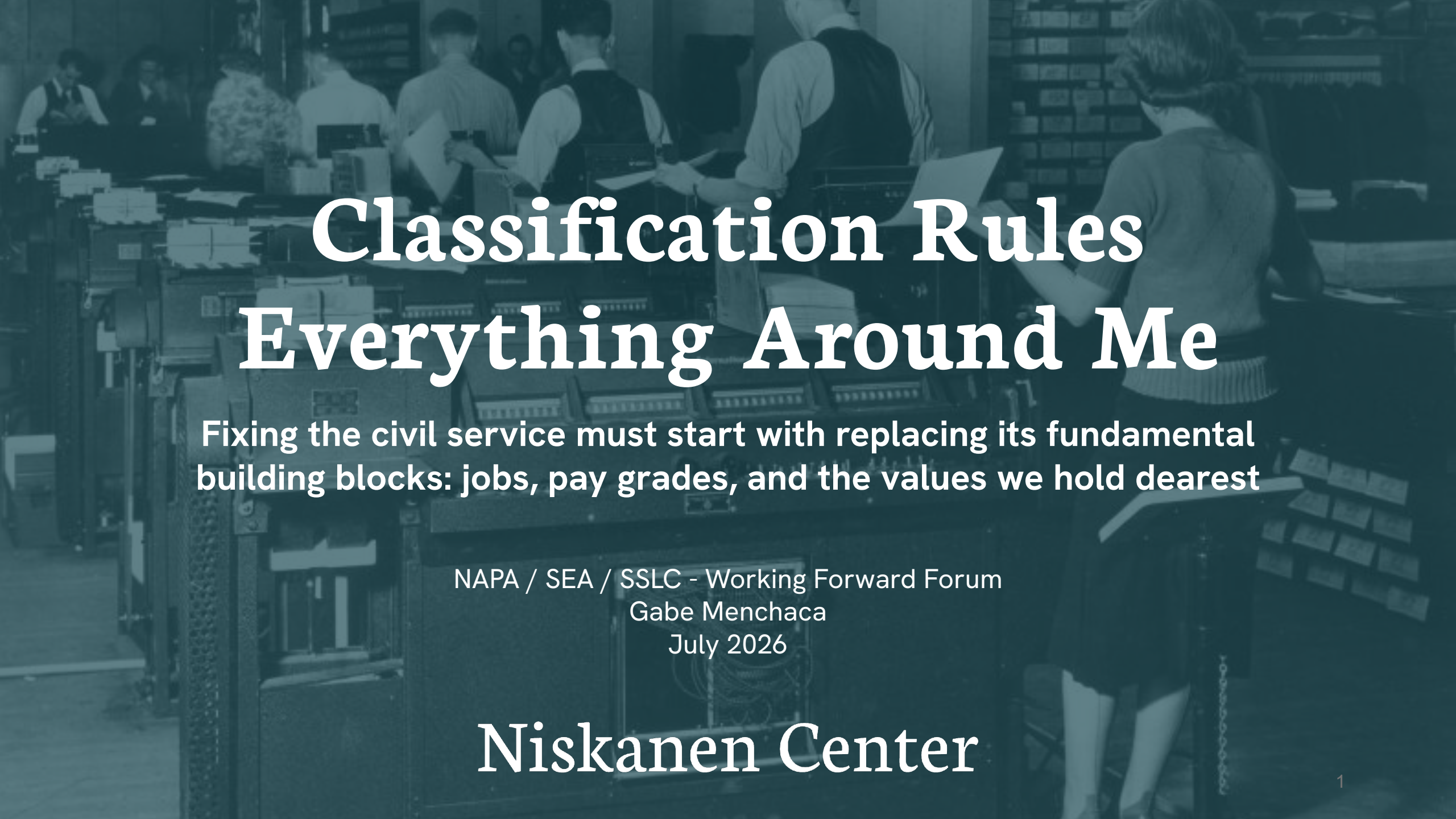




Classification Rules Everything Around Me

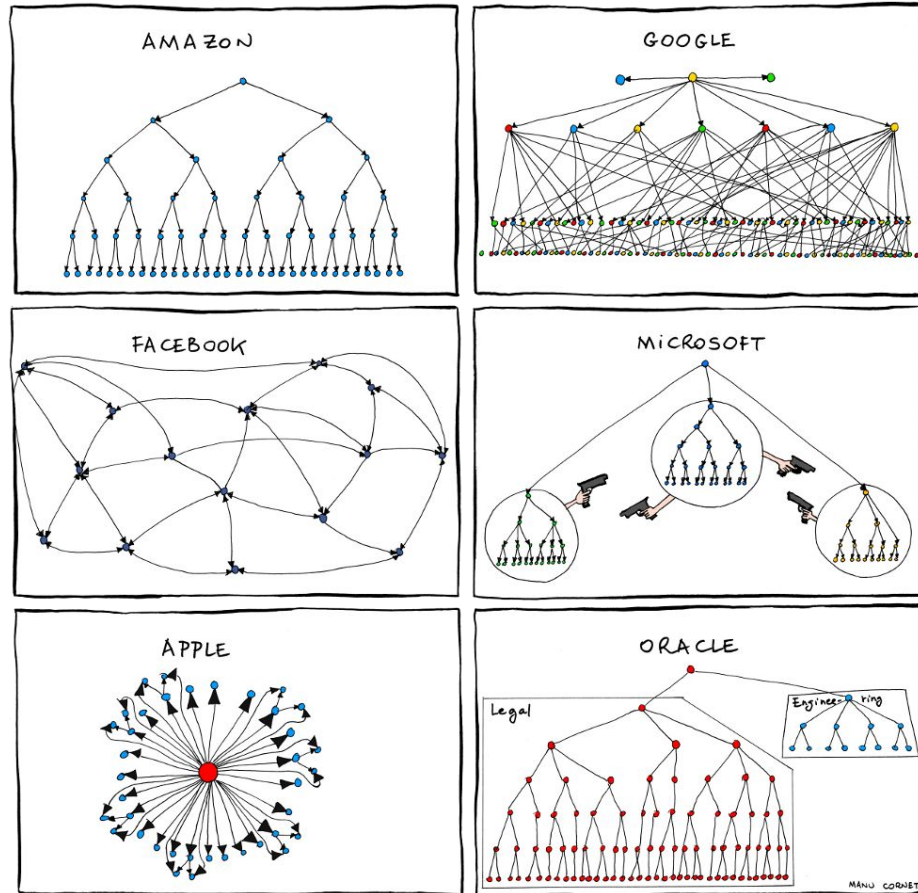
Fixing the civil service must start with replacing its fundamental building blocks: jobs, pay grades, and the values we hold dearest

NAPA / SEA / SSLC - Working Forward Forum
Gabe Menchaca
July 2026

Niskanen Center

The Wrong Jobs - A Set of Propositions

Most civil service reform debates focus on hiring, firing, accountability schemes, and so on. None of that matters if the fundamental design of the jobs themselves is broken

