

Niskanen Center

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

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The Niskanen Center is a 501(c)3 issue advocacy organization that works to change public policy through direct engagement in the policymaking process.

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Executive summary

There's an old joke in Washington that the first thing anyone asks you is, "What do you do?" as they're trying to size you up. That tendency works in reverse too, however, as it's also the first question most people ask when trying to understand an employer or an organization – what they say they do can tell you a lot about what they value.

Every year, when it hires a couple hundred thousand people, the federal government sends millions of signals about itself to the job market, its own workforce, and the broader country. A cursory glance through its job postings reveals some of the most obvious ones: that federal employment is narrow, bureaucratic, procedural, and intelligible only to insiders. It prioritizes and selects for task specialists rather than outcome specialists. These signals shape who applies, who stays, and ultimately what kind of government Americans get. It is not a coincidence that Americans impute those same signals onto the entire enterprise: slow, stuck in the past, unable to innovate, etc. It's also why many contemporary efforts to reform individual parts of the civil service – experiments with hiring process tweaks, exotic accountability schemes, for example – rarely produce much in the way of results. The "bones" of the house dictate its shape more than the window dressings.

It doesn't have to be that way. The federal government's job classification system – the framework that defines what federal jobs are, what they're called, how they're described, and how they're compensated – was never meant to be the terminal state for the bureaucracy, and yet it has remained fundamentally unchanged since 1949. Designed for a workforce of clerks and typists in an era of assembly lines and typing pools, the federal government's General Schedule (GS) personnel system now struggles to accommodate data scientists, cybersecurity specialists, and the knowledge workers who compose the modern civil service. The result is a system that obscures jobs behind bureaucratic titles, pays software engineers the same as HR specialists because an internal rubric deemed their roles equivalently complex, and forces agencies to go hat in hand to Congress or the president for special carve-outs just to stay competitive. Small wonder that Americans and federal employees alike feel their government is broken: It is operating under civil service rules that have long passed the end of their useful life and keep civil servants trapped in a system that incentivizes all the wrong behavior.

This paper imagines the system that might come next, reflecting modern labor market dynamics just as the GS did when it was created almost 80 years ago during the Truman administration. In this model, the federal government would redefine some of its core principles, such as "equal pay for equal work," to better fit its value proposition to modern work life, pruning back the ways in which its application has grown to obscure the original intent. It would break up the universal pay table in the GS into several occupational pay categories; move from 15 grades to six career steps; free agencies from the requirement of bureaucratic job titling; reduce low-value complexity in the Federal Locality Pay system; and let agencies define their own merit-based compensation schemes that better fit the stunning diversity of missions they are asked to undertake. Congress should enact this system on bipartisan consensus and fund agencies adequately to stick the landing.

A better government is possible, but it takes hard work. The payoff, however, is worth it.

Summary of findings

In examining the history, the current practice, and the theory behind job classification and pay setting, this paper makes several findings, each of which is discussed in detail in sections II, III, and IV.

The current system falls short:

1. **The system is task specialized, not outcome specialized** – The federal government’s system of designing and rewarding jobs is based on which tasks employees complete during the day – never mind that most modern jobs involve a wide variety of tasks centered on broad outcomes. Good marketing specialists aren’t good because they’re just experts at a specific bundle of tasks like proofreading, copywriting, and graphic design; they’re good because they generate positive brand attention using whatever means are most effective.
2. **The system is blind to labor markets** – A GS-12 Human Resources Specialist and a GS-12 Software Engineer are treated as equivalent units of labor value, but the market prices them very differently. The government chronically underpays for high-demand technical skills while arguably overpaying for administrative roles that have been automated or outsourced elsewhere in the economy.
3. **The system is easily gamed** – Because classification depends on written descriptions of duties rather than outcomes, clever position descriptions can secure higher grades for work that would be classified lower elsewhere. This produces inequity – the opposite of what the system intends – and fuels persistent grade inflation.
4. **Standards cannot keep pace with change** – OPM’s occupational standards take years to update. Many date from the 1960s, and even then were out of date. The government is classifying 21st-century work against mid-20th-century benchmarks, forcing managers to shoehorn data scientists into categories designed for file clerks.
5. **Managers have no incentive tools** – A supervisor who wants to retain a high-performing employee or respond to a competing offer has almost no ability to adjust compensation. Pay is tied to the position, not the person. This strips managers of the most basic management tool and turns them into passive observers of their own attrition rates.
6. **Growth in place is impossible** – The grade has become the sole proxy for professional worth. Employees who want to be paid more must seek higher-graded positions, even if that means leaving work they love and are good at. The system creates a culture of grade chasing rather than mission focus.
7. **The system sends the wrong signals** – Bureaucratic job titles, arcane classification jargon, rigid position descriptions, and 18-year step progressions all communicate that the federal government is a world apart from modern employment. These signals discourage exactly the talent the government most needs to attract.

But the GS system does some important things well:

8. **Demographic pay equity** – The lockstep nature of the GS means that once employees are hired into a given role, their progression is largely automatic. This makes it structurally difficult for the system to disadvantage women or minorities in ways that more discretionary systems can. A role is a GS-12 regardless of who sits in the seat.
9. **Predictability for employees** – The system offers profound stability. An employee entering as a GS-07 knows exactly what is required to become a GS-09 and how long it will take to reach Step 10. Raises happen at known intervals rather than at managerial whim. This predictability fosters a sense of security that was intended to insulate public service from market volatility.

10. **Budgetary and managerial predictability** – The government can plan its personnel costs years in advance because salary escalation is formulaic. A GS-13 represents a known cost trajectory. This makes workforce planning possible at a scale that would be unmanageable if every salary were individually negotiated.
11. **Whole-of-government coherence** – The common language of grades and series allows employees to move between agencies, allows Congress to legislate across the workforce, and allows managers to understand roughly what a given grade level means regardless of context. This coherence has real value for an enterprise as large and diverse as the federal government.

How we got here, 250 years into American history:

12. **What Congress puts in statute stays in statute** – Detailed grade-level definitions, specific salary figures, enumerated occupational categories – once these are written into law, they prove extraordinarily difficult to update. The lag between economic change and statutory revision creates pressure for exceptions and workarounds that eventually fragment the system. Future-proofing requires removing as much operational detail from statute as possible, finding alternative mechanisms for congressional control that don't require amending the U.S. Code every time conditions change.
13. **Simplicity is durability** – The two longest-lived federal pay systems – the four-grade structure of 1853 and the General Schedule of 1949 – were both relatively simple compared with their predecessors. The baroque Classification Act of 1923, with its dozens of services and hundreds of classes, collapsed within a generation. Comprehensive precision is the enemy of longevity. Systems that try to account for every contingency tend to buckle under their own weight.
14. **Agency-specific exceptions are a trap** – Every major reform has been undermined by carve-outs: the Foreign Service here, the VA there, new agencies exempted because they needed to stand up quickly. Each exception creates a constituency for its own perpetuation and spurs other agencies to seek similar treatment. If a system cannot accommodate legitimate variation through its standard mechanisms, the answer is to make the system more flexible, not to punch holes in it.
15. **Implementation outlasts political moments** – The George W. Bush administration's attempts to reform classification at the Departments of Homeland Security (DHS) and Defense (DoD) failed in part because they were enacted on party-line votes and implemented through controversial regulations that lacked durable support. When Congress changed hands, the projects were strangled before they could mature. Any new system will take years to implement fully, years that will span multiple congresses and at least one change in administration. Reforms that cannot survive shifting political winds will not survive at all.
16. **Equal pay for equal work is not negotiable, but it must be modernized** – At the heart of every reform cycle has been a persistent public and congressional demand that similarly situated employees be treated similarly. When fragmentation produces arbitrary differences in compensation, the political system reliably responds with pressure for standardization. The Bush-era reforms stumbled in part because their pay-for-performance components were perceived as threatening this principle. Any new system must maintain legitimate equity while redefining what "equal work" means in a world where labor markets value different skills differently.

How other large organizations have elected to solve similar problems:

17. **Fewer levels are better than more** – When organizations flattened their hierarchies in the later decades of the 20th century, they discovered that maintaining 15 or 20 finely graded distinctions created admin-

istrative overhead without corresponding organizational benefit. Most meaningful career transitions can be captured in five to eight levels. Distinctions finer than that tend to become arbitrary and invite gaming.

