

The Position Classification System: A Budgetary Control System in Disguise

The last two chapters focused on the traditional personnel functions of hiring and firing. In this chapter and the next, we turn to those areas where the civil service system and the budgetary system intersect to constrain managers. These include the mechanisms for determining pay, the effects of personnel ceilings, and managerial responses to budget cuts. This chapter addresses the critical issue of pay.

Not surprisingly, managers want to have a say in deciding what their employees are paid. Pay levels affect their ability to hire new employees, and pay raises are an important means of rewarding individuals whom managers want to retain. But managers cannot set pay directly, because pay levels are determined by two separate pay-setting systems. The first is the arcane and complex *position classification system*, which determines entry-level pay and progression within a pay range. The second is the system that sets annual raises and, now, locality pay. Managers have no input into the second system, and its problems have put great pressure on the first system. Managers have some limited control over the position classification system, but this control is indirect and exercised only with great difficulty, as we shall see. It is useful to examine the ways managers attempt to affect classification and the problems that arise when they do, because we thereby see the relationship between personnel system constraints and budgetary constraints. Indeed, I would go so far as to say that the classification system is actually a budgetary control system masquerading as a personnel control system. Examination of these issues also reveals the problems created by the

clash of cultures and values between personnelists and line managers, and how these problems play out in practice.

I begin by looking at the two formal pay-setting systems, starting with the position classification system's goals—both its ostensible or official goals and what I see as its actual goals. Then, I describe briefly the relationship of the classification system to the other pay-setting mechanisms in the federal government. Finally, I turn to the question of how the classification system actually works in practice. While much of this practice is standard across government, there are also significant differences between agencies, arising from the fact that the classification system is a budgetary control system in disguise. I conclude by examining two attempts to reform the classification process, both at the Navy. The first, Manage to Payroll (MTP) was implemented across the service. The second, the Navy "demonstration project," tested a simplified system based on broad pay bands in two Navy laboratories and has had a profound influence on the debate over reform.

Position Classification in Theory and Practice

What is a position classification system and what is it for? Essentially, it is an elaborate and complex way of setting pay that, like the hiring systems discussed in Chapter Four, is designed to remove discretion from managers and to substitute "scientific" methods. The system was created by the Classification Act of 1923; the last time it underwent a major reform was in 1949. According to the U.S. General Accounting Office (1984): "The objective of the Act was to provide consistency in pay, staffing, and other personnel functions across the various positions which then comprised the federal white-collar work force. . . . All positions were to be paid in accordance with the qualifications required and the responsibility and difficulty the jobs entailed" (Appendix, p. 1). In short, the stated goal of the system is to create what is usually called *internal equity*. That is, people who do the same jobs, no matter where they

work in the federal government, should receive the same pay. A computer programmer in the Navy, for example, should get the same pay as a computer programmer with the same level of responsibility at EPA. As we shall see below, this goal is not often met.

***The Classification System and the Pay System:
Where Is the Real Problem?***

There are actually three different systems that affect pay. The classification system determines the starting salary for a position (or at least the range) and also ensures periodic raises as an employee moves up the ten steps in each grade. But federal employees also receive annual raises through a complex system that was designed to ensure comparability with the private sector. Unfortunately, for many years, this system did not work. Successive presidents, moved by political considerations, refused to approve the raises that the system determined were needed. As a result, federal salaries, particularly in some occupations and geographic areas, fell far below salaries offered by employers in the private or even the public sector (Shafritz, Riccucci, Rosenbloom, and Hyde, 1992; National Commission on the Public Service, 1990).

This pay gap put increasing pressure on the classification system, since the only way to make up the difference was to reclassify an employee's position to a higher grade. The recent pay reform, the Federal Employees Pay Comparability Act (FEPCA) of 1990, was designed to reduce gradually the disparity between public and private sector pay levels and to introduce other flexibilities into the pay system, including authority to offer recruitment, relocation, and retention payments when needed. Among other things, this means that managers are now able, in some circumstances, to offer new employees salaries above the minimum rate for their position.

But FEPCA also set up two different ways to calculate annual raises. On the one hand, it attempted to institutionalize—and to protect from political pressures—a formula for calculating an

across-the-board annual raise for all federal employees that is based on changes in the national average cost of labor in the private sector. On the other hand, it added a new wrinkle: locality pay. No more would all federal employees receive the same pay regardless of whether they lived in New York City or Missoula, Montana. Rather, there would be adjustments to base pay for those areas where labor costs (and presumably living costs) were higher. This was first implemented in three metropolitan areas immediately after passage of FEPCA, and went national for the first time in 1994.

But what the authors of the legislation did not anticipate was that political support for federal employee raises would remain weak, particularly in a period when the overall budget is being trimmed. In this environment, the two methods of raising pay have been seen as competing with rather than supporting each other. The result was that in 1994, federal employees received one raise but not the other: locality pay was implemented, giving raises to most workers (of varying amounts depending on the area in which they lived), but there was no annual comparability raise. Further, the comparability raise proposed for 1995 was significantly below what the terms of FEPCA would have required.

To summarize: In spite of repeated attempts at legislative reform, the system for setting annual wages is still not firmly institutionalized, and average federal wages are still below those of the private sector, which has resulted in continued pressure to manipulate employees' classifications to make up the difference.

Classification Wars

The classification process is not always a war, but it is a prime source of conflict between managers and personnel specialists. The conflict stems from differences in values and incentive structures in the two groups. As we saw, the formal classification process is designed to further the goal of internal equity. In order to meet this goal, classification has evolved into a system of daunting complexity. All jobs

are first placed into job series based on the kind of work performed—for example, GS-830, mechanical engineer, or GS-343, management analyst. They are then classed by grade level. Grades range from 1 to 15.¹ The logic of this system is based on the values of the old “scientific management” school, which advocated breaking down the work of an organization into narrowly defined positions, each with clearly delineated responsibilities. Further, the logic embodies a central value of the classification system: that one classifies the position, not the person occupying it. As we shall see, this value runs directly counter to the value systems of many managers and is a frequent source of conflict. Some critics also argue that the assumption on which traditional classification systems are grounded—that efficiency is promoted by dividing the functions of an organization into narrowly defined jobs—is now outdated and that rigid classifications make it harder to use staff flexibly or to give them opportunities to develop their skills by working at a variety of tasks. Classification systems can also hinder the implementation of some aspects of Total Quality Management, such as self-managed teams; they tie employees into narrowly defined job descriptions that make it difficult to broaden work assignments.

The people charged with administering this system, the position classifiers, are staff members in the personnel office. Typically, they have been formally trained and socialized to accept and uphold the logic of the system, which is based on the value of internal equity. This value is reinforced by the incentive structures within agencies.