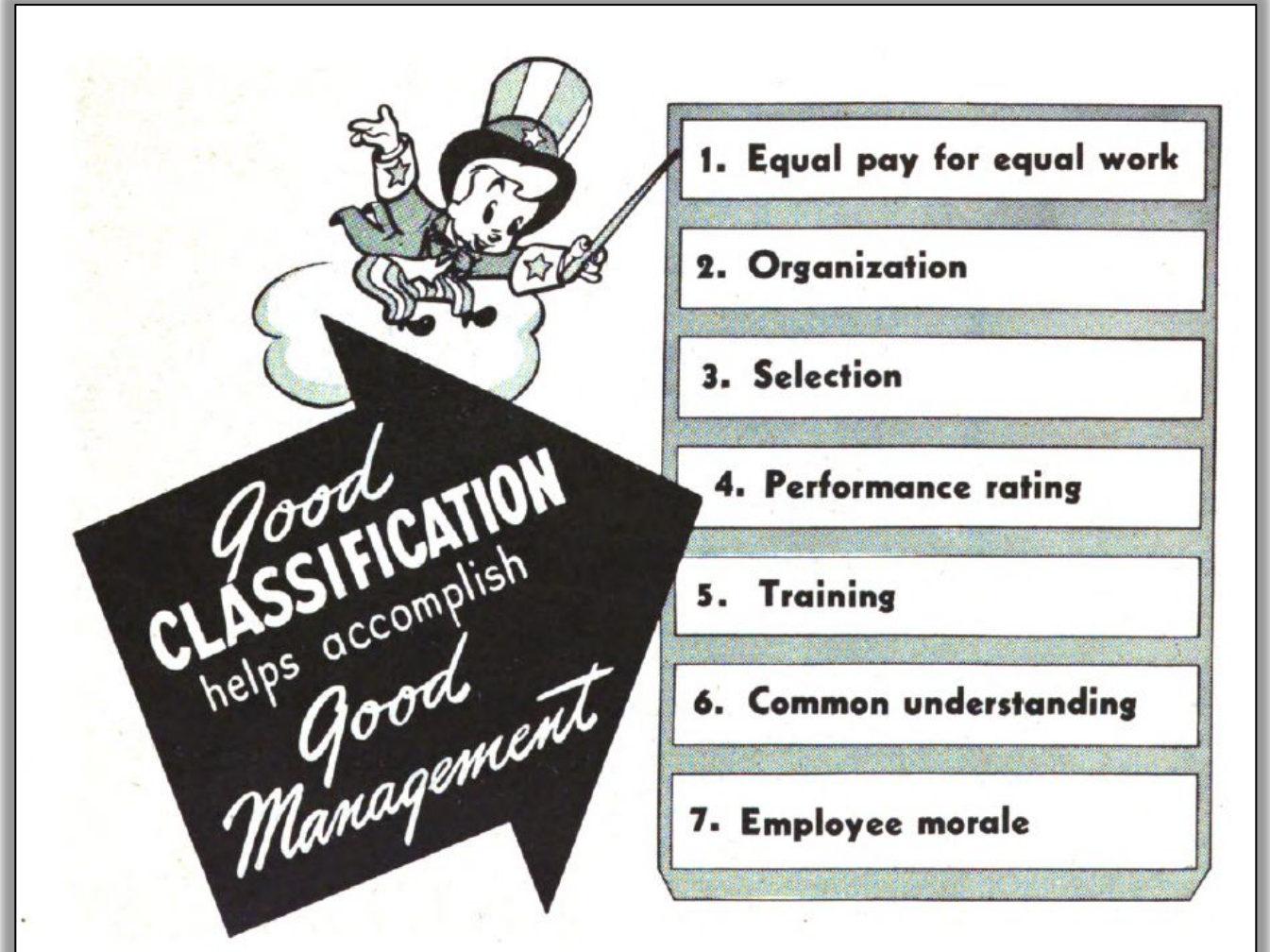


- People experience organizations as jobs and hierarchies
- Jobs communicate status, management philosophy, identity, authority, values, etc.
- Every year the federal government posts hundreds of thousands of job listings, sending millions of signals about itself
- Those signals have a pattern: narrow, task-oriented, bureaucratic, old-timey, procedural, intelligible only to insiders. It's not coincidence those rhyme with other criticisms and public opinion.
- If we want a different government, we need to offer different jobs.

The Invisible Scaffolding of Government

The Federal government's method of constructing, compensating, and describing jobs – it's **classification system** – has persisted almost unchanged for the last 80 years.

The civil service of 2026 is running an operating scheme devised for a midcentury workforce of factory workers and clerks.



A Tale of Two Grocery Stores

Consider what a coherent, high-capacity company might say about the jobs it offers, the people it's looking for, and what expectations it sets for performance



Crew

As a member of the Crew, you do a little of everything—and handle a lot. So does everyone along with you. From running the register, to stocking shelves, to creating a beautiful display; all while making sure that every customer has a fun, friendly and informative shopping experience.

Is it you?

Our Crew Members create a warm and friendly shopping experience in our stores. We answer questions, offer suggestions, and ensure our customers know they are welcomed and cared for. We entertain customers and make grocery shopping an exciting adventure. Some responsibilities may include:

- Working on teams to accomplish goals
- Operating the cash register in a fun and efficient manner
- Bagging groceries with care
- Stocking shelves
- Creating signage to inform and delight customers
- Helping customers find their favorite products

You'll learn a lot. You're not stuck doing one task here. Each Crew Member contributes to creating a WOW customer experience by participating in all aspects of the job.

If you have experience in art including penmanship, working with chalk, and large signage, that's a plus.

If you have a passion for people and a fervor for food, we'd love to meet you. We can teach you the rest.

Stores have the greatest need for people that can work evenings and weekends.

Trader Joe's is an equal-opportunity employer and is committed to hiring a diverse Crew.

Same Work, Different Signals

Trader Joe's and the Defense Commissary Agency both run grocery stores, but their job postings reveal completely different management philosophies: one outcome-focused and modern, the other task-focused and trapped in 1949

Computer Assisted Ordering Technician

DEPARTMENT OF DEFENSE
Defense Commissary Agency

Apply

Print Share Save

Summary This job is open to Duties Requirements How you will be evaluated Required documents How to apply

Summary

This position is located at a Commissary store within the Defense Commissary Agency (DECA) system. The incumbent performs Computer Assisted Ordering tasks at a store under general supervision, and is responsible for all CAO system and item maintenance affecting the in-stock position for assigned area of responsibility.

Overview

Accepting applications

Open & closing dates
08/25/2025 to 09/08/2025

Salary
\$40,332 to - \$52,426 per year

Pay scale & grade
GS 5

Location
1 vacancy in the following location:
Bangor, ME

Remote job
No

Telework eligible
No

Travel Required
Not required

Relocation expenses reimbursed
No

This job is open to

Internal to an agency
Current federal employees of the hiring agency that posted the job announcement.

Career transition (CTAP, ICTAP, RPL)
Federal employees whose job, agency or department was eliminated and are eligible for priority over other applicants.

Veterans
Veterans of the U.S. Armed Forces or a spouse, widow, widower or parent of a veteran, who may be eligible for derived preference

Military spouses
Military spouses relocating under PCS orders or whose spouse is 100% disabled or died while on active duty.