18. **Job families matter more than individual occupations** – Labor markets don't operate at the level of "Management and Program Analyst" or "Computer Assisted Ordering Technician." They operate at the level of finance, engineering, human resources, information technology – broad functional groupings within which people move, recruiters specialize, and compensation surveys are organized. Classification systems that mirror labor market structure are easier to benchmark and easier to explain.
19. **Market pricing beats internal point counting** – As internet adoption progressed and compensation data became widely available, employers discovered they could benchmark directly against external markets rather than rely on elaborate internal rubrics as a proxy for fairness. The relevant question shifted from "How does this job score on our complexity factors?" to "What does the market pay for this work?" Internal equity still matters, but it is no longer the sole or even primary driver of pay structure in most places.
20. **Flexibility within structure is necessary** – Modern job architectures give managers discretion to place employees within bands and to differentiate pay based on performance, market conditions, and retention risk, without requiring reclassification of the position itself. This flexibility demands other safeguards (calibration, transparency, analytics, etc.) but it allows organizations to respond to labor market signals without constant pressure for grade inflation.
21. **Skills and competencies matter more than task lists** – Position descriptions that enumerate every discrete duty a worker might perform are both overspecified (listing tasks that may never recur) and underspecified (failing to capture the judgment and adaptability that define knowledge work). Modern systems focus on what employees need to be able to do, not an exhaustive catalog of what they might be asked to do on any given day.

Summary of recommendations

Considering each of these findings, and others, this paper recommends that the federal government adopt a new model for position classification and job definition that has the following characteristics, each of which is discussed in Sections V and VI. We define six design principles, the system they would enable, and what Congress and agencies would need to do to make this work.

Six design principles should guide a new system:

22. **Outcomes over tasks** – The system should define jobs by the results they exist to produce and the capabilities required to produce them, not exhaustive catalogs of discrete duties. Position descriptions that enumerate every task are simultaneously overspecified and underspecified for knowledge work.
23. **Simplicity as a design constraint** – The system must be simple enough to administer and simple enough to understand. History demonstrates that baroque complexity – whether the 1923 Classification Act's several discrete services or today's 400-plus occupational series – eventually collapses under its own weight.
24. **Permeability to outside talent** – The system must treat career mobility as normal rather than aberrant, making it easy to bring experienced professionals in at appropriate levels and easy for federal employees to leave and return without penalty.
25. **Labor market comparability by occupation** – The system must benchmark compensation against external markets for each occupation, not rely solely on internal complexity ratings. A cybersecurity expert and a

budget analyst should not earn identical salaries simply because an internal scoring system rated their positions as equivalently complex.

26. **Mission flexibility through standard mechanisms** – The system must accommodate legitimate agency variation through its normal operations, not through carve-outs that fragment the workforce. If a system cannot handle variation, the answer is to make the system more flexible, not carve it up.
27. **Redefined pay equity at the occupational level** – Equal pay for equal work should apply within occupational families – in which employees actually compete for jobs and possess interchangeable skills – not across fundamentally different labor markets.

Features of a reimagined classification and pay system:

28. **Simplified job architecture with approximately 30 occupational families replacing 400 occupations** – The many granularly defined occupational series should collapse into broader families organized around functional similarity and labor market dynamics: Information Technology, Finance and Accounting, Engineering, Legal, Medical and Health, and so forth. OPM would provide high-level guidance while agencies gain authority to define specific positions.
29. **Six career levels replacing today's 15 grades** – The General Schedule's elaborate grade structure should give way to meaningful career stages: Entry Level/Developmental, Journey Level, Specialist, Manager, Senior Individual Contributor, and Senior Manager. Each level would have a pay band rather than discrete steps.
30. **Occupational pay tables benchmarked to labor markets** – Each occupational family should have its own pay table, with ranges for each career level, independently calibrated to its respective labor market and updated annually. The IT table might range differently than the Administrative Support table because those labor markets operate independently.
31. **Simplified locality pay with four categories** – The 58 locality areas should collapse into four categories – High Cost of Labor, Medium Cost of Labor, Low Cost of Labor, and Remote – reducing administrative complexity while preserving geographic responsiveness.
32. **Mixed longevity and merit progression within bands** – Within-band movement should combine a guaranteed longevity component (perhaps 1 percent to 3 percent annually for satisfactory performance) with a discretionary merit component (up to 6 percent to 8 percent annually) based on agency-determined performance criteria, with strict transparency requirements.

How to implement these recommendations:

Congress

33. **Specific statutory changes are required** – Congress must remove grade-level definitions from statute and replace them with career-level bands (5 USC Chapter 51); transition from the General Schedule to occupational schedules (5 USC Chapter 53), simplify annual pay-setting procedures; update within-grade increase formulas to split longevity and merit; and clean up agency-specific exceptions.
34. **Congress must lead with detailed, bipartisan legislation** – The system rests on statutes that only Congress can change. Reform enacted on party-line votes will be vulnerable to rollback when political control shifts; implementation spanning five to seven years requires durable consensus.

Executive Branch

35. **Agencies need investment in workforce planning capacity** – Most agencies lack in-house expertise for career pathing, competency modeling, and performance-based pay distribution. Reform requires building this capacity, not just granting new authorities.
36. **OPM needs a dedicated compensation function** – If OPM is empowered to recommend occupational pay adjustments annually, it requires labor economists and compensation specialists – perhaps 30 to 40 staff – capable of producing high-quality market analysis for each occupational family to navigate to the right place in each labor market, consistent with the administration’s policy.
37. **Employee engagement must begin early** – The Bush administration’s failure to adequately consult unions contributed directly to the demise of the DoD’s National Security Personnel System (NSPS) and DHS’s MaxHR reforms. Genuine engagement with employee organizations from the earliest stages is essential to building a durable coalition.

Summary of benefits

A classification and pay system built on these principles would address the core dysfunctions that have accumulated over 75 years and that contribute to a government that both feels and is broken:

38. **Agencies could compete for talent in critical fields without lobbying for special authorities or relying on workarounds** – The system would accommodate the reality that cybersecurity experts and HR specialists operate in different labor markets while guarding against inequities among agencies created by special exception cases.
39. **The principle of equal pay for equal work would be preserved but defined at a level that makes sense** – Equity would mean that federal employees in the same occupation at the same career level receive comparable pay, regardless of agency. It would not mean pretending that all work of similar “complexity” deserves identical compensation but rather ensuring that equity is defined expansively.
40. **The system would be simpler to explain and administer** – Instead of one general pay plan with hundreds of exceptions, there would be a coherent structure where occupational differentiation is built in from the start. The guardrails would provide enough guidance to ensure cross-government equity while allowing agencies to fine-tune rules to their unique situations and missions.
41. **Growth in place would become possible** – A procurement specialist who excels technically but has no interest in management could continue advancing within their pay band rather than chase a supervisory position to get a raise. The practice of overgrading to create temporary competitive advantage between agencies would no longer be required just to compete for talent.
42. **A new job architecture unlocks further reform in other parts of the civil service system** – A better foundation for job design makes other types of reform possible: A modern merit progression within grades makes it possible for new models for performance management to work; a move to occupational job families makes new ways of providing training or structuring accountability by function rather than agency viable; defining jobs in ways that applicants understand helps hiring reform to focus more on procedure than job design, etc.

I. Introduction: The wrong jobs

The federal government has been the largest employer in the United States for many decades and is one of the most complex enterprises in human history, employing several million people directly and indirectly each year. Its scope and size have been debated over the country's history, with a focus on whether the government is too big or too small, too slow or too fast. Strangely absent in those conversations, however, is discussion about the nature of the jobs themselves that we ask federal employees to do, despite the fact that the *characteristics of those jobs* are a policy choice and express a management philosophy and a set of values. Understanding this is key to understanding how federal agencies work and the type of governing we get.

Atoms are the basic building blocks of matter; jobs occupy the same role in organizations. Water is water because of the unique arrangement of hydrogen and oxygen atoms, and Apple is Apple because of the unique arrangement of designers and engineers and many others within its organizational structure. The jobs they offer are essential to their function.

Just as people define jobs, jobs define people. In many cases, the first thing we learn about new acquaintances is a job title, from which we make snap decisions about how to engage with them. Job titles lower friction between employers or across regions by giving people useful mental shorthands for understanding who might be the right person to talk to or how to seat people at a meeting. Jobs are also part of how we self-identify and give meaning to who we are and what we do. When the Marine Corps tells its new recruits that “every Marine is, first and foremost, a rifleman,” it is expressing something both about its management approach and its unique institutional values: the rifleman is the beating heart of the Marine Corps and everything else is in contrast to that role. The Marine Corps wants Marines to think of themselves as riflemen first, and so Marines do.