It is my contention that the classification system is distorted by a not-always-hidden agenda: to keep costs down. Employee pay is a significant portion of most agencies' budgets. Not surprisingly, there is pressure to keep this share of the budget from growing too rapidly, and the pressure has only intensified in recent years. Salaries are controlled by controlling the classification process, both on a case-by-case basis and, periodically, through agencywide or even governmentwide programs to reduce grade levels (see, for example, U.S. General Accounting Office, 1986).

But there is a range of opposite pressures that push grade levels up. As Levine, Peters, and Thompson (1990) point out, "grade creep" reflects managers' desire to keep their staff happy. But it also stems from other sources, including greater use of technology, which requires more highly trained staff, and the desire to build in "skills slack . . . [that is], surplus skills as a hedge against uncertainty" (p. 342). Further, both personnel ceilings and the pressure to contract out (to be discussed in Chapter Seven) result in higher grade levels, since it is easiest to contract out routine, lower-graded work.

Most importantly, while there are overall budgetary incentives to keep salary costs, and thus classification levels, down, these incentives do not operate on managers. Most managers also have no reason to embrace the value of internal equity; maintaining the integrity of the classification system is not high on their list of priorities. Further, they are not rewarded for keeping their salary costs down, since they cannot easily reallocate any savings to cover other costs. Rather, they are rewarded for effectively carrying out their mission. And to do that, they need to be able to hire good staff, to hold on to them, and to reward their efforts. While the scholars may debate whether money is a motivator (Herzberg, 1968; National Research Council, 1991), most managers know that money counts. Thus, managers' goals differ from those of the classification and budgeting systems. Their concern is not for the consistency of the classification system or for cost containment but for their ability to compete in the market for good employees. This competition may entail internal equity issues. Managers do not want their positions to be graded lower than those in other parts of government, since that would make recruitment more difficult. Further, there is a fair amount of competition inside some agencies over resources. Those units with more resources will try to raid the best employees from other units by offering higher grade levels.

Managers are also very concerned with *external equity*—that is, comparability of pay levels between the federal government and other employers, such as state governments and the private sector.

If pay levels are not competitive, top candidates will be drawn elsewhere. But the current classification system is not designed to address the need for external equity, a fact that causes managers no little frustration. Further, managers want to be able to reward and hold on to individual employees whose work is outstanding, but the system is not designed to make this easy, either. Indeed, most classifiers would see this concern as irrelevant to the classification process.

In short, there are several actors here, each pursuing different goals. Classifiers are concerned with upholding the original goal of the system: internal equity. The signals they receive about whether to be relatively lenient or stringent in applying the classification standards originate both in the culture of the organization and in the budgetary climate. Budget officials, and often top management, are concerned with controlling overall costs. And managers want more control over what their employees are paid, both to meet the goal of external equity and to be able to reward top performers.

The net result of these conflicts is that there is often a large gap between theory and practice in how classification decisions are made. In theory, the system is objective and fair. But is this really the case? To address this question, it will help to look at the actual process of classifying a position.

The Classification Process in Theory and Practice

In theory, classification is an orderly, rational process. The supervisor begins by defining a specific position that fits the needs of the organization, after applying the tenets of position management and organizational design. (See Warman, 1986, for a reasonably comprehensible discussion of some of the "principles" of organization design.) He or she then writes a detailed position description (PD) and gives it to the classifier to review and classify. The classifier compares the PD to the classification standards developed for that job series by the Office of Personnel Management (OPM). These standards are based on a number of criteria, including the nature

of the job and the knowledge required to do it, the complexity of the work or the amount of originality required, the amount of supervision received, and so on.² The position is then classified, following which it can be advertised, with qualifications based on the classification.

In theory, this is an objective process in which the classifier simply compares the description of the position with the standards and comes up with the appropriate job series and grade level. Also in theory, there is a clear division of labor between the manager and the classifier. The reality is not so simple.

In practice, position classification is a highly politicized process and the focus of a great deal of conflict, both substantive and procedural. Let us look at each in turn.

The system is designed to be objective; every well-trained classifier should be able to look at a PD and come up with the same classification. This is the theory that OPM itself put forward in a handbook for managers that advised a manager who is explaining a job classification to an employee to "discuss the objective basis of position classification" (U.S. Office of Personnel Management, 1981, p. 52). But most studies recognize what one terms "the central importance of human judgment" in the classification process (Warman, 1986, p. 33) and acknowledge that a classifier requires considerable knowledge and skill to be able to apply general, and often outdated, standards to specific positions (Warman, 1986; U.S. Merit Systems Protection Board, 1989).

Further, OPM has been moving in recent years toward broader, "generic" standards. This only increases the amount of discretion in the classification process. As a result, the same position might indeed be classified differently by different classifiers. A particularly disturbing example was cited in an MSPB study of the classification process, which described a Department of Labor test of one of OPM's draft generic standards, which entailed applying the standard to several hundred positions. Each test classification was reviewed either by both a classifier and a manager or by several clas-

sifiers. The results were not encouraging: "Grade ratings obtained by applying the draft guide, even ratings of familiar standard position descriptions by trained classifiers, resulted in a high level of inconsistency. . . . For example, classifiers rating one position by the guide selected the most popular grade only 58 percent of the time; in the second blind test, agreement was even lower with only 46 percent selecting the most popular grade. Thus, the likelihood of two trained classifiers applying the draft guide and coming to the same conclusion was only slightly better than one chance in two" (U.S. Merit Systems Protection Board, 1989, p. 20). Small wonder, then, that managers recognize the inconsistencies in the system, and that they often disagree with the classifiers, particularly over the appropriate grade level.

However, much of the conflict is not really about substance but about process, and also about roles and role definitions. In Chapter Four, we saw how the division of labor between line managers and personnel specialists in the area of hiring varied from agency to agency. The same is true in the area of classification, where, again, different approaches reflect differences in the organizations' cultures and in the way managers and personnelists define their roles. For personnelists, the role conflict between control and service, discussed in Chapter Three, is once again central. For managers, the issue is the one discussed in Chapter Two: how broadly do they define their role? Do they see human resources functions as central to their role, and if so, are they willing to devote their own time to nitty-gritty tasks such as writing a PD, or do they want to delegate this work to others? Taken to its logical conclusion, the question becomes: do managers have to become classification experts?

Agency Approaches to Classification: Continued Battles and a Cease-Fire

The previous section gave a brief description of how the system is supposed to work in theory and of some of the conflicts that emerge

in practice. I now turn to an examination of how the system is actually used in different organizational settings. In the first section, I look at the two Department of Agriculture agencies (FCS and APHIS) and at EPA. I then turn to the Navy, which has taken a different approach to classification.