Clarification from the agency
Additional positions may be filled from this announcement. Current permanent appointable DeCA employees with Career or Career Conditional Status. Military Spouse Preference eligibles, Priority Placement Program eligibles, ICTAP, and Veteran Employment Opportunity Act (VEOA) eligible veterans

The background is a solid dark teal color. At the top, there is a series of three nested, downward-pointing chevrons in shades of light blue and teal. At the bottom, there is a series of three nested, upward-pointing chevrons in the same shades, creating a symmetrical, mountain-like shape.

How did we get here?

Public Employment & the Constitution

Since the earliest days of the Federal government, Congress has been obsessed questions of how best to ensure that the federal workforce is accountable only enough to the President, but no more than needed.

"In framing an Appointments Clause that would ensure "a judicious choice" of individuals to fill the important offices of the Union, the delegates to the Philadelphia Convention could draw on their experiences with two flawed methods of appointment. They were aware of the prerevolutionary "manipulation of official appointments" by the Crown and its colonial governors, "one of the American revolutionary generation's greatest grievances against executive power." They were also aware of the postrevolutionary abuse by several state legislatures which, in reaction, had been given the sole power of appointment; by the time of the Convention the lodging of exclusive appointing authority in state legislatures "had become the principal source of division and faction in the states."

With error and overcorrection behind them, the Framers came to appreciate the necessity of separating at least to some degree the power to create federal offices (a power they assumed would belong to Congress) from the power to fill them, and they came to see good reason for placing the initiative to appoint the most important federal officers in the single-person presidency, not the multimember Legislature. But the Framers also recognized that lodging the appointment power in the President alone would pose much the same risk as lodging it exclusively in Congress: the risk of "a[n] incautious or corrupt nomination." Just as the Appointments Clause's grant to the President of the power to nominate principal officers would avert legislative despotism, its requirement of Senate confirmation would serve as an "excellent check" against Presidential missteps or wrongdoing."

- Weiss v. United States, 510 U.S. 163 (1994) (Souter, J., concurring).

And so, they split up the employing power: Congress establishes positions and salary, the President picks the personnel. Sometimes, the Senate gets to weigh in on the latter.



“Equal Pay for Equal Work”

Interbranch tension, basic concepts of fairness, a desire for economy, and (above all else) the practical technological challenge of managing a gigantic enterprise demand a way to classify employees.

Copy of a letter addressed to the Secretary of the State, Treasury, War, and Navy, and the Post Master General.

Committee Room, January 28th, 1818.

SIR,

The committee appointed in pursuance of a resolution of the House of Representatives, adopted on the 23d instant, to inquire what alterations are necessary to be made in the act, entitled “An act to regulate and fix the compensation of clerks, and to authorize the laying out of certain roads, and for other purposes,” have directed me to request that you will be pleased to inform them what number of clerks are employed in your Department, and what compensation, either as a salary or contingent allowance, each of them has received for the last year—also, that you will give the committee such information, in relation to the respective employments of your clerks, as may best enable them to judge of the amount of compensation proper to be allowed; together with your own views of the most proper permanent arrangement for compensating the clerks in your Department, having regard to an equalization, as near as practicable, of the compensation among clerks of equal responsibility, in the several departments of government.

I have the honor to be, with great respect,

Your obedient servant,

S. D. INGHAM.

Honorable Secretary of State.

32

RECLASSIFICATION COMMISSION REPORT—PART I.

Equal pay for equal work as a standard for employment does not prevail in the United States civil service. To secure the application of such a standard some centralized agency would have to be functioning to say what the wage should be and to see that that wage and no other is being paid. The Government has had no such agency. Salary fixing is almost completely decentralized. In view of this situation it is not in the least surprising that the statistics compiled by the Commission show that the Government frequently pays very much more to some employees than to others for the same work.

§5101. Purpose

It is the purpose of this chapter to provide a plan for classification of positions whereby-

(1) in determining the rate of basic pay which an employee will receive-

(A) the principle of equal pay for substantially equal work will be followed; and

(B) variations in rates of basic pay paid to different employees will be in proportion to substantial differences in the difficulty, responsibility, and qualification requirements of the work performed and to the contributions of employees to efficiency and economy in the service; and

(2) individual positions will, in accordance with their duties, responsibilities, and qualification requirements, be so grouped and identified by classes and grades, as defined by section 5102 of this title, and the various classes will be so described in published standards, as provided by section 5105 of this title, that the resulting position-classification system can be used in all phases of personnel administration.

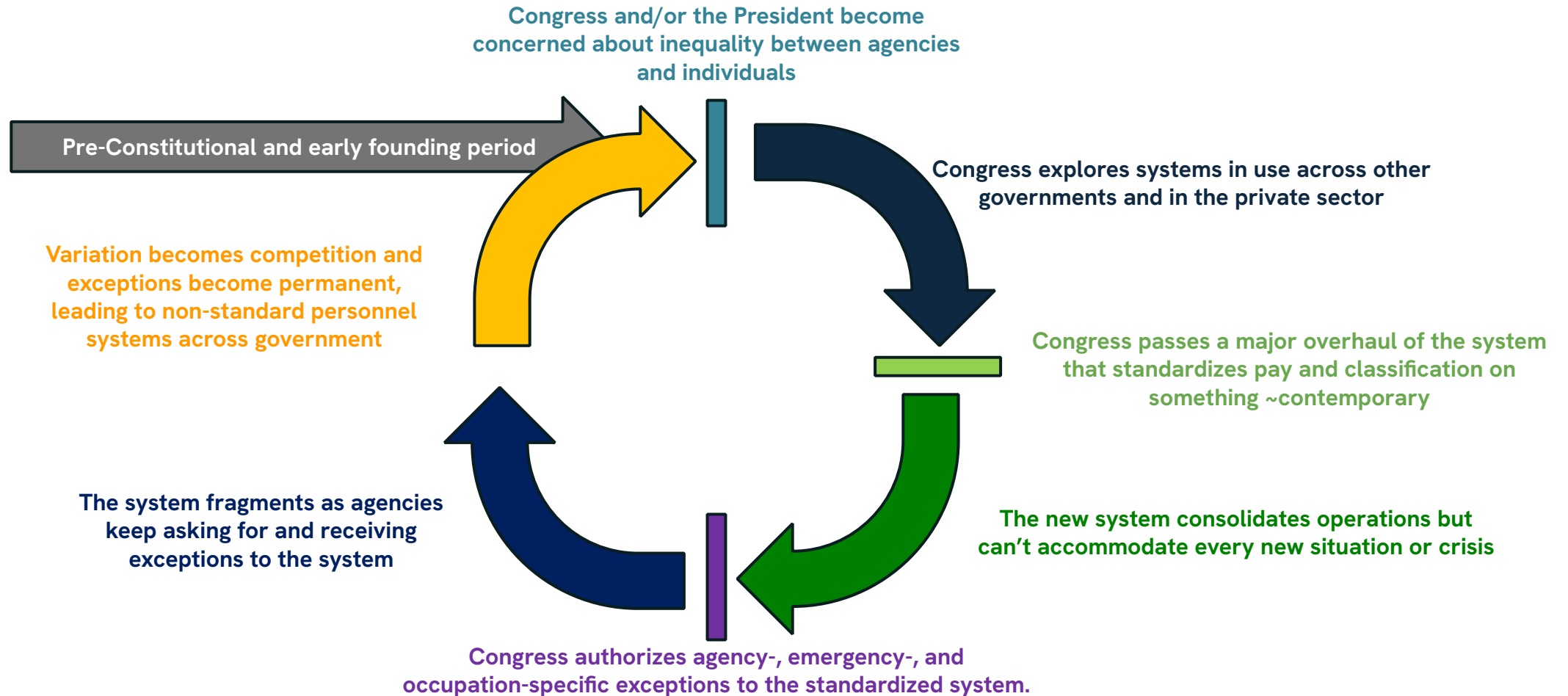
(Pub. L. 89-554, Sept. 6, 1966, 80 Stat. 443 .)