In short, jobs operate on two levels in human society: They are both a useful shorthand that makes managing complexity easier, and a signal that people and organizations send about their values.¹

By ignoring the essential question of *whether or not federal employees are doing the right jobs* in the first place, most reform efforts and debates on the scope of government are ultimately not impactful. Changes to make it incrementally easier or harder to hire, fire, or flexibly compensate employees, for example, are at best marginal and at worst ineffective. Rather, to change the way the government looks, feels, works, and engages with the public, we have to first examine how we construct jobs and whether that system reflects the right organizational and management values.

For nearly 75 years, we've managed the government's people with an industrial-age management scheme imported directly from mid-20th century factories. It's no wonder, then, that people think of the government as slow, bureaucratic, and old-timey: That's exactly how the government defines the work of its employees and the jobs it asks people to do.

In other words, real civil service reform doesn't start with hiring freezes or removal procedures, but rather with the fundamental question: Are we even offering the right roles?

1. A. Michael Spence, *Market Signaling: Informational Transfer in Hiring and Related Screening Processes*, Harvard Economic Studies 143 (Harvard University Press, 1974).

Classification is the root of all management

Humans taxonomize and classify everything: plants, animals, business processes, students, foods, music, warships, and so on. Occupational taxonomization, or “job classification,” is one of the oldest and most constant expressions of this habit. It is one of the first things children do when they’re learning to speak – pointing out “firefighters” and “astronauts” and the like – and it has been with us for at least as long as our species has used writing.

However, to modern ears, “job classification” sounds, on its face, dull. At best, for those with experience in the federal government, it has positive associations with getting paid under the General Schedule; at worst, it evokes frustration or confusion over hiring actions delayed because someone in an HR office had to “classify” the position description. More likely, it just scans as another meaningless bureaucratic ritual – perhaps something to do with *classified information* produced by the country’s various intelligence agencies.

But it isn’t really about any of that or, rather, it isn’t *just* about any of that.

A “job classification system” is a way of organizing and defining work; it is the taxonomy of personnel management within a firm. It describes and structures, in loose or precise terms, the occupations, job titles, and the functions and duties that employees perform in an organization. Usually this is some kind of hierarchical list – Finance Intern, Accountant II, Policy Branch Chief – with descriptions of job duties and tasks attached to each of them.

Most importantly in the context of the workforce, such systems often but not always determine which employees get which salaries. Organizations need to benchmark salaries in order to both conduct workforce planning and decide which salary rates to offer which jobs with some degree of fairness. Without compensation ranges attached to specific jobs, this would be impossible: most managers are focused on their day-to-day work and don’t have time to conduct complicated compensation studies to determine the right pay level for a given job type. And most organizations prefer to standardize pay, at least to a degree, to avoid competitive resentment among employees or overpayment by line managers.

Employers establish these systems for a variety of other reasons, some obvious, some less so:

- **Most organizations need conventions for job titling that function as an organizational shorthand** – These formal rules about job nomenclature and how they rank relative to one another convey meaning, status, and also important information about someone’s place in the hierarchy. They create cohesion among cohorts of similarly situated employees, help control such processes as promotions or the distribution of certain privileges like office size, and dictate who is in charge.
- **Classification systems govern how hiring managers craft job descriptions, which in turn guide hiring decisions** – These rules influence what managers can say to define and advertise jobs and the signals they send to applicants.
- **Talent development programs need benchmark knowledge, skills, and abilities (KSAs) for each job and level to plan curricula and career paths** – To determine what training programs a given employee or cohort of employees need, organizations require some kind of listing of the types of KSAs that individual employees or groups of employees *should* have to do their jobs effectively. These are usually derived from the standard job duties, functions, and responsibilities inherent in each role.

- **Performance management systems need a definition of what “good” looks like to evaluate individuals** – If the point of performance management is to reward high performers and mitigate low performers, the first question has to be what the model of an “adequate” performer looks like, and the evaluation proceeds in light of that model. Absent that standard, performance management systems devolve quickly into subjective ratings that help neither manager nor employee – it’s impossible to credibly claim someone “isn’t meeting expectations” if there isn’t a set of expectations to evaluate them against.

In this way, classification systems are the human capital infrastructure of an organization. They don’t perfectly describe organizations as they exist in the real world, but rather their idealized schematics: benchmarks, permissible ranges, model job descriptions, and the like.

Properly implemented, these systems make modern, complex workplaces possible. They reduce friction, drive internal equity among similarly situated employees, and enable organizations to plan. They define the benchmarks against which employees and managers are held accountable for performance and equity. Importantly, they also enable individuals to run organizations at scale; without common job definitions and standards, it would be impossible, for example, for anyone to run an entity as large as a federal agency or a multinational company. In complex organizations, there are just too many people to know everyone individually absent an abstract system for classifying them into groups.

However, because these systems are both designed by humans and inhabited by humans, they are also a way that organizations and the people in them convey meaning to one another and, just as often, how we create meaning for ourselves.

Consider a grocery store.

A tale of two grocery stores

Today, on Trader Joe's website, the national grocery store chain is advertising job openings at its 600+ stores and corporate headquarters. Notably, its website emphasizes that there are really only five types of jobs at Trader Joe's and that, for the vast majority of its staff, it has only a few generic job descriptions. In keeping with the company's general nautical theme, they are: Crew, Mate, Captain, Office Crew, and Merchant.² For nearly all nonmanagement staff, the job title is simply "Crew," which the company describes this way:



Location: #658 – 6610 Marie Curie Dr.

Job Location City Elkridge

Job Location State Maryland

Job Location Zip Code 21075

Job Type: Crew

Starting Pay Rate: \$17.00 – \$19.00 / hour

Hours: Up to 38

Desired Shifts:

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
All Day	All Day	All Day	All Day	All Day	All Day	All Day

APPLY NOW

Share this job:



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.

² Trader Joe's, "Our Crew," accessed December 16, 2025, <https://www.traderjoes.com/home/careers/our-crew.html>.

Like the Marine Corps, Trader Joe’s is communicating something about its values and its management approach in these job postings: a flat organizational chart with large pools of labor, a preference for generalists over specialists, a philosophy of internal promotion first, and a relentless prioritization of on-the-ground customer experience over all other values. It’s part of the reason why you can go into any Trader Joe’s in the country and encounter the same type of highly engaged, informed, friendly people. And it is not a coincidence that this approach complements other aspects of its business (small stores, personalized totes, and such): consumers and employees keep coming back because it all coheres into a pleasant, consistent experience.

Contrast this to the federal government. In 2025, on USAJobs.gov, “The Federal Government’s Official Employment Site,” the Defense Commissary Agency (DeCA) sought to hire a “Computer Assisted Ordering Technician” in Maine. This is government-speak for someone who tracks stock in a grocery store at the Bangor Air National Guard Base.

Computer Assisted Ordering Technician

DEPARTMENT OF DEFENSE
Defense Commissary Agency

[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.

[Learn more about this agency](#)

Overview [Help](#)

Reviewing applications

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

Salary
\$40,332 - \$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

Appointment type
Permanent

Work schedule
Full-time - Irregular work schedule to include

This job is open to [Help](#)

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 of active duty service members or whose spouse is 100 percent disabled or died 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

For a job not materially different from “Crew,” this job is defined and advertised much differently. Rather than talking about customer experience or other business outcomes, it’s described extremely narrowly. Duties include a detailed list of tasks such as “[m]aintain the Computer Assisted Ordering (CAO) system with current, accurate data to ensure optimal order quantities are calculated necessary to sustain customer demands,” “[u]se radio-fre-

quency hand-held terminals to gather data necessary to update and adjust inventory,” and “[r]ecord and update Balance on Hand (BOH) data; maintain perpetual inventory and audit credits.”³

If that sounds mechanical, out of touch, and out of date, that’s because it is. Whether or not DeCA intends to, its job definition is communicating and reinforcing a completely different and outdated set of management approaches, values, and priorities than a modern, high-performing employer like Trader Joe’s. Reading this job posting, which is wordy, confusing, visually noisy, bureaucratic, narrow, process focused rather than outcome focused, and intelligible only to insiders, the average person could be forgiven for assuming that the government was populated by some completely different species of people, completely apart from the rest of the economy and society.

It’s not an aberration. Scroll through USAJobs and you’ll see that inscrutability is the norm rather than the exception. “Biomedical Equipment Support Specialist (Information Systems)”? That’s a healthcare software and network administrator. “Management and Program Analyst”? Translation: workforce policy adviser. Maybe. It’s murky, even after recent reforms in both the Biden and first Trump administrations to introduce plain-language job titles.⁴ Somehow, the message that federal jobs and agencies are archaic, narrow, and procedure obsessed persists. It feeds the impression that the federal government is focused on org charts over outcomes.