Classification Wars at the Department of Agriculture and EPA

When I began this analysis, I expected to find fairly dramatic differences between the two Department of Agriculture agencies on the one hand and EPA on the other. In fact, the situation was more complex than I expected. I did find a fairly clear relationship between budget levels and classification practices. But with respect to procedures, there were few clear differences between the agencies. Rather, the practices at the two Department of Agriculture agencies and at EPA are variants on a theme, and that theme is continual conflict between managers and classifiers—conflict that few people see as serving a useful purpose.

The Link Between Grading and Budgets

I posited that there would be substantive differences in how agency personnel specialists interpreted and applied the classification standards in disputed cases, and that these differences would flow from two factors: the agency culture and its budget. In particular, if classification serves as a budgetary control system, those agencies with more money at their command would tend to be more lenient in applying classification standards, allowing grade levels to go up. This is just what managers see as happening. They talk to their peers in other agencies about classification issues, and at both the Department of Agriculture and EPA, most form the impression that Agriculture grades lower than EPA does. In fact, the difference was quite striking. At both APHIS and FCS, many interviewees sponta-

neously mentioned that their agency was graded lower than other agencies. No one at EPA made this claim. In fact, one person frankly stated that he was taking advantage of EPA's higher grades to raid others. In the Navy, too, no one mentioned being graded lower than other agencies.

Without going in and conducting an audit, I cannot substantiate these perceptions of agency differences, but they are deeply held. To what do people attribute the differences? They see both budgetary and cultural pressures at work. Both managers and classifiers recognize that classification is really a budgetary issue. Several people talked about the problems of secretarial grades in these terms. One spoke of managers' budgetary priorities: "There [are] competing factors here. To upgrade the secretaries is going to cost you more money. And right now, a lot of organizations are either making a lot of computer purchases so if they have money available they want to put it in that direction, or they're trying to modernize their furniture, . . . and I just have a feeling that again, the emphasis is going to be on modernizing furniture or computer capabilities and not really get down to providing a better grade level for the secretaries."

Personnelists agreed. An FCS senior personnel manager acknowledged the differences between FCS and EPA. As he explained, "When you compare across agencies, EPA secretaries get much higher grades than here, and it depends on the agency's budget and their ability to pay."

Budgetary differences help explain why grade levels are higher at EPA. By the same logic, we would expect to see a difference in perceptions between APHIS and FCS managers, since, as we saw in Chapter One, APHIS budgets have been growing of late while FCS budgets have been cut. But managers in both organizations see the classification system as being interpreted very strictly, and they attribute this to the overall culture of the Department of Agriculture. First, they see their own classifiers, as well as the department as a whole, consciously taking a hard line on classification issues.

As one APHIS supervisor said, "People at FSO tend to hold down people at the lower ranks, [even though OPM] seems to be saying some upgrading should go on. They've given agencies the authority, but they don't want to use it. They don't want to change." A personnel manager at FCS put the blame on the department and told me of an attempt to get the department to approve higher grades for employees all the way from the secretarial level to the SES. According to him: "AG [the Department of Agriculture] is not on the cutting edge, such as EPA is. . . . AG's view of regs [regulations] is not as liberal. We really stick to the letter of the law as far as classification."

From the point of view of managers, classifiers seem almost to take pride in the fact that they are hard-nosed. As one manager told me: "Pay is not equal in all agencies. We seem to have a low scale compared to other agencies. I had a secretary who was a [grade] 5. She moved to another agency to do the same type of work, and she was upgraded to a 7. I pointed it out to headquarters, and they said, 'Because some people overclassify is no reason we should.'"

People in the Department of Agriculture agencies are convinced that having lower grades harms them in a number of ways, most obviously in being able to hire and hold on to the best people. But it causes other problems as well, as an FCS supervisor explained:

We had a lot of interaction with HHS [the Department of Health and Human Services] and a couple of other agencies, and I'd send a senior staff person to a meeting, and she would be by far the lowest-graded person there at that meeting. The others would generally be [GS-]14s, and sometimes our branch chiefs, who were 14s, would have to go along to the meeting, not because they were particularly knowledgeable but just because we had to get "grade clout." And the branch chief, who was over me, would be negotiating with 14s who were staff people in other agencies, and I think that sets up a bad position.

As this observation makes clear, in the status-conscious bureaucracy of the government, having a lower grade puts one at a disadvantage when one has to negotiate with higher-graded people. Morale is also hurt when employees see others receiving higher pay and greater recognition for doing similar work.

Conflicts Between Managers and Classifiers

These agency differences in how the classification standards are applied should not come as a surprise, given the differences between these agencies both in culture and in budget. As we saw in Chapter One, the Department of Agriculture agencies do have a more traditional, by-the-book culture than EPA. And while APHIS has grown somewhat in recent years, the FCS budget and workforce have been shrinking, so it is not surprising that FCS is trying to hold the line on costs. One might expect that the tendency in the Department of Agriculture to keep grades lower would lead to higher levels of conflict than in an agency such as EPA, where grades have been allowed to rise. The startling discovery here is that this is not the case: EPA managers describe conflict with their personnelists (and vice versa) about as much as do APHIS managers and personnelists. And FCS appears to have a somewhat lower level of conflict overall, although while I was conducting this study there was ongoing debate about one specific job title (a story I return to in more detail below).

How can we explain the fact that the level of conflict over classification does not appear to bear much relationship to the liberality with which positions get classified? To answer that, we must look in more depth at the sources of conflict. Here, I examine four of these sources:

1. The differing approaches of line managers and classifiers
2. The differing incentive structures of the two groups

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3. The conflicts over role and division of labor
4. The overarching issue of power

First, as we saw in Chapters Two and Three, managers and personnelists are very dissimilar kinds of people. They come from contrasting backgrounds, and they have absorbed very different values. As a result, they sometimes feel they are talking across a canyon. On the one hand, personnelists keep trying to get managers to accept the principles they feel are central to good position management, as an FCS personnelist explained:

Position management tells you the best way to structure the organization. You try to cut back on overlapping functions, and on over-supervision. Do you have too many layers? For example, you might have division directors at the 15 level, and under them you would have branch chiefs at the 14, and under them section heads at the 13. They are working supervisors, usually with a staff of five to seven people. That's pretty good from a position management standpoint. But some want to add a nonsupervisory 13 in that section. You end up with a 13 supervising a 13. It's not recommended, but most supervisors see nothing wrong with it. . . . They don't understand. Maybe they do, but they just want to do it, and mostly they get what they want and we advise them.