This impulse recurs again and again throughout American history and is a product of our unique Constitutional system. Congress is concerned with equity, consistency, and controls in who it employs and how they are paid.



The Standardization Cycle

The General Schedule was never meant to be the terminal state of Federal personnel policy; in fact, it was just the latest iteration of a policymaking cycle that has persisted since the American founding



150 Years of Going in Circles

Federal pay and classification reform has followed the same pattern four times in American history — flexibility breeds fragmentation, fragmentation breeds perceived inequity, and inequity triggers a congressional overhaul that eventually proves too rigid, restarting the cycle

Cycle 0 - Pre-1818: The civil service is tiny; cabinet secretary salaries are set by Congress but the definition and compensation of staffs below them is left up to the various Secretaries to figure out.

Cycle 1 - 1818-1853: Between 1818 and 1830, Congress takes control back from the Executive Branch, rigidly defining federal jobs in annual appropriations bills, but eventually gives up amid the spoils system in the 1830s.

Cycle 2 - 1853-1923: In 1853, Congress standardizes clerical salaries but fails to connect them to duties. The Pendleton Act and subsequent legislation authorizes agency deviations, however, so even salary becomes inequitable.

Cycle 3 - 1923 - 1949: After WWI, the government is a mess of non-standard classification systems; Congress institutes a comprehensive but very complicated system in 1923; implementation stalls during the 1930s & 1940s.

Cycle 4 - 1949 - Present: After WWII, Congress standardizes on the General Schedule but new exceptions are granted every year; efforts to reform have largely stalled (1970s), been repealed (2000s) or failed to launch entirely.

Today, we are in the terminal phase of Cycle 4: The GS is the dominant system, but shrinking every year. It is so riddled with exceptions, carve outs, and internal inconsistencies that it can barely be called a single personnel system



The Federal Government is a Living Fossil

The government is stuck with a system designed for the workforce, task mix, and labor specialization that persisted in 1949 with only slight modification over the ensuing decades

Percent of Workforce at each Pay Grade, 1950-2024

In 1950, the first full year of the General Schedule system of job definition, the vast majority of the work was low-level and clerical. By 2024, most employees occupied higher-complexity, analytical and managerial roles.

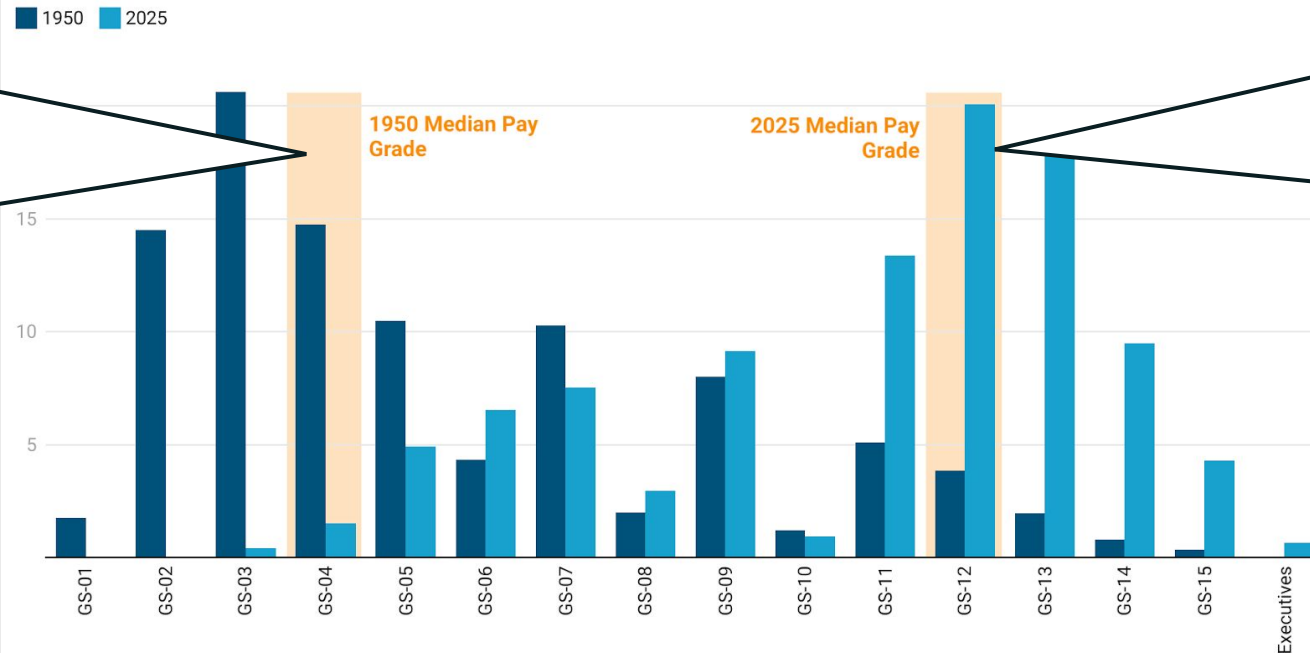


Chart: Gabe Menchaca • Source: Civil Service Commission Annual Report, 1950; Office of Personnel Management Fedscope Database, September 2024. • Created with Datawrapper

In 1950, as the GS was being implemented, the median pay grade in government was 4. Most jobs were clerical in nature and federal agencies were essentially paperwork factories processing huge volumes of analog data and paperwork.

By 2025, however, the federal workforce had largely shifted towards more analytical and professional work, administering complex programs requiring significant independent judgement, domain knowledge, and the rest.

Lessons from the Historical Record

The recurring failure modes of federal pay reform — statutory rigidity, baroque complexity, proliferating exceptions, party-line enactment, and underestimating the political non-negotiability of equal pay — define the constraints any successful new system must navigate

1. **What Congress puts in statute stays in statute.** Detailed definitions, specific salary figures, enumerated categories — once codified, they're extraordinarily hard to update. Future-proofing requires removing operational detail from statute.
2. **Simplicity is durability.** The two longest-lived systems (1853 and 1949) were simple. The baroque 1923 Act collapsed within a generation.
3. **Agency-specific exceptions are a trap.** Every major reform has been undermined by carve-outs. Each exception creates a constituency for its own perpetuation.
4. **Implementation outlasts political moments.** Bush-era DHS/DoD reforms failed because they were enacted on party-line votes and couldn't survive a change in Congress.
5. **"Equal pay for equal work" is non-negotiable — but must be modernized.** Every reform cycle has this at its core. Any new system must maintain equity while redefining what "equal work" means in a world where labor markets value different skills differently.