That’s because the federal personnel system was designed with a set of industrial-age values in mind, and those values will continue to be reflected in the behavior it drives in its staff and the outcomes that they generate. As with Trader Joe’s, the government is sending signals about how it works, and those signals are messy, stuffy, and hard to decipher.

A midcentury personnel system for a government of clerks

The General Schedule personnel system – the laws, regulations, rules, grammar, and norms that govern how most of the federal government’s 2.3 million civilian jobs are conceived, how they’re talked about, and what they get paid – was established in 1949 and hasn’t been substantially updated in the ensuing decades save for the adoption in the 1970s of a method for grading jobs called “point factor rating,” invented in 1926 by a gyroscope factory foreman named Merrill Lott.



³ Defense Commissary Agency, “Job Announcement: Computer Assisted Ordering Technician,” USAJobs, accessed January 9, 2026, <https://www.usajobs.gov:443/job/844175300>.

⁴ Veronica E Hinton, “Job Titling Guidance in Alignment with Executive Order 14170 and the Merit Hiring Plan,” OPM Memo to Chief Human Capital Officers, September 9, 2025, <https://www.opm.gov/chcoc/latest-memos/job-titling-guidance-in-alignment-with-executive-order-14170-and-the-merit-hiring-plan/>.

⁵ “Classification in a Nutshell,” U.S. Civil Service Commission; Originally prepared by the U.S. Department of Agriculture Personnel Office, July 1951.

The GS system, when Congress designed it, was intended to help the president manage a rapidly expanding postwar government and mirrored the factories powering the rapidly expanding postwar economy. Most work in midcentury factories was mechanical, highly routinized, rigidly defined, and repetitive. In that environment, sound management involved devising the right set and order of process steps to turn a series of inputs into a series of outputs — white collar managers were essentially process engineers and workers were viewed as biological machine parts. Job descriptions tightly outlined and formalized the size and shape of the resource needed to complete each step. Approaches to management were still proudly and profoundly influenced by the workplace theories of Frederick Taylor and Henry Ford a generation earlier. In this model, success is as simple as determining the right-sized cog, finding one on the market, plugging it into the machine, and doing one’s best to keep it in good working order over time.

The General Schedule federal personnel system was imported directly from these factories that made cars, refrigerators, and planes and reflects those same values, except that instead of fabricators of manufacturing goods, the work was largely clerks processing paperwork. It was *supposed* to signal that the federal government was an industrial-age organization in which complex work could be reduced to standardized, interchangeable parts; and that such parts could be scientifically rated and equalized on a single pay scale, whether they involved writing reports or clearing brush. This system imagines a machine in which every role is an exquisitely designed cog of specific size and importance in which any qualified person would produce roughly the same outcome. It signals to employees that their job is circumscribed by its description and that innovation is the exception, not the rule, because minimal deviation from the blueprint is desirable. And it also signals that pay setting and promotions are more about longevity and seniority than performance or competence. Just as they were in the factories the government was emulating, task specialization meant that employers prioritized stability and return on training investment rather than variable individual performance.

The federal workforce of the period reflected this reality. In 1950, when the current personnel system began to take shape, the median pay grade was GS-04 (on a scale ranging from 01-18), as most federal employees performed “under immediate or general supervision, moderately difficult and responsible work in office, business, or fiscal operations.”⁶ Both then and now, jobs at these grades are primarily held by those with high school diplomas.⁷ These jobs, by definition in the law,⁸ do not require advanced training, professional experience, or other investments in human capital and performance; success is determined by faithful execution of well-defined office procedures.

For example, in a 1969 congressional hearing, a representative from the U.S. Civil Service Commission described the system working as intended for the junior role of “card punch operator”:

A card punch operator pretty much has to do the same thing, no matter what agency he works for and no matter what kind of program. There are ranges in difficulty but they are within a narrow range, so we can describe quite precisely the difference between a GS-2 and GS-3 card punch operator, and the standards are what we might call quite specific and rigid. There is little room for error.⁹

6 5 U.S. Code § 5104

7 U.S. Office of Personnel Management, “General Schedule,” OPM.Gov, accessed January 9, 2026, <https://www.opm.gov/policy-data-oversight/pay-leave/pay-systems/general-schedule/>.

8 5 U.S. Code § 5104

9 *Federal Job Evaluation Policies: Hearing on H.R. 13008: To Improve Position Classification Systems within the Executive Branch, and for Other Purposes before the Subcommittee on Position Classification of the Committee on Post Office and Civil Service*, U.S. House of Representatives 91st Congress, First Session (1969), 16.

In such a world of work, this system makes perfect sense and produces the exact equitable and efficient outcomes the government should strive for. It also fits the story protoeconomists and social theorists had started telling in the late 18th century and expanded on in the 19th and early 20th centuries about modern market economies: As organizations and outputs grew more complex, they tended toward specialization and bureaucratization. The machines were getting bigger, the thinking went, but that just meant that an individual job constituted a smaller step in the larger process. Max Weber famously described this phenomenon in his discussion of the “ideal type” bureaucracy in the 1920s.¹⁰

For these theorists, observing the industrial revolution firsthand, this story was plausible or even obvious. But, toward the end of the 20th century, the trend they forecasted began to reverse.

In the private sector, jobs stopped getting more minutely defined by task and instead grew more expansive. Rather than narrowly focusing on a specific input to a process, knowledge economy workers began to specialize in producing business outcomes: accounting technicians were replaced by financial analysts, clerical staff by domain experts, and the like.¹¹ Computers made it possible to complete many different types of tasks much more quickly, expanded the number of discrete tasks a worker could do during one day, and workers became differentiated based on their ability to plan, prioritize, organize, execute, and communicate those tasks rather than on their mechanical skill at producing one or two over and over again.

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 work was low-level and clerical. By 2024, most employees occupied higher complexity, analytical and managerial roles.

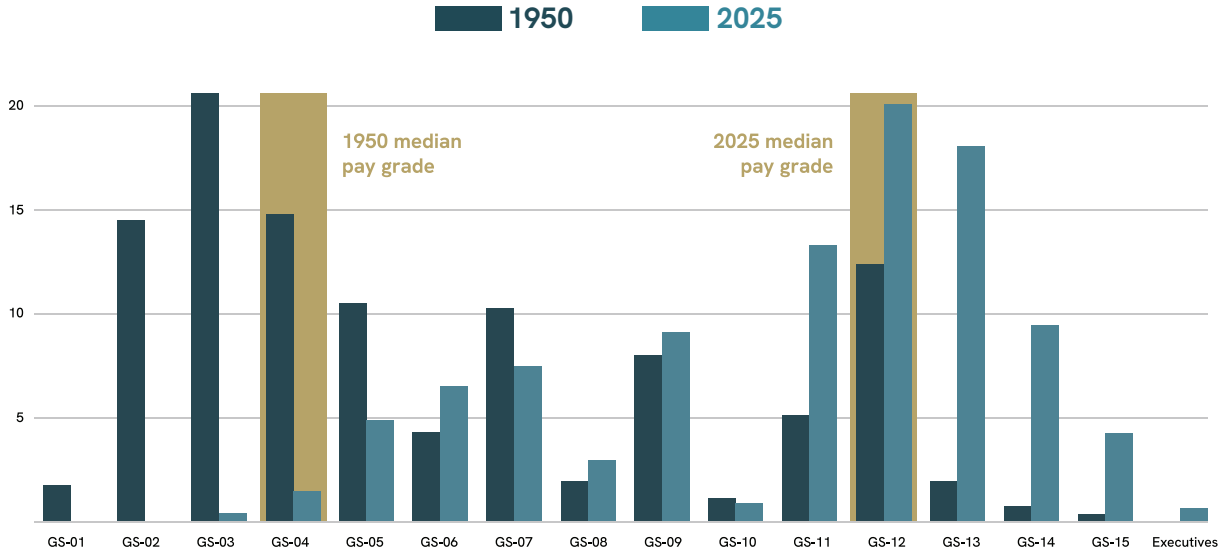


Chart: Gabe Menchaca - Source: Civil Service Commission Annual Report, 1950; Office of Personnel Management Fedscope Database, September 2024

¹⁰ Max Weber, From *Max Weber: Essays in Sociology*, trans. H. H. Gerth and C. Wright Mills (Oxford University Press, 1946), 196.

¹¹ Michelle Jackson, *The Division of Rationalized Labor* (Harvard University Press, 2025).

The federal government, as an employer, is no stranger to these changes. Fewer and fewer federal employees perform the type of work that was most common in 1949 – the median grade level is GS-12 now, with most employees “performing work of a very high order of difficulty and responsibility along special technical, supervisory, or administrative lines.”¹² While many federal employees do still have trade and service jobs (janitors and chefs, for example), those get more rare each year as those functions become commodified and fulfilled by the private sector. We’ve shifted from clerical tasks and paperwork to cancer research, counterterrorism, and complex program management. And it seems likely the advent of artificial intelligence will reduce those remaining clerical roles and job duties even further in the coming years and as employees shift to figuring out how to structure and review the work of an AI system rather than performing many tasks themselves.