On the other hand, many managers reject the underlying logic of the classification system. As one EPA manager put it:

I could make an argument, from an organizational standpoint, and I'm sure these arguments were made, back when they started the classification system, that you ought to be able to set up certain standards for certain job categories. . . . But from a practitioner's standpoint, that just does not make sense. I have changing needs from year to year, let alone from decade to decade, and these classifica-

tion standards, a lot of the time, were written thirty years ago. And it just is a millstone around our necks that serves no useful purpose other than fighting back and forth with the classifier.

Managers and supervisors disagree over more than the philosophical underpinnings of the classification system. They also work from different incentive structures. Classifiers understand the budgetary imperatives underlying their work. From their point of view, managers would give away the store if they had half a chance. Classifiers in both APHIS and EPA used almost identical language in expressing this. As one said: "My experience is managers do not recognize in the least bit any kind of responsibility for the taxpayer's dollars. It's not a consideration. There's no regard for position management, no regard for trying to keep payroll costs at a certain level. I don't see anyone saying we only have a certain amount of money and we should use it this way. There's no accountability; it's just building a bigger empire. It's not just selfish—they are committed to the mission—but there's no recognition that the management responsibility includes trying to do more with less."

While many managers would argue that classifiers are overzealous in holding the line, some recognize that there is some truth in what the classifiers say about them. As one put it, "If every manager had his way, we'd all be upgraded and so would all of our staffs, and the budget would go through the roof." But this same manager went on to explain classifiers' resistance to upgrades in more personal terms: "You ask them to take actions that would increase a person's grade and salary structure beyond their own. They don't see it happen to them, so why should they help it happen for somebody else? They're fairly low-graded themselves. I think there's a personal bias that comes into it."

Given that grades are probably higher at EPA, one might expect that there would be less pressure for reclassification, but this does not appear to be the case, at least in part because EPA managers fighting to get higher classifications for their employees are

stressing external, not internal, equity. That is, they do not really care that their employees are making more than those in other federal agencies, because they are competing for employees in a national market and often losing.

The respective roles of managers and classifiers continue to be a source of conflict in both agencies. On the surface, this is an argument about who should do what, especially who should write the position descriptions. FCS classifiers appear to take the hardest line in this regard. They state bluntly that they do not write PDs. The managers agree, with some exasperation, and they see the process—which follows closely the outline given above—as adversarial. As one explained: “They’re a barrier. . . . It’s not like we get real assistance. . . . The personnel office, rather than writing the PD, said, ‘You write something, and we’ll see if it passes.’ It was judged against a standard that I couldn’t see. It was like shooting at a moving target.”

In both APHIS and EPA, where the personnel office has tried to focus on providing service to managers, the division of labor is less clear-cut. At APHIS, I heard a variety of stories from personnelists. Apparently, in some cases, they will write the PDs or at least consult on the process, although it is clear that they would prefer that the manager take responsibility for at least developing a first draft. At EPA, too, the personnelists sometimes take on this task. Particularly at EPA, personnelists pointed out that the task is often delegated by managers to their administrative officers (AOs) but that managers themselves needed to at least understand the system and, further, that personnelists were more likely to be forced to help write the PDs for offices that did not have AOs.

I would maintain that underlying all these arguments about approach or about who does what is the central issue of power and control. To put it baldly, the current system gives control over a key resource not to managers but to personnelists, who do not report to the managers and whom managers can influence only with difficulty. The fact that the system we are examining is, in large part, a

budgetary system is pertinent here, since some would argue that "outside" control is necessary to maintain accountability for expenditures. But the consequence is that conflict is built into the structures. Both sides recognize this as an issue. As one personnelist put it, "What happens [in my agency] is managers don't understand they're just supposed to describe the job, and we set the classification. It comes in as, 'Here's a description of a grade 13' [analyst], and if it comes back different, all heck breaks loose. They see us as a rubber stamp."

Managers are all too aware that a classifier has power, and this sometimes rankles even more because they are forced to deal with someone lower than them in the bureaucratic hierarchy. As one manager put it: "They are extremely frustrating to deal with. They are people who are not high-graded, and they make it as difficult and frustrating as possible. That's how they exercise their power. This person jerks them eight ways to Sunday—he's a GS-12 classifier."

Of course, not all relationships between managers and classifiers are conflicted. But as long as classifiers have the final authority, the potential for conflict hangs over the relationship. How does this affect the strategies managers have developed to cope with their limited power? It is to this question that I turn in the next section.

Strategies in the Classification Wars

In the area of hiring, as Chapter Four showed, there were fairly consistent differences between agencies in how managers defined their roles and in the division of labor between managers and personnelists. The patterns are less clear when managers deal with classification problems. Although there are some agency differences in approach, it would appear that each individual manager makes strategic decisions about how to cope with classification. There are three main dimensions that emerge when one listens to managers explaining their approaches: an active-passive dimension; a

cooperative-confrontational dimension; and a technical-political dimension. Let us look at each in turn.

First, we see in the area of classification a range of active and passive approaches similar to those we found in hiring (discussed in Chapter Four). That is, managers can choose either to get actively involved or to remain relatively passive and let others deal with classification. But whereas in hiring there were consistent agency differences, in classification there was wide variance within each agency in the amount of management involvement as well as in the reasons for different approaches. On the one hand, one FCS manager had withdrawn from involvement out of a feeling of total powerlessness. As he explained:

I have never been successful in reclassifying an employee. . . . I've tried to upgrade positions, and trying to get personnel to understand what it is about this position that requires an upgrading of grade level, you would almost have to convince them that this person is going to walk on water, you would almost have to convince them that [this] person would do more on his job than you do as a supervisor. And I've just not had any luck at all. I don't know what accounts for that, but it's been very frustrating for me, so much so that I've basically given up.

On the other hand, another FCS manager chose carefully when to get directly involved and when to delegate: "We have an administrative assistant we have charged with our basic, routine liaison with personnel, processing 52s [forms that document personnel actions]. . . . But for the big stuff, like when I was trying to create a nonsupervisory senior job, I did it myself. I wrote the job description, I debated it with the classification specialist, and I did it that way."

At APHIS, there was a wide range, from those who had minimal involvement to the SES member who said that he involved himself in every human resources issue and who spent considerable

time and energy working on upgrading staff. Some of the most active, aggressively involved managers were at EPA, but even there I saw a wide range of approaches.

Those who did get actively involved then had to make a second strategic decision: whether to adopt a cooperative or a confrontational stance in their relationship with the classifier. Some chose a cooperative approach in order to get what they needed from the classifiers. For example, an EPA regional manager described his strategy.

Well, I find, historically—I think this is just human nature—if you go down to the personnel people and say, “I’ve got this problem. Can you help me?” then they are very likely to help you. If you go down to them and say, “You guys have been screwing up. This person is in the wrong place, and I demand that you do such and such,” they’re going to fight you. And one of the advantages of the style of most of the people in this region and most of the people in this room, is that we’re more likely to do the former than the latter, and we don’t try to bully or bludgeon the personnel people into doing things.