The background is a solid dark teal color. It features abstract geometric patterns in lighter shades of teal. At the top, there is a series of nested, downward-pointing chevrons. At the bottom, there is a series of overlapping, upward-pointing chevrons. The text is centered horizontally and vertically between these two patterns.

The System's Current Operation & Many Failures

What the System Gets Right

The GS offers some genuine structural benefits that any replacement must preserve or credibly substitute

1. **Pay equity across demographic groups** – Employers have long struggled with pay gaps among demographic groups of employees. The type of lockstep classification and pay system the federal government uses by and large does not suffer the same issues; inequity is primarily a function of initial hiring decisions upon entry into the system rather than progression.
2. **Predictable progression with clear milestones** – While the system is maddeningly complex to administer, it's relatively simple for most end users to understand. For the employee, it offers profound stability and predictability.
3. **Management and budgetary predictability** – Managing a workforce of over 2 million civilians is an administrative challenge of staggering complexity. Without a common language of grades and series, the federal government would be a Tower of Babel. The General Schedule allows the government to operate at scale by reducing millions of unique situations into a small number of manageable categories.
4. **Whole-of-government acculturation** – These norms generally hold for employees also. In general, GS-12 HR specialists at a given agency do perform similar work, and this helps reduce friction among agencies when they have to work together or when employees move between agencies. Occupational groupings give staff a sense of differentiated value to the federal enterprise and are also themselves a source of community

These are the outcomes that the system was designed to produce and are the product of a set of tradeoffs, but not the only option



What the System Gets Wrong

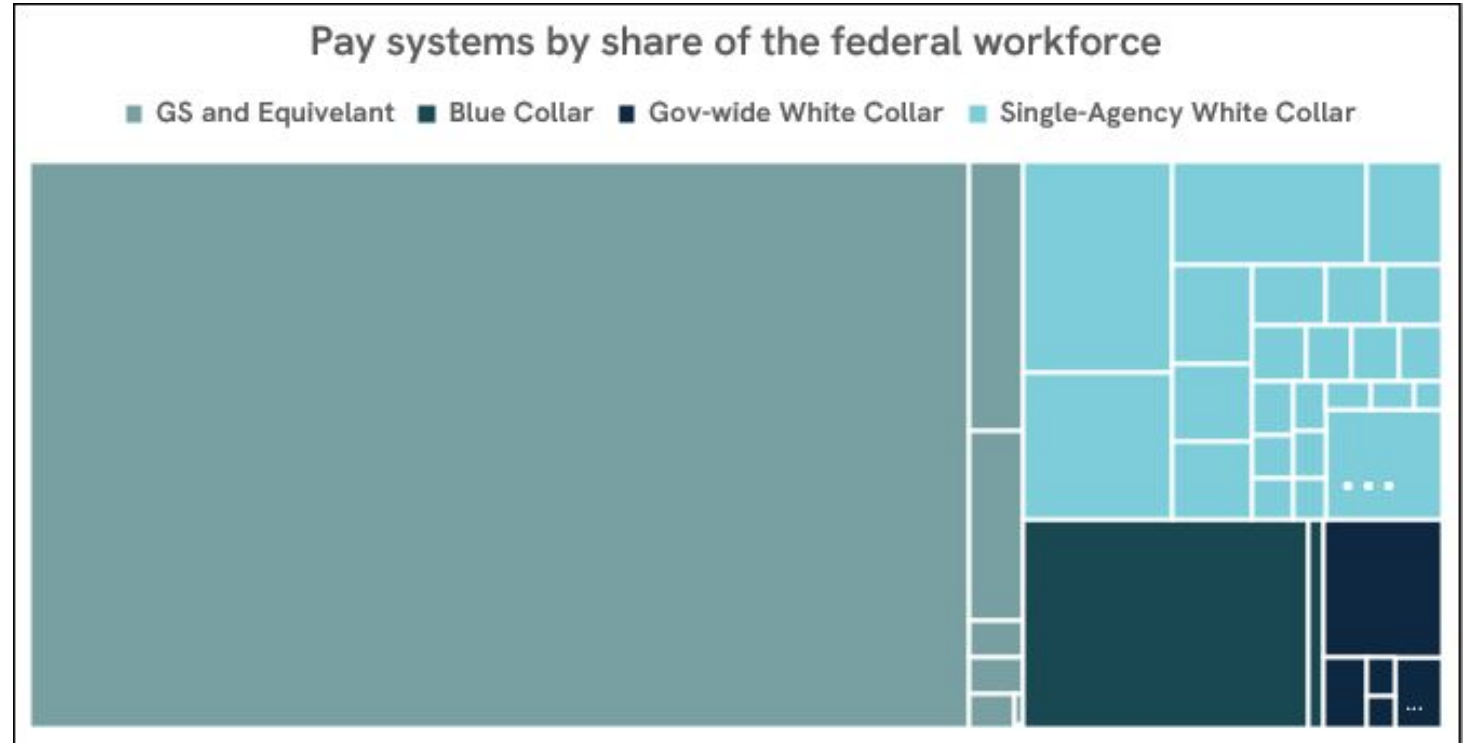
The system also has many operational drawbacks which follow from the benefits and have intensified over time

- ❑ **Task-specialized, not outcome-specialized** – Jobs defined by task catalogs rather than results — overspecified and underspecified at the same time in a world where work is increasingly outcome-based.
- ❑ **Inconsistency in application of standards and grade inflation** – Because the Classification Act relies on written descriptions of duties rather than the outputs or outcomes of work, the system is easily "gamed" in pursuit of more competitive salaries.
- ❑ **Difficulty maintaining up-to-date standards** – OPM is tasked with maintaining the suite of comprehensive occupational classification standards, but the speed at which OPM works cannot match the speed of the modern economy and never has over 100+ years.
- ❑ **Systemwide updates are low-resolution management tools** – When conditions change, the government has poorly designed tools to accommodate them: because the system has an internal hierarchy and logic, it has to move all at once. The labor market does not operate this way.
- ❑ **Locality areas are a blunt instrument** – While the locality pay areas are an attempt to deal with the real-world implications of competition in the labor market, they were themselves a blunt instrument as they reflect general local conditions rather than occupational ones.
- ❑ **Management cannot respond to salary discontent or exemplary performance** – In the federal government, a manager is legally powerless to simply "give a raise," resulting in situations where substantially higher quality work is compensated at the same or lower rates as barely passable work.
- ❑ **Bureaucratic job definition and poor candidate experience** – The classification system speaks a language that no one outside the Beltway understands, which advantages insiders at the expense of the general public and potential future public servants.
- ❑ **Limited sensitivity to occupational variations in the labor market** – The GS is built on the egalitarian premise that all work of "equal difficulty" deserves equal pay, regardless of the supply demand for that specific skill.