But while the work has been utterly transformed, the framework the government uses for organizing and compensating work remains frozen in the middle of the 20th century. The General Schedule system is a living fossil in a world of more flexible personnel systems and dynamic management approaches that have driven innovation and growth in the broader American economy.

Change the jobs, change the government

It’s no wonder, then, that critics, admirers, and insiders all say the federal government is broken: too slow to innovate, too mired in red tape, too inflexible, too fastidiously bound to “the way we’ve always done it.” Its people, the beating heart of any organization, are stuck working in jobs designed for those values. Not all of these criticisms are universally true, of course, but the fact that they keep recurring should signal to reformers that action is needed to transform the federal government to meet the needs of the 21st century and the ways of the 21st century workplace. Individual stories of excellence and innovation are possible, but only because those agencies and people hit escape velocity to defeat the gravity of the system the rest of the government is stuck in.

To transform the federal government for the challenges of modern governance, a much broader approach to civil service reform is needed. Rather than nibbling around the edges with incremental changes to hiring processes or performance management systems, the federal government needs an approach that takes seriously the entire structure of the federal personnel system and begins to imagine a world where people, procedure, and behavior all cohere in ways driven by mission rather than history. Necessarily, this must start by rethinking the entire system of federal job classification that drives job definition, individual compensation, and the broader structure of the public workforce.

This paper imagines such a system. It examines how we arrived at today’s approach to classification and job definition, why it no longer serves the government’s needs, and what a modern approach might look like – one that balances the legitimate need for fairness and standardization with the flexibility and market-responsiveness required to attract and retain talent for a dynamic and unpredictable 21st century.

¹² 5 U.S. Code § 5104

However, the federal government's current dysfunction didn't emerge in a vacuum. Before we can meaningfully reform a system this entrenched, we need to understand why classification theory exists in the first place, how it became so central to modern organizational and work life, and how current federal practices are the product of genuine management needs colliding with political realities over centuries. If there were an obvious, politically viable, practically useful answer to all of these tensions, the federal government would be doing it today. There is not. However, examining the legitimate purposes these systems serve and the historical forces that shaped our current predicament can point toward a modern system that resolves those tensions *differently* and in a way more fit for today's purposes.

A group of men were talking about the prevailing rate for chauffeurs. One man said, “What do you pay your chauffeurs? Over at A’s plant they pay \$35 a week which is a ridiculous sum. We’ve never paid more than \$25 for our men.” An analysis of duties however, showed that the work requirements in the two cases were different. It happened that there were two things in common – both types of chauffeurs were licensed operators and both drove commercial trucks, but in the first instance, the chauffeur was required to keep his truck in good condition, take care of the loading and unloading, be familiar with all the various freight terminals, and was entrusted with shipments to cities 400 miles distant. The second chauffeur was not required to do much more than to operate his truck as a driver and deliver shipments under direction, so the difference in rates was justified.

- Merrill R. Lott, *Wage Scales and Job Evaluation: Scientific Determination of Wage Rates on the Basis of Services Rendered*, 1926, Pages 11-12.

II. Theory: Why we have classification systems in the first place

Despite a couple generations of self-help gurus entreating Americans to “not let your work define you,” defining and grouping people and jobs is perhaps one of the oldest and most important habits in human social life. Well before Adam Smith began popularly theorizing about the economic benefits of a “division of labor” and describing the goings-on of a pin factory in 1776,¹³ people, economies, and their governments had been organizing along occupational lines roughly as long as there have been people, economies, and governments.

The methods, theories, and approaches we’ve used to do so have changed as organizations and societies got more complex – it’s pretty easy to break down jobs if you live in a small, closed community with somewhat direct material requirements, and becomes much harder in a highly developed market economy – but the basic need for these occupational classification systems with job titles and payable rates they contain hasn’t changed much over recorded history.

For all the complexity and variety in these systems, they are responsive to a relatively simple need: Leaders in large organizations need systems to reliably decide how to allocate scarce material and social resources to achieve some broader outcome. Classification systems are, fundamentally, the mechanisms by which organizations, governments, and people describe the bundle of tasks, duties, responsibilities, rights, etc., that make up a “job” and answer the questions of “Who does what and who gets what?”

They enable policy choices about what’s fair or proper in allocating scarce economic resources and they enable people to collaborate in meaningful ways across complex societies and economies by turning abstract employment situations into mutually intelligible occupations and job titles that convey meaning, status, compensation, etc., among people who may or may not be familiar with one another.

If someone wants to grant certain privileges (such as a pension plan) or apply certain rules (such as taxes or licensure) to specific groups, the first order of business is to draw the boundaries around those groups to define who is

13. Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, vol. 1 (W. Strahan and T. Cadell, London, 1776).

in and who is out by *classifying* them according to some principle. Often, this also involves ensuring a degree of horizontal equity — that is to say, treating all similarly situated people in a given *class* the same way — but not always.

Because of this, how we talk about jobs has something of an outsize power in human societies. While the words and systems themselves do not usually define policy implementation or pay rates or social status, they govern the way those things interact with reality. Defining a “doctor” is necessary to facilitate the implementation of laws about medical licensure, to inculcate the prestige afforded to those with that title, or to ensure monetary rewards for doctors. Job structures are the invisible scaffolding on which organizations and complex societies rest, but they are taken for granted by many people who interact with them every day.

In fact, at first, classification systems weren’t about individual employers at all: They initially arose when governments grew big and complex enough to require impersonal administration and only came to employers when they, too, became sufficiently complex to require the same treatment.

Indeed, the federal government as an employer sits at the center of all of this because it’s where all of these needs are rolled up together: It needs to simultaneously (for administrative fairness reasons) clearly decide between who gets what public benefit (e.g., salary); delineate (for employer reasons) who does what job; and, given the way public service is an identity for many who pursue it, help individuals express their own values. It also, of course, needs some kind of baseline set of expectations to measure civil servants against when trying to differentiate among those who are underperforming, overperforming, deserving of promotion, etc., without relying exclusively on subjective opinions of management.

To really reform the system, we need to take seriously why classification systems even arose in the first place.

The first classification systems enabled the first governments

Originally, governments were the only entities complex enough to really need detailed frameworks for talking about and defining jobs. Starting with the earliest complex societies, governments invented the first classification systems because they needed ways to understand and administer economies and populations. If a policymaker (or, say, a king) wants to impact a specific industry, they might grant certain rights or impose certain restrictions on professions, which in turn requires *defining* the professions and the job titles they encompass. These become a necessary shorthand for administration: Every time one might want to make a policy change, one could redefine and recategorize people or establish a standard framework to use multiple times in multiple contexts. Most governments opt for the latter — establishing a standard framework — both for convenience and to ensure a degree of fairness among similarly situated citizens, particularly in societies with a normative commitment to equal treatment under the law.

We see evidence of this throughout human history, from the very beginnings of written language. As early as 3200 BCE, the city of Uruk in present-day Iraq developed a system of marking on clay tablets for the purpose of administering its growing city, and, in the process, invented writing.¹⁴ To transmit information to future generations or the newly literate, Sumerian scribes began creating and then copying glossaries of terms (“lexical lists”) to standardize recordkeeping. These included lists of “vessels, trees, domestic animals, fish, birds, and so on”¹⁵ that

¹⁴ “Introduction: What Is a Lexical List?,” Digital Corpus of Cuneiform Lexical Texts, accessed January 9, 2026, https://oracc.museum.upenn.edu/dcclt/intro/lexical_intro.html.

¹⁵ Id.

were essential to managing a flourishing civilization. The “oldest, most important, and most copied lexical list known” is what scholars now refer to as the “Standard Professions List.”¹⁶ This list, copied again and again for over a thousand years, included 140 occupations beginning with *namešda* – the term’s exact translation is unknown but perhaps refers to the most senior official or king – but then proceeding down the hierarchy of the state to other senior figures and then “to lower-ranking priests, to gardeners, cooks, and craftsmen, including the potter and baker.”¹⁷ Some of these titles appear in other ancient records as “recipients of disbursements ... demonstrating that titles included in the lexical list had a real-world basis.”¹⁸ Among all the things to catalog, name, and taxonomize, our earliest literate ancestors chose to focus on jobs over and over and over again.