Others saw the cooperative approach as unrealistic because there was no willingness to cooperate on the side of the personnelists. For example, an FCS manager explained: “As for the personnel office, we’re grateful for smaller impediments, rather than larger ones. . . . [It’s] not a service organization.”

Finally, approaches to classification may lean toward the technical or toward the political. Managers who chose to become involved in these issues had to decide at what level they wanted to become technical experts. The process of classification is truly arcane and complex, and managers tend to be very busy people with many other demands on their time. Their responses ran the gamut. At one end of the continuum was a noncareer SES member who told me that she made a conscious decision not to become an expert on all aspects of the personnel process but rather to use the

personnel office as a resource when she needed it. At the other was the EPA manager—probably the most outspokenly aggressive manager I talked to when it came to the classification wars—who told me that he had taken a class on classification just so that he would know how to cite chapter and verse when he fought with the classifiers. The majority of managers were somewhere in the middle; they were similar to the APHIS midlevel manager who told me, “I got involved a little in classification in trying to get an upgrade for one of my employees, but not to the point of understanding why an 11 is an 11 and a 12 is a 12.”

Assuming some mastery of the system by managers (or good staff support from the personnel office or from a shadow personnel office), what are the technical strategies managers use to “work” the classification system? The goal, of course, is to get a worker’s classification, and thus pay, increased. The most widely used approach is to redefine the job to include a broader range of duties—a process known technically as “accretion of duties.” Often, this is quite legitimate, as missions or technology change and jobs are redesigned. But there are two controversial issues here.

One important issue is whether one can legitimately upgrade a position not because its duties have changed but because the individual occupying it is a superstar who does outstanding work. The standard line of the personnelists is that classification should not reflect the amount or quality of work an individual employee performs; only if the person is doing different work at a higher level of responsibility should the position be upgraded. They would argue that the individual should get a performance award instead or that the organization should hire more people at the lower grade level. This is intensely frustrating to managers. The topic came up for extended discussion in my group interview with EPA managers at the regional office. As one explained: “When they take the skills that that person is using and apply them against the manual, they say . . . , ‘This job rates out as a 7. It doesn’t matter if she is doing the work of three people. You should just get two more people.’ And I

don't know whether I buy that. You know, if the person is doing the work of three people, it seems like we ought to be able to promote [him or her] for doing that kind of work, and yet that doesn't fit into the personnel view. I mean, that's just not in their thinking."

The other issue is even more controversial: the fact that some managers try to game the system by padding positions. I discussed one dysfunctional aspect of this in Chapter Two. The creation of pseudo-supervisors is a direct outgrowth of the need to move people into supervisory positions to justify a grade increase. As we saw, some of them are actually supervisors in name only or are given only a small part of what would normally be considered supervisory responsibilities. I cited an example from the Navy, but the phenomenon occurs in other agencies, too. For example, at EPA, a first-line supervisor told me: "Unfortunately, we have to compete with the outside, and the only way to compete and try to keep people, and this is a massive thing, is to pay them more. And how can we pay them more? We make them supervisors. Or we have to give them additional duties which they're not qualified [to perform] or we don't expect them to perform."

Creating dual tracks for promotion alleviates some of this problem. By increasing the top grade for technical positions, several agencies have reduced the need to create pseudo-supervisors or to promote good technical people into supervisory positions they do not really want. For example, managers in a group interview at FCS told me that they used to move people into supervisory positions to justify a higher grade, but that this was happening much less frequently because there were now some nonsupervisory positions at higher grade levels. But justifying higher nonsupervisory grades under the classification standards is sometimes difficult, and the success rate is uneven both within and across agencies.

The classification standards are also dysfunctional in their requirement that a supervisory classification be based on the number of people supervised, not on the actual work performed. This has the effect of distorting organizational structures. It is particu-

larly problematic in agencies that are trying to cut back or to streamline operations but are afraid that if they do so they may be forced to downgrade supervisors whose actual work has not changed or who may even be doing more work because of the loss of staff. Here, the issue is not padding staff to increase grades, but justifying the retention of grades as staff are cut. For example, a group of SES members at APHIS told me that they were directly involved in this issue because staffs in state offices had been reduced. As the managers cut back the size of offices headed by area veterinarians, they ran up against the standards that linked grades to numbers supervised. As one put it, "We're really in danger of losing ability there to supervise. . . . How do you come up with a justification to get the grade based on technical needs? We're spending a lot of time on that right now."

Accretion of duties was the most frequently mentioned method for upgrading a position. A close second was simply changing the job title of a position. In this case, the manager argues that the person's duties actually are better reflected by a new title rather than by the old title. Of course, the new title will bring a higher grade and may also have greater promotion potential.

I most frequently found this approach used in dealing with secretarial positions. Because the pay differential between public and private sector positions is especially acute at the secretarial level, managers find it particularly hard to get and to hold on to good secretaries. Further, the work of secretaries has changed significantly over the past twenty years. Increasingly, professional employees are doing their own word processing, and secretaries are called on to do more demanding administrative work or to learn quite complex computer programs.

At APHIS, several people told me that they had dealt with this problem by reclassifying their secretarial positions to program assistant or budget assistant. As one of them explained it: "The majority of our secretaries have gone from the 318 series to budget assistants as a reclassification because there was a career ladder in

program assistants. . . . So all of them have budgetary responsibilities now that they're reclassified. Some of them got some remarkably substantial jumps in grade because of their responsibilities under that new classification."

Personnel offices may even encourage use of this technique when faced with intense pressure from managers to upgrade such positions, but not all managers are willing to go along with it. One APHIS SES member recognized that this strategy, which the personnel office was pushing, might have a downside: it might actually distort what his secretary did. "When they did the job audit of my secretary, they said it was clear she merits a 9. They said, 'If you change her job series to program assistant, you have no problem.' But why do we have to change her series? It just doesn't make any sense. That's one I'm not relenting on, because she's not a program assistant, and she should be rewarded for what she does, and she likes what she does."

Most attempts to change job titles are microbattles concerning an individual employee. However, while I was conducting my interviews at the Food and Consumer Service, the last stages of a protracted macrobattle were being played out, involving the agency, the Department of Agriculture, and the Office of Personnel Management. The dispute concerned a classification that covered more than half of FCS employees: the food assistance program specialist (usually shortened to food program specialist [FPS], or 120 series). The length of this battle, which began soon after the series was created in 1972, and the energy devoted to it are testimony to the importance of the labels placed on employees by the classification system. They also underline how complex change becomes when a personnel system does double duty as a budget control system.