Death by a Thousand Exceptions

Because of these drawbacks, Congress and agencies have slowly eroded the original design of the program through exceptions, carve outs, and special authorities that undermine even the original logic

- In 1950, the GS covered 92% of white-collar federal workers
- Today it covers 72% — and shrinking
- Agencies maintain 140+ distinct pay plans, many specifically authorized by statute, and 300+ special salary rate tables authorized via administrative action



Every time one of these new exceptions is authorized, the system grows more complicated, difficult to administer, less equitable, and more opaque to applicants, managers, and policymakers

The background is a solid dark teal color. It features two sets of overlapping, semi-transparent geometric shapes. At the top, there are three nested downward-pointing chevrons in shades of light blue and teal. At the bottom, there are several overlapping upward-pointing chevrons and triangles in similar shades, creating a layered, architectural effect.

Towards a More Modern System

Design Principles for a New System

The paper proposes six principles that sit in deliberate tension with other values, because the goal is to thread the needle between competing legitimate needs

Principle 1: Outcomes > tasks

The system should define and construct jobs by the outcomes they produce, not the tasks they perform.

Principle 2: Simplicity

The system must be simple to administer and simple to understand, including and especially for outsiders.

Principle 3: Permeability

The system must assume careers that span multiple jobs and sectors, making movement into and out of federal service a feature rather than a penalty.

Principle 4: Comparability

The system must prioritize competitiveness with labor market(s) instead of itself.

Principle 5: Mission Flexibility

The system must be flexible enough for agencies to adapt it to their missions through standard mechanisms and not a parade of waivers.

Principle 6: Equity Redefined

The unit of examination for “equal pay for equal work” must be occupational labor markets, not the entirety of the government workforce.

If we want these outcomes, we need to design a system that prioritizes them over other possible outcomes, just as the designers of the GS prioritized internal consistency and longevity in their system



Feature 1: Simplified Job Architecture

Collapsing the federal government's granular occupational taxonomy into broad families organized by functional similarity and labor market dynamics would dramatically simplify classification, free agencies to define positions in terms the labor market recognizes, and shift classification from an arcane art to a quick step in the process of creating a job

Features:

- Collapse granular series into broad families organized by functional similarity and labor market dynamics: IT, Finance & Accounting, Engineering, Legal, Medical & Health, HR, Administrative Support, Scientific Research, etc.
- OPM provides high-level guidance on what types of work belong at each level
- Agencies gain authority to define specific positions, write job descriptions, create titles, and establish career ladders inside of a much more general architecture
- Classification takes on much more of a strategic rather than an operational role in agencies: rather than procedurally matching jobs to pay grades, agencies are free to structure their own jobs inside of much broader occupational families. From a government-wide perspective, audits need only decide whether something is correctly placed in HR or IT, for instance, rather situated rightly among from various possible jobs *within* HR

Rather than managing different occupations within one giant labor market with impermeable occupations, we should design a system to manage several different labor markets that are permeable within themselves



Feature 2: Six Career Levels Replace 15 Grades

The 15-grade structure is an illusion of precision that mostly generates administrative overhead and grade-chasing behavior. A six-level system with parallel management and technical tracks would better reflect how careers actually work

Level	Description	Approximate Current GS Equivalent
1. Entry-Level / Developmental	Early career, close supervision, structured development	GS-02 through GS-07
2. Journey Level	Fully qualified, mostly independent	GS-07 through GS-11
3. Specialist	Advanced individual contributor, handles most complex work	GS-11 through GS-14
4. Manager	Formal supervisory responsibility (parallel track)	Supervisory GS-12+
5. Senior Individual Contributor	Highest non-supervisory level — "fellow" or "principal" equivalent	Non-supervisory GS-14/GS-15
6. Senior Manager	Senior leaders just below SES	Senior GS-15

78% of federal jobs already fall within just 6 grades (7/9/11/12/13/14). Moving to six broader bands reflects this reality while providing more space for progression than is available today, at every career level



Feature 3: Occupational Pay Tables

Replacing the single General Schedule pay table with separate tables for each occupational family — each independently calibrated to its own labor market and updated annually — ends the fiction that two occupations must earn identical salaries because an internal methodology rated them as equivalently complex and instead reflects the government's role as a market-taker rather than a market-maker

Features:

- Each occupational family gets its own pay table, independently calibrated to its respective labor market
- Example: The IT table might range \$55,000–\$195,000 across six levels; the Administrative Support table might range \$35,000–\$110,000 across those same six levels
- Tables are updated annually based on compensation surveys and market data — when software salaries surge, the IT table rises; if nursing wages stagnate, the Medical table rises somewhat more slowly
- OPM would employ a dedicated team of ~30–40 labor economists and compensation specialists ("occupation managers") to maintain each table
- Annual process: OPM and OMB analyzes market data → proposes adjustments to the president → president transmits detailed proposal to Congress → Congress reviews/modifies

Equity is maintained *within* each family — all federal engineers at the same career level are paid from the same table – but is more focused on maintaining parity with the broader economy than between occupational families



Feature 4: Simplified Locality Pay

Collapsing 58 locality pay areas into four categories — High, Medium, Low Cost of Labor, and a new Remote designation — would eliminate vast administrative overhead while introducing a rational compensation philosophy for remote work that the current system entirely lacks

Features:

- Four new, simpler categories for locality:
 - Low Cost of Labor (LCOL): Absorbs current "Rest of United States" and similar areas
 - Medium Cost of Labor (MCOL): Majority of current locality areas — labor costs roughly at national norms
 - High Cost of Labor (HCOL): Major metros — NYC, SF, Boston, DC-Baltimore, LA, Seattle, etc.
 - Remote: New category for fully remote positions — benchmarked against national market rates for remote work in that occupation
- Pay category is determined by occupation. For example, Seattle might be an expensive place to employ software engineers but not an expensive place to employ biologists. As a result, it might appear in the "High" category for IT and the "Medium" category for Life Sciences

This system preserves the basic goal of the locality system – the recognition of regional variations in labor costs – but simplifies the mechanics significantly to avoid today’s haggling over creating new locality areas.



Feature 5: Mixed Longevity and Merit Progression

Splitting within-band progression into a guaranteed longevity component and a discretionary merit component — bounded by strict transparency requirements — preserves the structural protections against demographic pay gaps while finally giving managers meaningful tools to reward and retain high performers

Features:

- Split the mechanism for movement *within* pay bands into two components:
 - Longevity component (guaranteed): ~1%–3% annually for satisfactory performance, adjusted for inflation. Automatic, formula-driven — preserves predictability and structural protection against demographic pay gaps
 - Merit component (discretionary): Up to 6%–8% annually (most employees 2%–4%) based on agency-determined performance criteria. Agencies design their own systems appropriate to their missions
- Transparency requirements: Before implementing merit pay, agencies need OPM/OMB approval. They must publish annual reports showing how increases were distributed by demographic group, organizational unit, occupation, and career level
- Band cap: Employees who reach the maximum of their band receive merit increases as one-time bonuses rather than base salary adjustments

Annual progression of roughly 2%–10%, compared to the current system's ~3% step increases, providing for the possibility of much faster movement within a pay band than today's 18 years to get from step 1 to 10



The background is a solid dark teal color. At the top, there is a series of three nested, downward-pointing chevrons in shades of light blue and teal. At the bottom, there is a series of three nested, upward-pointing chevrons in the same shades, creating a symmetrical, mountain-like shape.