Jumping forward a few thousand years, Roman inscriptions also bear evidence of hundreds of discrete occupations and their pride of place.²⁰ When the dead were buried, their epitaphs included not just their name and age but also often their profession:²¹ *nauta* (sailor), *topiarus* (gardener), *agrimensor* (land surveyor), *salarius* (salt maker), *plumbarius* (plumber), etc.²² In 301, when Emperor Diocletian sought to control inflation across the empire with an Edict on Maximum Prices, the resulting document included long lists of occupations and their proposed maximum pay rates: 25 denarius per day for a farm laborer, for instance, 50 for a lime burner, 200 per pupil per month for teachers of literature and geometry.²³

Yet another thousand years later, in the late Middle Ages, the British crown began collecting occupational information during tax assessment and, later, as a standard “addition” to all legal documents to help identify individuals, a practice that perhaps is the root of many surnames that persist even today like Smith or Tailor.²⁴ Later, in

16 Christopher E. Woods and University of Chicago, eds., *Visible Language: Inventions on Writing in the Ancient Middle East and Beyond*, Oriental Institute Museum Publications 32 (Oriental Institute of the University of Chicago, 2010).

17 Hans J. Nissen et al., *Archaic Bookkeeping: Early Writing and Techniques of Economic Administration in the Ancient Near East*, trans. Paul Larsen (University of Chicago Press, 1993).

18 Woods.

19 “CDLI Lexical 000002, Ex. 173 Artifact Entry.” (2001) 2024. Cuneiform Digital Library Initiative (CDLI). July 22, 2024. <https://cdli.earth/P000006>.

20 Keith Hopkins, “The Political Economy of the Roman Empire,” in *The Dynamics of Ancient Empires: State Power from Assyria to Byzantium*, ed. Ian Morris and Walter Scheidel (Oxford University Press, 2009), <https://doi.org/10.1093/oso/9780195371581.003.0005>. 196.

21 Christopher S. Lightfoot, “Roman Inscriptions,” The Metropolitan Museum of Art, February 1, 2009, <https://www.metmuseum.org/essays/roman-inscriptions>.

22 Vojtěch Kaše et al., “Division of Labor, Specialization and Diversity in the Ancient Roman Cities: A Quantitative Approach to Latin Epigraphy,” *PLOS ONE* 17, no. 6 (2022): e0269869, <https://doi.org/10.1371/journal.pone.0269869>.

23 Antony Kropff, trans., *An English Translation of the Edict on Maximum Prices, Also Known as the Price Edict of Diocletian*. (Edictum de Pretiis Rerum Venalium), April 27, 2016, <https://kark.uib.no/antikk/dias/priceedict.pdf>.

24 L. R. Poos and Martha D. Rust, “Of Piers, Polltaxes and Parliament: Articulating Status and Occupation in Late Medieval England,” *Fragments: Interdisciplinary Approaches to the Study of Ancient and Medieval Pasts* 5 (2016), <http://hdl.handle.net/2027/spo.9772151.0005.004>.

the Tudor period, English monarchs enacted a lengthy series of sumptuary laws that proscribed the clothing that various classes of people could wear, which led to “lists in tabular form of the apparel allowed to each class by the statutes”²⁵ in levels of detail intelligible to the reading public.

Modern governments with the same administrative needs as their ancient and medieval counterparts have similarly developed complex occupational classification systems – the Bureau of Labor Statistics’ Standard Occupational Classification (SOC) system, for example, or the United Nations’ International Standard Classification of Occupations (ISCO) – to help them collect data and administer complex programs. Even the form of these modern systems is basically unchanged from history: long lists of jobs, sometimes grouped, usually in some kind of intentional order, reproduced over time and updated as conditions change.

Today, labor departments are, in some senses, conducting the exact same exercise those Uruk scribes undertook 5,000 years ago, and authoring something strikingly similar.

Take, for example, disability benefits in the United States.

Today, when someone applies for Social Security disability benefits, the Social Security Administration (SSA) uses the Dictionary of Occupational Titles (DOT) to adjudicate claims. The DOT is an industrial-age job classification system first issued by the United States Department of Labor in the 1930s. As a consequence of its vintage, the classification system in the DOT includes many jobs with varying levels of detail and old-timey flair such as “circus-train supervisor” and “cotton-ball bagger,” and rates the strength, education requirements, etc., for each role.²⁶

910.137-018 CIRCUS-TRAIN SUPERVISOR (amuse. & rec.)

27

**Supervises and coordinates activities of workers engaged in loading and unloading circus animals and equipment on and off train: Verifies train schedules with train officials to determine when train will be ready to load or unload. Arranges for water supply for animals and disposal of rubbish. Performs other duties as described under SUPERVISOR (any industry) Master Title.
GOE: 05.12.01 STRENGTH: L GED: R4 M3 L3 SVP: 6 DLU: 77**

Originally, these definitions were used for all sorts of labor statistics across the federal government, and DOL kept it up to date to accommodate changes in the economy. In 1991, DOL discontinued the program and ceased updates entirely, abandoning the DOT to obsolescence. Subsequently, most government programs transitioned to other classification systems like O*NET.²⁸

SSA had built the DOT into its disability claims workflow but did not follow its peers in replacing the DOT with something else. Instead, despite various failed attempts to adopt more contemporary classification systems, the

25 Wilfrid Hooper, “The Tudor Sumptuary Laws,” *The English Historical Review* 30, no. 119 (1915): 433–49, JSTOR.

26 *Dictionary of Occupational Titles*, Fourth, vol. 2 (U.S. Department of Labor, Employment and Training Administration, 1991).

27 *Id.*

28 “O*NET,” U.S. Department of Labor, accessed April 7, 2026, <https://www.dol.gov/agencies/eta/onet>.

1991 version of the DOT – with many entries last updated in the 1970s – is still used today by SSA. Under current policy, when applicants apply for disability-related SSA benefits, evaluators weigh whether claimants could otherwise work by comparing the claimant’s skills, knowledge, and abilities with the idealized job types in the DOT. When there are jobs that, according to the DOT, they should be able to perform, SSA has to deny their claim.

Advocates have complained that, because the system includes many obsolete jobs and archaic ways of describing them, it isn’t fair or useful to compare modern applicants against jobs from 50 years ago. SSA, to its credit, has been removing some of these old jobs and spent millions of dollars on a replacement classification system, but the DOT still helps SSA decide who gets disability benefits payments today.²⁹ A better system would involve a more up-to-date classification approach, but it would be impossible to do this type of adjudication fairly without some kind of system to decide who gets what benefit and who does not.

Each of these systems is responsive to a basic need for governments to create administrative efficiency, fairness, and consistency; otherwise, each time they sought to issue a policy, they’d need to reinvent a way of describing a given job.

Employers adapted classification for modern management

Employers – at their core, organizations of people performing jobs – have these same needs and interact with these pressures in the same way governments do.

Chief among employer concerns is figuring out who does what tasks and how to set pay fairly, with the pressure to do so coming from all sides. Managers, who generally aren’t labor economists, need guidance on what roles should exist and what pay is suitable for which role based on comparable market trends; employees can become disengaged or resentful if they perceive unfair gaps in wages for substantially similar work;³⁰ and decades of federal law prohibits employers from discriminating in compensation based on a wide variety of factors.³¹ Job analysis and classification are necessary to answer these questions. Other organizational features downstream of these choices include what job titles people use; what perks they’re provided; the differences in disciplinary standards applied to each of them; their organizational charts; the unique cultures that arise in different peer groups, etc.

Despite the long history of job classification for administrative purposes, it wasn’t until the rise of more complex firms during the Industrial Revolution that these concerns crystallized and individual employers began to develop their own complex systems for standardizing, analyzing, and structuring jobs. Previously, employers certainly had different types of jobs inside a given firm, but for the most part they did not systematize them.

29 Lisa Rein, “Social Security to Drop Obsolete Jobs Used to Deny Disability Benefits,” *The Washington Post*, June 24, 2024, <https://www.washingtonpost.com/politics/2024/06/24/social-security-disability-benefits-jobs-list-outdated/>.

30 George A. Akerlof and Janet L. Yellen, “Fairness and Unemployment,” *The American Economic Review* 78, no. 2 (1988): 44–49, JSTOR.

31 U.S. Department of Labor, “Equal Pay for Equal Work,” DOL.Gov, accessed January 9, 2026, <https://www.dol.gov/agencies/oasam/centers-offices/civil-rights-center/internal/policies/equal-pay-for-equal-work>.