It was FCS itself, shortly after it was created, that asked for a new, specific classification to cover the majority of its employees. Stories about the genesis of the classification have passed into the folklore of the agency. The official line is that it fit the kinds of work the agency did initially, such as outreach and actual delivery of

services, but that shortly after it was created, the work of the agency shifted more toward administering and evaluating programs (Food and Nutrition Service, 1992). But the story told by one informant is that an early personnel director thought he could protect people from a reduction in force (RIF) by creating a unique series; he made such a good case for the separate series that it became hard to undo.

Most people I talked to agreed either that the series was a problem for them personally or that it was generally perceived to be a problem by many employees. Both managers and staffing specialists told me about how it affected hiring. One person told me: "As a staffing specialist, I never liked the use of 'food' in the title. People would walk by our booth at job fairs and say, 'Oh, that's not for me.' And I've taken a million calls from people who work in kitchens or supervise cooks and think they qualify." The reactions of many employees attested to the power of labels; they disliked the title because they felt they were not taken seriously when they applied for jobs elsewhere. Although one manager asked whether the agency should be concerned about making it easier for employees to leave, most acknowledged that the lack of prestige associated with the title was a problem.

But many managers were skeptical about the possibility of change, some because so many previous attempts had failed and others because they saw the underlying issue as grade level and, hence, money. As we saw, FCS employees tend to see themselves as lower-graded in comparison with people at other agencies. If they are given more common titles, such as 343 (management and program analysis series) or 301 (miscellaneous administration and program series), it will be easier to compare their grade levels with those in other agencies (such as the Department of Health and Human Services) and to make the argument that they should be upgraded. This is why some people felt that any change in the series title would have to be cost-neutral, and why a senior manager shared with me his anxieties about the budget ramifications of a

series change and his fear that it might lead to cutting the number of employees in order to cover higher salary costs.

In this case, strong leadership by the administrator, who was committed to resolving this problem, finally led to approval of a change by both the department and by OPM. But meanwhile, enormous energy had been wasted over a period of many years. This was due in part to the sheer inertia built into the system but also to concerns that the hidden agenda was a desire for a pay raise.

Both upgrading an individual via accretion of duties and changing job titles (for an individual or a whole group) can be seen as technical strategies in the classification wars, but the line between technical and political strategies is not clear-cut. Each of these technical strategies shades into politics to the extent that people are gaming the system—for example, by exaggerating an employee's duties. This process of manipulating the system requires technical knowledge of the classification standards, but the astute manager may be able to delegate the technical work (that is, the actual PD writing) to an administrative assistant or even to a cooperative personnelist. All he or she needs to understand is the broad outlines of the process. Or the line manager may know enough to ask to see the relevant class standard and may then use it as a model for writing a new PD. One APHIS manager told me, "I decided early on that if I wanted anything done, I would have to do it myself. I do research on the standards so I can write PDs." Of course, this irritates some classifiers, but as one personnel supervisor explained: "We don't lock the classification standards away. If we give [them] to [managers], the next day we may see a benchmark in the PD, and it drives the classifiers crazy. But it's the manager who has to sign attesting that it's accurate."

A somewhat more explicitly political strategy is to throw the claims to "scientific" accuracy back at personnelists by playing what I call the "PD comparison game." This entails finding a PD for a position that is similar to, but graded higher than, one in your own office (perhaps from another regional office in your agency), taking

the PD to your personnel office, and asking for it to be classified. An FCS manager in a regional office described precisely how the game is played (and why personnel staff often refuse to cooperate):

I've got a PD from another region—a GS-12. And I had our classifier look at it, and [that person] classified it as an 11. So there's differences. I put three others in from different regions, and they were 12, and they looked at them, and they were all classified as 11s. They tell me every other classifier will look at it differently. But they have a hidden agenda there. If they were to tell you that any one of those three [was a 12], then you come back in and say, "I want to classify my position." What are they going to do, tell you now you can't do it? So it's the safe thing to do, to always classify low. You can't get in any trouble that way. . . . They play it safe. And again, given their mission, they are probably doing what they are supposed to do.

The point at which the politics can become heavy is when a classifier does not support what a manager wants. In those agencies where the personnel office stresses customer service, personnelists feel under intense pressure not to say no. They will work hard to find a solution to the problem. As one explained: "At the point where there is real conflict, or the step before that, before you utter the 'N' word, you go back to be sure there isn't something missing. If you need something substantive, you talk to the manager. When it doesn't look like you can do it, you go back and give them another chance. So you aren't hearing, 'They never came to me.'" But classifiers make it clear how hard it is to be responsive to managers, particularly when they face demands they consider unreasonable.

The seriousness of the classification wars is clearly indicated by the willingness of managers to escalate the battle when necessary. At both of the Department of Agriculture agencies and at the EPA, managers told me that they had sometimes gone over the personnel specialist's head in order to get a higher grade. They may start

by going to the supervisor immediately over the classifier or to the director of personnel, but there were several cases where they went all the way to the deputy director of the agency. In regional offices, appeals are made to the headquarters personnel office. In the Agriculture agencies, managers appeal, on occasion, to the departmental personnel office. And on rare occasions, they go all the way to OPM. Classifiers know that this may happen, and they worry whether their bosses will back them up.

This frequent conflict takes its toll. Classifiers feel caught between the pressure to be creative and the need to follow the regulations. As a result, they were by far the most embittered and unhappy of the personnelists I spoke to. One was quite honest about her feelings: "I've already decided I can't do this [work in classification] until I retire. It's too stressful." Managers are often critical of classifiers, whom they frequently describe as narrow and unhelpful. What is clear is that this system takes up enormous amounts of time and energy, that it adds significantly to the costs of managing people, and that many managers question how much value is added by this whole complex system. Both managers and classifiers wonder if there is not a better way. In the next section, I look at one agency that is trying a different approach.

Two Navy Attempts at a Cease-Fire

At both the Department of Agriculture and EPA, the frequent conflicts over classification stemmed primarily from two sources: the reality that power over a significant resource was held not by line managers but by personnelists and the fact that cost control was being exercised indirectly, via the personnel process, rather than directly. One result of this traditional system is that managers are not held directly responsible for controlling personnel costs; the incentive structure rewards them for increasing rather than decreasing their staffs. In fact, the Navy found that, under the old system, it had trouble staying within its payroll budget. According to the

U.S. General Accounting Office (1990b), in fiscal year 1985, the Navy exceeded its payroll budget of \$9.9 billion by \$500 million. These budget issues are only exacerbated by the complexity and the rigidity of the traditional classification system. The Navy has taken two different approaches to solving this problem: a navywide change in budgeting and classification authority and an influential demonstration project testing out a greatly simplified classification system along with other reforms. Let us look at each in turn.