The Task Ahead of Us

Situating Classification in a Broader Reform Agenda

This proposal deliberately leaves hiring authorities, dismissal procedures, the Senior Executive Service, collective bargaining, and performance management systems untouched — but getting the classification foundation right makes solving every one of those adjacent problems considerably easier

This proposal:

- Does **not** change hiring authorities (competitive exam, direct hire, veterans' preference, etc.)
- Does **not** change dismissal procedures (due process, MSPB, misconduct rules)
- Does **not** address the Senior Executive Service or political appointees
- Does **not** impact collective bargaining rights
- Does **not** prescribe a single government-wide performance management system

But: Getting the foundation right makes solving all of those other problems considerably easier. A modern classification system unlocks further reform in hiring, performance management, training, collective bargaining structures, and accountability.

Strategically, this may mean that passing a major overhaul of the classification system is only possible within a broader civil service reform package that allows for enough horse-trading and compromise across all domains, but it's also possible to do on its own.



Why Congress Must Lead

The system rests on detailed statutes that only Congress can change, and any reform enacted on party-line votes will be vulnerable to rollback within a single election cycle — meaning that detailed, bipartisan, bicameral legislation is not a nice-to-have but a structural prerequisite for a reform that will take 5–7 years to implement

- **The system rests on detailed statutes that only Congress can change**
- Reform enacted on party-line votes is vulnerable to rollback
- Implementation spanning 5–7 years will cross multiple Congresses and at least one change in administration
- Specific statutory changes required:
 - Remove grade-level definitions from statute; replace with career-level bands
 - Transition from GS to occupational schedules
 - Simplify annual pay-setting procedures
 - Update within-grade increase formulas for longevity/merit split
 - Clean up agency-specific exceptions
- Congress should invest in its own capacity — a permanent pay comparability function in CBO, GAO, or CRS to independently evaluate the president's annual proposal

Attempting to do this without negotiated, compromised, bipartisan legislation is dooming reform to failure. This means no one is going to get exactly and only what *they* want at everyone else's expense. That is ok.



What Can Start Now (Without Legislation)

OPM already has the authority to begin consolidating occupational definitions into broader families and the president's pay agent has statutory flexibility to simplify locality categories — but moving too far without congressional buy-in risks alienating legislators and imperiling the broader reform project

The Classifier's Handbook	
TS-107 August 1991	
THE CLASSIFIER'S HANDBOOK	
Table of Contents	
(Also See The Introduction to the Position Classification Standards.)	
PREFACE	3
CHAPTER 1, POSITION CLASSIFICATION STANDARDS	4
DEVELOPMENT OF STANDARDS	5
FORMAT OF STANDARDS	5
CHAPTER 2, THE FACTOR EVALUATION SYSTEM	7
THE STRUCTURE OF FES	7
FES FACTORS	7
EVALUATING A POSITION USING FES	9
FES EVALUATION STATEMENT	13
FACTOR LEVEL RELATIONSHIPS	14
CHAPTER 3, POSITION DESCRIPTIONS	18
NARRATIVE POSITION DESCRIPTIONS	19
FES POSITION DESCRIPTIONS	20
FACTOR 1, KNOWLEDGE REQUIRED BY THE POSITION	21
FACTOR 2, SUPERVISORY CONTROLS	22
FACTOR 3, GUIDELINES	23
FACTOR 4, COMPLEXITY	24
FACTOR 5, SCOPE AND EFFECT	25
FACTOR 6, PERSONAL CONTACTS	26
FACTOR 7, PURPOSE OF CONTACTS	26
FACTOR 8, PHYSICAL DEMANDS	26
FACTOR 9, WORK ENVIRONMENT	26
POSITION DESCRIPTIONS FOR SUPERVISORY POSITIONS	27
CHAPTER 4, DETERMINING THE PAY SYSTEM AND SERIES	27
UNDERSTANDING THE POSITION	27
DETERMINING THE PAY SYSTEM	29
DETERMINING THE SERIES	30
CHAPTER 5, DETERMINING THE GRADE	36
APPLICATION OF STANDARDS	36
USING GRADE OR FACTOR LEVELS NOT DESCRIBED IN PUBLISHED STANDARDS	37
CLASSIFYING POSITIONS WHEN NO STANDARDS HAVE BEEN PUBLISHED	37
FACTORS NOT CONSIDERED	39
THE EFFECT OF REVIEW OF WORK	39
MIXED GRADE POSITIONS	40
IMPACT OF THE PERSON ON THE JOB	40
IMPACT OF AUTOMATION	41
(continued)	
U.S. Office of Personnel Management	
1	

- **OPM can consolidate occupational definitions into job families** under existing authority (5 U.S.C. § 5105). OPM already has varying levels of specificity — it could begin reorganizing into broader families that would form the basis for future occupational pay tables
- **The president's pay agent can simplify locality pay using existing statutory flexibility** — the law is likely broad enough to allow establishing high/medium/low/remote categories today
- **Pilot programs:** OPM has statutory authority for demonstration projects. Could partner with a bipartisan congressional delegation to test occupational pay tables and split longevity/merit pay in a defined geographic area

Moving too far without congressional buy-in risks alienating legislators, derailing consensus-building, and imperiling the entire reform project. While the temptation may exist to “get started,” it must be part of a broader strategy

Transitioning Without Pay Cuts

A "no pay cuts" commitment will be essential to overcoming the biggest source of resistance. Even the perception that reform means losing money can kill the effort

- Resisting the temptation to use salary reductions as a budget offset is critical for success. As we've seen this year, slashing salary accounts does not result in meaningful savings
- Every current employee maps to the new system at no less than their current salary
- Employees will be placed in the appropriate career level and occupational family at a point in the band matching or exceeding current compensation

Proposed timeline:

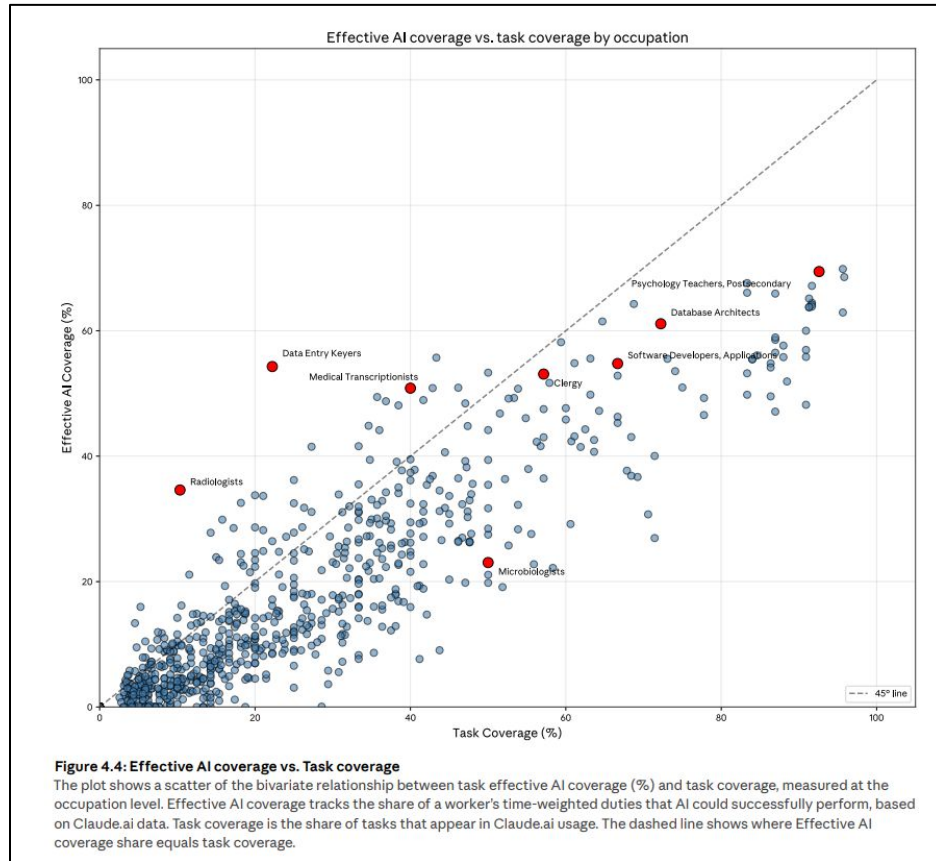
- **Year 0:** Legislation enacted
- **Years 1–3:** OPM develops new families, pay tables, guidance; agencies prepare
- **Year 3:** Initial conversion of all employees
- **Years 4–5:** Full operation of merit pay component after agencies develop and receive approval for performance plans
- **Years 5–7:** Maturity and ongoing refinement
- **Phased rollout** is possible — start with agencies that volunteer or occupational families where the case is strongest (e.g., IT, wildland firefighters, medical)

Every current employee would map to the new system at no less than their current salary — a principle with direct precedent in other reform eras — and phased rollout over 5–7 years would allow the government to learn, adjust, and build political support from early wins before going government-wide



Now More than Ever: The AI Accelerant

AI is going to pour jet fuel on this problem: the way the government constructs its jobs hasn't caught up to the internet age, let alone prepared for new types of technologies with greater velocity



- The shift from clerical work to knowledge work unfolded over ~50 years. The government had decades to adapt and still didn't keep up
- AI is already reshaping task composition: automating routine analysis, generating drafts, handling pattern recognition at scale
- Federal jobs of 2035 will bear less resemblance to 2025 than today's jobs bear to 1995
- A system built on decomposing jobs into discrete tasks and rating each task's complexity is uniquely vulnerable to a technology whose defining feature is automating exactly those discrete tasks

As tasks melt away, the only durable system will be one that compensates skill in generating outcomes

The background is a solid dark teal color. At the top, there is a series of three nested, downward-pointing chevrons in shades of light blue and teal. At the bottom, there is a series of three nested, upward-pointing chevrons in the same shades, creating a symmetrical geometric design.

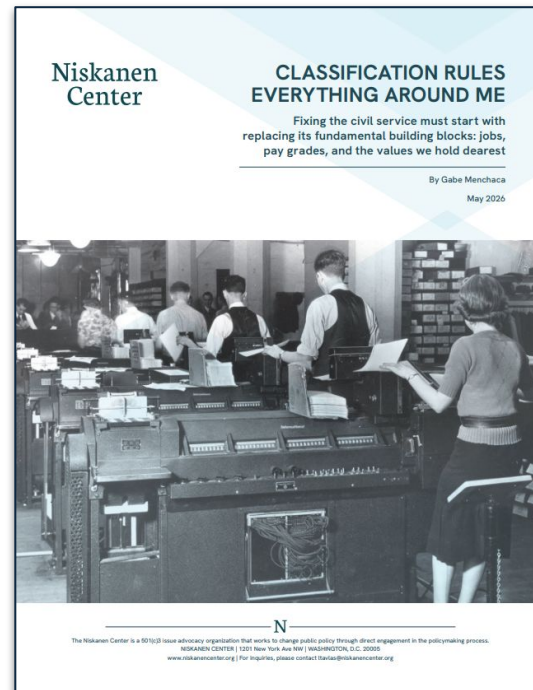
Further Reading

Opportunities to Learn More

Believe it or not, this presentation isn't actually exhaustive of our work on this topic. For those who want to know more, please take a look at the two products that are excerpted here:

Classification Rules Everything Around Me

This paper discusses the theory, practice, history, and future of white collar pay systems inside the federal government.



The Standardization Cycle: A History of Position Classification and White Collar Pay Policy in the United States Federal Government (1789 to Present)

Gabe Menchaca, Niskanen Center*
May 2026

Abstract: This report provides a comprehensive history of position classification and white-collar pay policy in the United States federal government from 1789 to the present. Synthesizing over two centuries of legislative and administrative records, the analysis identifies a recurring "standardization cycle" in which the government has predictably oscillated between executive demands for management flexibility and congressional mandates for standardization and equity. The study traces this dynamic through five distinct eras: from the early "statutory rolls" of 1818, to the landmark Classification Acts of 1923 and 1949 that established the modern General Schedule (GS), and finally to the current era of fragmentation characterized by the proliferation of agency-specific exceptions and failed pay-for-performance experiments such as Department of Homeland Security's MaxHR and the Department of Defense's NSPS. Drawing on lessons from these cycles, the report concludes with principles for future legislative reform, arguing that Congress must remove detailed job descriptions from statute and modernize the principle of "equal pay for equal work" to create a system durable enough for the workforce of the 21st century.

This history accompanies a proposal for a new, more modern job classification system in the U.S. federal government entitled *Classification Rules Everything Around Me*, available on the Niskanen Center website (www.niskanencenter.org).

* A project of this scope would not have been possible without important work by others over the last hundred years. Two written and three reports in particular stand out as major forerunners of this project: Louis Brandeis's excellent *History of Position Classification and Salary Standardization in the Federal Service 1789-1941*, published by the Civil Service Commission in 1941, and Joseph E. Winslow's 1948 *Report on Job Evaluation and Ranking in the Federal Government*, prepared for the House Committee on Post Office and Civil Service's Subcommittee on Position Classification. Brandeis went on to play an important role in developing the Classification Act of 1949, and Winslow's was similarly essential to reform efforts in the early 1970s.

The Standardization Cycle

This paper exhaustively charts the history of white collar pay systems and the 150 year journey from the founding to the GS.

Both are available on our website: <https://www.niskanencenter.org/classification-rules-everything-around-me/>



The Niskanen Center is a 501(c)3 issue advocacy organization that works to change public policy through direct engagement in the policymaking process.
NISKANEN CENTER | 1201 NEW YORK AVE NW, SUITE 200B | WASHINGTON, D.C. 20005 | www.niskanencenter.org