32 Frederick Winslow Taylor, *The Principles of Scientific Management* (Harper & Brothers Publishers, 1911). 7.

Frederick Taylor’s scientific management, “Taylorism,” and Henry Ford’s assembly line, or “Fordism,” represented some of the first coherent theories of job definition in the workplace that would be familiar to modern audiences. Taylor, in his classic work *The Principles of Scientific Management*, argued that greater efficiency was possible through “systematic management, rather than in searching for some unusual or extraordinary man,”³² involved rigorous process analysis and definition of tasks, development of standards for job performance, and matching/training employees to occupy those predefined roles in the process.³³ Ford took the next logical step by introducing mass mechanization into this process. This approach demonstrated that, plotting “the progress of material from the initial manufacturing operation until its emergence as a finished product involves shop planning on a large scale and the manufacture and delivery of material, tools and parts at various points along the line.”³⁴

The intersection of these theories with the practical needs of employers in the early part of the 20th century gave rise to the first modern employer-devised job classifications and pay systems. These systems, at their core, rely on job analysis as a means of objectively (or at least, as objectively as possible) evaluating job duties and determining pay according to a standard process, echoing the need for “horizontal equity” that drove governments to build their own systems in the past and the same scientific spirit animating Ford and Taylor.

Most of the systems for classification that predominated for the rest of the 20th century originated in the 1920s, 1930s, and 1940s out of this milieu.³⁵ The most widely used system involved “point-factor” rating, which is still part of the federal government’s approach. It was invented in 1926. That year, Merrill R. Lott published his book *Wage Scales and Job Evaluation: Scientific Determination of Wage Rates on the Basis of Services Rendered*³⁶ to translate Taylor’s and Ford’s scientific management approaches into a practical guide for companies to use in defining jobs and setting pay. Lott, who was the director of research and statistics at the Continental Baking Corporation (where Wonder Bread was baked and Twinkies were invented)³⁷ and formerly the personnel superintendent at the Sperry Gyroscope Company, set about using his “extensive, actual experience in developing an equitable wage program for a manufacturing concern” to help other companies do the same.³⁸ In his paper, Lott criticized imprecise terminology and lack of standards in most approaches to payroll, noting that there was often a disconnect between how different people saw different jobs across employers, and how that led to labor discontent and management difficulty.

33 P. D. Casteel, “Taylorism, Fordism, and Post-Fordism,” EBSCO Research Starters, 2024, <https://www.ebsco.com/research-starters/social-sciences-and-humanities/taylorism-fordism-and-post-fordism>.

34 Henry Ford, “Henry Ford on Mass Production,” in *Encyclopedia Britannica*, 13th Edition, 1926, <https://www.britannica.com/money/Henry-Ford-on-mass-production>.

35 Michael S. Frank, “Position Classification: A State-of-the-Art Review and Analysis,” *Public Personnel Management* 11, no. 3 (1982): 239-47, <https://doi.org/10.1177/009102608201100308>. 240

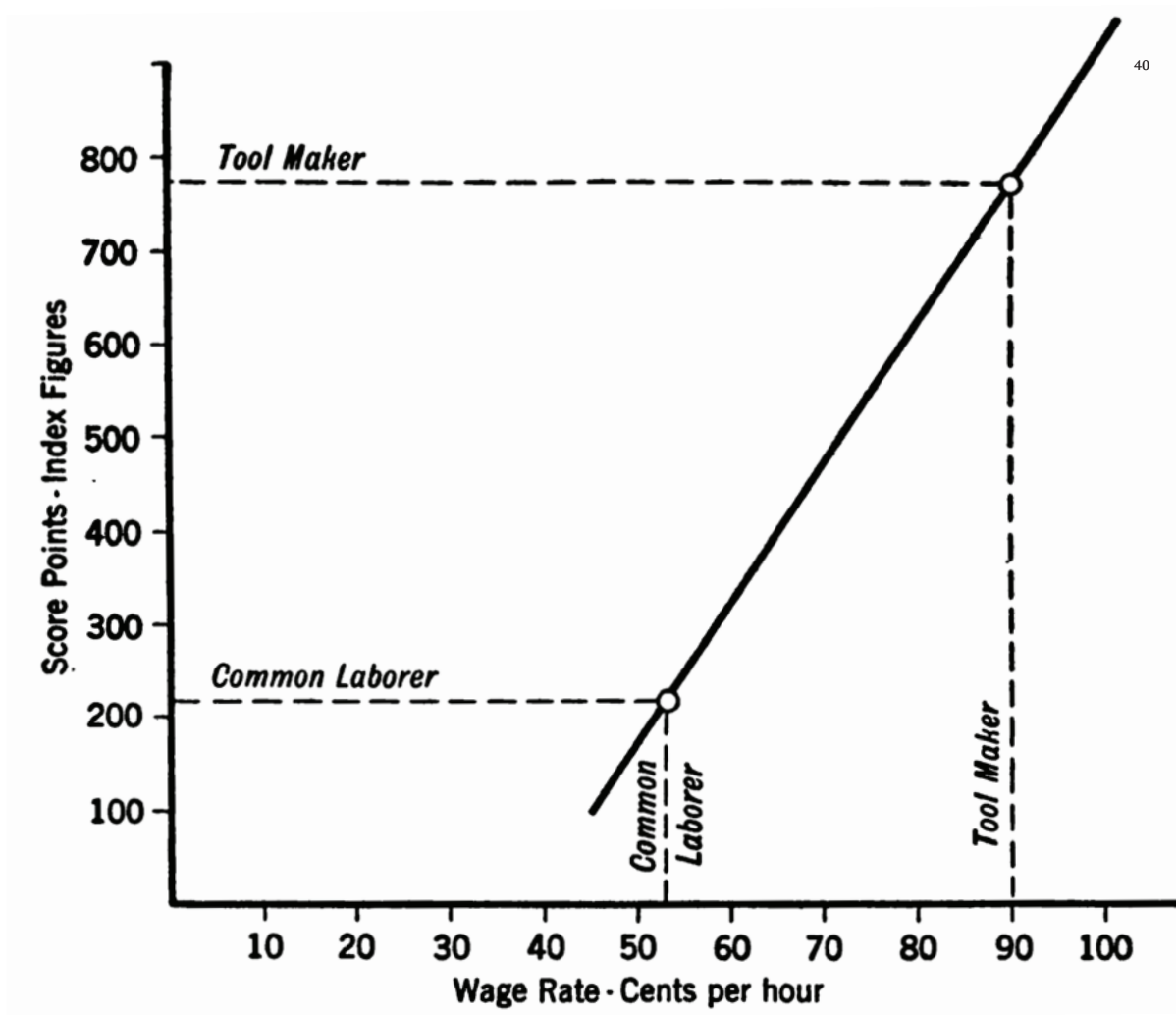
36 Merrill R. Lott, *Wage Scales and Job Evaluation: Scientific Determination of Wage Rates on the Basis of Services Rendered* (Ronald Press Company, 1926).

37 “The Rich History of Twinkies,” *Business*, *The New York Times*, December 10, 2016, <https://www.nytimes.com/2016/12/10/business/dealbook/the-rich-history-of-twinkies.html>.

38 Lott, i-v

39 Id 61

Lott proposed a standardized system for job analysis and pay setting that became known as the “point-factor method” and involved applying a predefined rubric to a job description that awarded “points” for different complexity factors, including “time usually required to become highly skilled in an occupation,” “educational requirements of an occupation,” “degree of skill, manual dexterity, accuracy required,” “necessity of constantly facing new problems-variety of work,” “exposure to health hazards,” and “physical effort required.”³⁹ Jobs with higher degrees of complexity (e.g., more hazardous work or higher educational requirements) were awarded more points, and those point values corresponded with pay:



40 Id 71

This system, which is likely intuitive for many modern readers who have ever looked at highly specialized job descriptions or worked in the federal government, was novel at the time. That's because over the ensuing years, "a priori point-factor method became the most common method of job evaluation"⁴¹ as governments and corporations adopted Lott's method (and its derivatives) to introduce higher levels of perceived objectivity and horizontal equity into their personnel systems. Lott himself anticipated many of the things that both employers and employees would come to appreciate about such systems, arguing that workers would be "relieved from [the] feeling of discrimination" and aware of the requirements for advancement, while employers would enjoy "lower labor turnover result[ing] from standardization of the job" and that such a system would enable them to establish training programs for advancing new recruits up the scale.⁴²

Others built on Lott's ideas over the next several decades, but his basic ideas — namely that jobs can be decomposed into *compensable factors* and rated objectively based on those factors using a rubric — formed the basis for most subsequent systems of job analysis. One of the most common was developed by Edward N. Hay, the editor and publisher of the *Personnel Journal*, that combined both the concept of ranking jobs relative to one another and decomposed them into factors with point awards. In this system, "a new job would be compared to a set of key jobs one factor at a time. The job is then assigned a money value in cents per hour for each factor according to the point or scale it best fits. The total for each factor equals the per hour wage."⁴³ This "Hay Method," which he sold via his consulting firm, was one of the most common compensation-setting systems across the American economy through the middle of the 20th century.