Manage to Payroll: Changing the Balance of Power. Changing the dysfunctional incentive structure of the traditional budgeting and classification systems requires several interlocking reforms. Managers must be given authority to allocate resources and to make classification decisions, and they must be held responsible for managing within their budget. In the Navy, these changes are linked to a new method of internal budgeting: Manage to Payroll. MTP, as it is called, was designed to free managers of rigid constraints by giving them a budget amount and letting them have more authority over how to allocate it. As one manager explained it, "Basically, MTP is a way of management where they give you the funds and you go and do the job." In theory, this gives managers more flexibility in times of growth but also more control over where and how to take cuts. MTP can have a significant effect on management of people, as it allows managers much more leeway in deciding how many people to hire and at what grades, how to handle training and travel funds, and so on.

Along with MTP authority, line managers have been given authority to classify the positions in their units. The combination has made a noticeable positive difference. Several managers told stories about the games they used to have to play around classification, and said how glad they were not to have to go through that anymore. As one described the change: "The personnel office has relinquished classification standards to the directorates [that is, the large operating units]. The scrutinization and the adherence to

standards without good interpretation by the personnel office are no longer there. The game you'd play was to write the words to that standard to satisfy them. It was a paper game. Now, you don't need to play the game."

In short, MTP, combined with classification authority, caused a shift in power from personnelists to line managers, forcing the personnel office to redefine its role away from emphasis on compliance with the rules and toward a more cooperative stance in providing technical help to managers. As a result, many managers saw a significant improvement in their relationships with the Consolidated Civilian Personnel Office (CCPO). An SES member said, "I think [CCPO] views themselves as a service. I can't overemphasize how much difference MTP and the ability to classify our jobs make. They realized we didn't need them."

Changing incentive structures by giving managers a set budget to manage has also clearly made a difference in managers' behavior. According to the General Accounting Office (GAO), "The Navy believes that because responsibility for the budget has been delegated to lower-level managers rather than being centrally managed at the command level, there is a greater awareness of personnel costs" (U.S. General Accounting Office, 1990b, p. 3). The GAO also pointed out that since the introduction of MTP, the Navy has done much better at staying under or at least close to its civilian payroll budget.

However, this approach is no panacea; it solves some but far from all the problems that the current classification system creates for managers. Managers told me about several drawbacks to the Navy's approach. First, most first- and second-level managers, and even some SES members, felt that authority over both classification and MTP was held at too high a level. The theory of MTP was that each manager would be given a budget to manage. The practice is quite different. Both classification authority and especially MTP authority are held at such a high level (usually, the directorate—or admiral—level) that even some SES members complain

that they have little control over their resources. The GAO corroborated this finding; it found quite uneven levels of delegation. What this means in practice is explained by one frustrated SES member: "It's managed at the directorate level. That is one level below the commander. I'm at group level, second level below the commander. And I don't manage my MTP. If I did, I would probably be able to replace [staff members who have left]. Now, someone else is overstaffed, so I can't hire."

Frustration over the high level at which MTP authority is held was a common complaint. One of the sources of the problem appears to be the formal hierarchical culture of the Navy, which may make it difficult for top-level managers to delegate away their own control of resources. But this is not just a Navy problem: higher-level managers' reluctance to delegate authority has been identified as an issue in a number of other organizations implementing similar reforms (U.S. Office of Personnel Management, 1989).

Further, even though classification authority has been delegated to line managers, these managers are still forced to work within the complex and restrictive classification system. Some of the dysfunctions that have developed in the effort to get around this system are still in evidence—for example, the creation of pseudo-supervisors and the inflation of position descriptions (PDs). Most managers do not want to become experts in the ins and outs of classification, so in some cases, the organizational level that has classification authority has hired consultants to handle the technical aspects. It is not clear that these people are better qualified as classification experts than CCPO staff, and they appear to play some of the traditional classification control function.

One particularly disturbing issue is the unwillingness of some managers to accept classification authority. A classifier at the CCPO told me that most of those at NAVSEA have delegated it back, and a senior personnel person at Portsmouth said that none of the managers there had wanted the authority. According to him, a couple of shipyards have delegated classification authority, but

“you end up setting up phantom personnel offices, and the whole organization gets out of control.” This may reflect the fact that managers are already overloaded and find the complexity of the system daunting. But it also may be true, as some personnelists believe, that certain managers are unwilling to take responsibility for making hard decisions or for giving bad news to their staff; they would rather demonize the personnelists and blame them for denying someone an upgrade.

Further, some managers themselves fear that, absent thorough training and consistent oversight, managers will abuse classification authority. This was a subject of some discussion in my group interview with SES members, one of whom explained: “When you have the ability to classify, especially when you get that suddenly, when you haven’t had it before, it’s like putting a hungry person in a candy store. You can be disciplined and have a piece of candy, or you can make yourself very sick. To demonstrate the point at a field activity like a naval shipyard, when I first went to a shipyard in 1969, there were two or three GM-15s in the entire shipyard. When I left, you probably couldn’t count them. Everybody, almost, was a 15.” It is this threat of pressure for grade inflation that makes linking classification authority to budget authority so important. Managers themselves will then be faced with making the trade-offs between fewer higher-graded employees and more lower-graded staff members.

While the Navy’s MTP has not solved all the problems we saw in the traditional classification system, it is probably a move in the right direction. First, it controls payroll budgets directly rather than doing so indirectly by using the classification system as a budgetary control system. Second, it give managers (albeit at a high level) direct control over classification decisions. As a result, the need for elaborate game-playing or protracted conflict with personnelists is much reduced. According to the GAO report: “Officials said that lengthy justifications and rebuttals did not have to be prepared to justify position classifications. Also, one classification officer said

that the average turnaround time for a classification action had decreased from 30 to 45 days before MTP to 18 days or less after MTP" (U.S. General Accounting Office, 1990b, pp. 4-5).

The Navy Demonstration Project. While MTP is a significant reform, it does not address many of the worst aspects of the classification system, particularly its complexity and rigidity. But the Navy has a model for addressing these problems and has tested it extensively in a formal demonstration project at two Navy laboratories. This was the first demonstration project authorized under Title VI of the Civil Service Reform Act, which allowed agencies to suspend civil service law under specific conditions in order to test out new approaches to personnel management. Among the goals of the Navy demonstration were increasing the labs' ability to hire and retain scientists in competition with the private sector, giving managers more control over personnel decisions, and making the personnel system less cumbersome and more flexible (Ban, 1991a). Changes were made in procedures for entry-level recruiting and performance appraisal; in addition, the Navy demonstration tested a streamlined flexible classification system—a method generally referred to as *broad-banding*. Instead of dividing jobs into hundreds of separate titles, this system used job banding, which grouped all "like" positions into five career paths (U.S. Office of Personnel Management, 1984):

1. Professional (includes scientists, engineers, and other professionals)
2. Technical (includes technical support, photographer, quality inspection, and other technician positions)
3. Administrative (includes professional administrative and program analyst occupations)
4. Technical specialist (includes specialized positions in the areas of intelligence, communications, computers, facility management, and quality assurance)

5. Clerical/assistant (includes secretarial, assistant, and clerical positions)

Further, the demonstration implemented *grade banding*, which combined GS grades 1 through 15 into broad pay bands. Each career path has different pay bands associated with it, each pay band typically encompassing at least two traditional pay grades. Thus, each path has four to six pay levels.

The net result is a greatly simplified system, in which the line manager can handle classification by using basic descriptions of positions within each career path. Further, the broad pay bands permit linking pay to performance appraisals by making it easy to move employees' salaries up within the broad band.

Two other agencies have conducted demonstration projects of simplified classification systems. The National Institute of Standards and Technology demonstration used a system quite similar to the Navy's, while the Air Force, in a project called Pacer Share Demonstration, combined blue- and white-collar supervisors into one pay schedule. An OPM report summarizing results of these three demonstrations concluded that: "under all broad-banding systems, satisfaction with classification has increased significantly, and the Navy data, in particular, indicate that the classification process has become much less contentious. Demonstration managers became more satisfied with the services received from their personnel offices when the focus of attention shifted from a process to a service orientation" (U.S. Office of Personnel Management, 1992a, p. 88).

To summarize: Both Navy reforms—Manage to Payroll and the Navy demonstration—point the way to significant improvements in classification from the perspective of managers. The Navy demonstration and its progeny have shaped the debate over classification reform. Their influence is clear, for example, in a 1991 report by the National Academy of Public Administration, which supports broad-banding and simplified classification systems.

Conclusions

As we have seen, the traditional classification process is a significant constraint on managers—one that is made more complicated because of the complex relationship between budgetary and personnel controls. Classification serves as a method to control costs. It is designed and controlled by personnelists, who justify it on grounds of rational personnel management. This leads to an elaborate game in which personnelists and managers face off in tests of wills and of technical knowledge. The net results are reduced authority for managers to manage their staffs, an enormous waste of resources spent on long classification processes and conflicts, and budgetary control that is neither efficient nor effective.

The fact that the current rigid classification system has dysfunctional effects, leading to gaming and other bureaupathic behaviors, is certainly not news. Shafritz detailed many of these problems in his research over twenty years ago (1973). What is surprising is how resistant the system has been to change. Indeed, many classifiers and senior personnel managers support only marginal adjustments and resist the notion of radical classification reform. For example, at a meeting in 1991, ninety federal directors of personnel “recommended that the current position classification system should remain” (Ross, 1992).

Classification reform is high on the list of the National Performance Review’s proposals for reforming human resources in the federal government. In fact, the NPR diagnosis of the problems created by the current system echoes many of the issues that this research raises. The NPR report on human resources (1993d) lists a number of problems with the current system. For example, it faults the system for a lack of mission focus; it sees the value of internal equity as having become an end in itself, driving the system to ever greater levels of precision that have no payoff in more effective government. The report describes a system with low credibility, where “despite all the attempts to build precision into the system through

central control and rules, the fairness of the system appears to be questioned by the vast majority of the people whose opinion is perhaps most important," namely, the employees (p. 20). It criticizes the system's complexity and inflexibility and the fact that it fragments responsibility; managers have no obligation to consider the cost consequences of classification actions, while personnelists "do not have to face the consequences that classification actions have on program missions" (p. 21). Finally, the report makes clear how classification reinforces a hierarchical orientation in government, particularly because it provides higher grades for supervisory work.

The specific reforms called for by the NPR flow from this analysis. The report recommends the removal from federal law of the technical details of the system—particularly the classification criteria associated with specific grade levels—so that they can be revised as needed without going through a lengthy legislative process. It proposes that agencies be permitted to move to a broad-banding system on a voluntary basis, with guidance from OPM. And it encourages agencies to experiment with unique approaches to broad-banding under a revised and expanded demonstration project authority. At the same time, the report makes clear that broad-banding is not a panacea and that it can increase salary costs if not linked to appropriate budget controls. For those agencies that choose to remain in the current fifteen-grade system, the NPR calls for delegating final classification authority to the agencies and eliminating OPM's authority to review and reverse agency decisions. Within agencies, classification authority would be given to line managers, who would be provided with appropriate training and decision support systems. Classification decisions would be made "at a level of management that operates under a fixed budget that includes all pay-related costs" (p. 24). Finally, agencies would be given additional flexibility in setting pay rates, such as entry pay or within-grade pay increases.

All the changes proposed by the NPR would tend to reduce complexity and increase flexibility, while at the same time increasing

fiscal accountability for line managers. These changes make very good sense in light of the research presented here. They would reduce, if not eliminate, the conflict between managers and personnelists over classification. They would also reduce dramatically the enormous waste of resources on long classification processes and conflicts.

The NPR proposals echo another conclusion that flows from the research. Acknowledging that classification is really about budgetary control makes it clear that any classification authority has to be linked to financial accountability. Otherwise, there will be no incentive for managers to keep pay, and costs, down. Further, the complexity of the current system is a deterrent to managers, even when they have the necessary authority. Moving to a more simplified system is essential if managers are to be able to exercise their classification authority. Even if the system is simplified, managers will require thorough training in order to do classification well. While personnel staff can provide technical support, managers need to learn how to use classification and pay as a management tool—something that will be a novel idea to many of them.

The experience with MTP in the Navy also has potential lessons. Most importantly, broad-banding will not work well if authority is held at too high a level. While it makes sense to link classification and budget authority, if both are held three or four levels up, first-line supervisors and even midlevel managers will hardly be empowered. Further problems are caused by the existence of pseudo-supervisors, which, ironically, is a result of attempts to game the old system. If real managerial authority is held at a level higher than the pseudo-supervisor's level, who will make classification decisions? The most likely scenario is that supervisors who verge on the pseudo—that is, who are uncertain how much authority they really have—will feel that they need to review all classification decisions one or more levels up the chain of command, thereby slowing down the process yet again.

Finally, our being aware of how many managers are really “worker-managers” sensitizes us to workload concerns. Managers

cannot be overburdened with responsibilities and discharge all of them well. If they are asked to take on classification responsibility, they may resist—even though they see the change as desirable—simply because of the burden involved. Another reform proposed by the NPR is the broadening of managers' span of control and a reduction in the number of managers. Asking worker-managers to take on responsibility for more people at the same time as their other functions are expanded may be a recipe for disaster.