Systems like this largely predominated through the rest of the mid-20th century, with the federal government itself standardizing on a system inspired by Lott's then-50-year-old point-factor rating system in the 1970s. At the start of the decade, Congress passed the Job Evaluation Policy Act of 1970,⁴⁴ which directed the Civil Service Commission to develop a comprehensive ranking and classification system for the federal government — the largest employer in the country then as now — and resulted in the creation of the "Factor Evaluation System," which merged all of the prior systems in some ways: It continued the reliance on a system of standard pay grades that had been established in the 1940s; it involved a standard set of nine compensable factors that applied differently in each occupation; and it translated occupation-specific standards into the General Schedule by using a point rating system.⁴⁵ This system, at the time it was put into service, was thought to be so comprehensive that it could be used to classify work "in virtually any public sector jurisdiction."⁴⁶

Through the rest of the 20th and into the 21st centuries, many public sector employers (including the federal government and many states) continued to use these old-school systems while other industries changed more rapidly to meet their unique occupational, organizational, and industrial dynamics. New York State, for example, famously has a classification and personnel system that is even older and more byzantine than the federal

41 Deborah M. Figart, "Wage-Setting under Fordism: The Rise of Job Evaluation and the Ideology of Equal Pay," *Review of Political Economy* 13, no. 4 (2001): 405–25, <https://doi.org/10.1080/0953825012009935>. 409.

42 Lott, 17–19.

43 Frank, 241.

44 Job Evaluation Policy Act of 1970, Pub. L. Nos. 91–216, 84 Stat 72 (1970), <https://www.congress.gov/91/statute/STATUTE-84/STATUTE-84-Pg72.pdf>.

45 Frank 241

46 *Id.*

government's, where everything hinges on how well candidates score on periodically offered exams for jobs like "administrative horticulturalist."⁴⁷ Since then, however, as the United States transitioned from industrial-era manufacturing and toward a much more diverse service economy, the interest in these types of highly theorized, rigidly defined classification and pay-setting systems waned.

The private sector has moved on

While the federal government was standardizing on point-factor evaluation in the 1970s, the private sector was already beginning to move in a different direction. The rigidity that made these systems appealing for mid-century factories – precise task definitions, detailed point rubrics, tight internal equity – became liabilities as the American economy transformed. Many of these newer systems are less formalized and more lightly theorized than the industrial-age work of Lott and others, but they're no less purposeful.

Several interconnected shifts made traditional classification systems untenable for private employers by the 1980s and 1990s and drove the adoption of these more modern systems:

The decline of lifetime employment changed the implicit bargain between management and labor

– When workers expected to spend entire careers at one company, elaborate internal hierarchies and slow progression through narrowly defined grades made sense: The system rewarded loyalty and promised predictable advancement, which were both desirable benefits in such a world. But as job tenure shortened and interfirm mobility became normal, employers needed systems that could slot external hires at market rates without disrupting internal equity. Point-factor systems handle this poorly: If your internal analysis says a job is worth Grade 12 pay but the market demands Grade 14 compensation to fill it, you either lose the candidate or distort your entire structure to accommodate.

The rise of knowledge work blurred task boundaries and led to a focus on outcomes rather than tasks

– Point-factor systems assume you can decompose a job into discrete, stable duties and then rate each duty's complexity, supervisory requirements, physical demands, and so forth. This works reasonably well when jobs involve repetitive, observable tasks: operating a machine, handling punch cards, processing forms, supervising a production line, etc. But knowledge workers often cannot describe what they'll be doing next quarter, let alone reduce their work to a single, all-encompassing description. A software engineer might spend one month architecting a new system, the next debugging legacy code, and the third mentoring junior developers. Their value lies in judgment, adaptability, and problem-solving capacity rather than faithful execution of predefined procedures. Attempting to capture this in a detailed position description rated against strictly defined compensable factors produces documents that are simultaneously too specific (listing tasks that may never recur) and too vague (using generic language about "complex analysis" that could describe almost anything).

Flattening hierarchies reduced the number of meaningful distinctions

– As companies eliminated layers of middle management in the 1980s and 1990s – driven by competitive pressure, information technology that reduced the need for human information-processing, and changing management philosophies – maintaining 15 or 20 distinct grade levels became both unnecessary and counterproductive. If your organization has

47 Robert Gordon and Gabe Paley, "New York's Civil Service System vs. Public Sector Progress," *Vital City*, November 11, 2025, <https://www.vitalcitynyc.org/articles/new-yorks-mamdani-ny-civil-service-system>.

only five real levels of work (individual contributor, senior individual contributor, manager, senior manager, executive), what's the point of maintaining a 12-grade system with elaborate criteria for distinguishing a Grade 8 from a Grade 9? The administrative overhead of making and defending those fine distinctions wasn't justified by any corresponding organizational benefit. Fewer levels meant broader bands, which meant less need for precise point-factor differentiation.

Compensation data became widely available – For most of the 20th century, employers had limited visibility into what competitors were paying for comparable roles. Point-factor systems filled this gap by providing an internally consistent logic for pay setting: if you couldn't know what the market rate for a financial analyst was, you could at least ensure your financial analysts were paid consistently relative to your engineers and your administrative staff. But the explosion of compensation surveys, salary databases, and eventually real-time market data changed the calculus. Employers could now benchmark directly against external markets rather than rely on internal consistency as a proxy for fairness. The question shifted from “How does this job compare with other jobs inside our organization?” to “What would we have to pay to hire this person on the open job market, and what would a competitor pay to take them away?”

In response to these forces, compensation practice shifted toward what practitioners now call “job architecture,”⁴⁸ a simpler, more flexible framework for organizing work and setting pay. While implementations vary across industries and consulting firms, most modern job architectures share several distinguishing features:

Broad career levels that replaced narrow grades – Rather than 15 or 20 finely sliced grades, many organizations now use a smaller number of pay bands or career levels that represent meaningful professional transitions: entry-level or developmental, individual contributor, senior individual contributor, manager, senior manager, executive, etc. Some organizations add gradations (distinguishing “early career” from “developing,” for instance), but the principle is the same: Levels should correspond to genuinely different types of work and different expectations, not to minor variations in task complexity. The assumption is that distinctions finer than these don't justify the administrative overhead, and may actually impede organizational flexibility by creating artificial barriers between nearly identical roles. This type of “broad banding” is the basis for many private sector compensation schemes today as well as many of the pilot projects throughout the public sector that carried on through the 1990s and into the 2000s.⁴⁹

Job families that replaced occupational series – Instead of hundreds of narrowly defined occupations with detailed classification standards for each, roles are grouped into perhaps 20 to 40 families based on functional similarity and labor market dynamics. All of finance might constitute one family; all of engineering another; all of human resources a third. The logic is that these groupings correspond to how the external labor market actually operates: people move between jobs within families, compensation surveys are organized by family, recruiters specialize by family. Internal subdivisions (distinguishing tax accountants from auditors within the finance family, for instance) exist but don't require separate classification infrastructure. For example, around the year 2000, a State of Virginia task force convened to examine the state's civil service system recommended that its “existing 1,650 classifications be merged into approximately 275 new, broader job groupings called ‘roles’ which

48 “Job Architecture,” Academy to Innovate HR, HR Glossary, n.d., accessed January 9, 2026, <https://www.aihr.com/hr-glossary/job-architecture/>.

49 *Broadband Pay Experience in the Public Sector*, no. 2, HRM Consortium Broadband Pay Series (National Academy of Public Administration, 2003), https://www.dmi-ida.org/download-pdf/pdf/03_07BroadbandPay_ExperiencePublicSector.pdf.

were organized into job families.”⁵⁰ In the view of the commission, the recommended changes of “[h]aving fewer job classes and broader roles will emphasize the importance of employee career growth and professional development, which will encourage a focus on employee development and contribution rather than on reclassifications.”⁵¹

Market pricing that replaced (or supplemented) internal evaluation – Rather than deriving pay from an internal point-factor analysis that rates complexity and responsibility, organizations benchmark each job family against external market data and set pay ranges accordingly. This inverts the traditional logic of classification. The old questions were “How do the duties of this job compare to our internal standards, and what grade does that analysis produce?” The new questions are “What does the market pay for this type of work, and how do we position our ranges relative to that market?” Internal equity still matters, as employees will notice and resent arbitrary differences, but it’s no longer the primary driver of pay structure. Modern compensation professionals, for example, now advise clients that job architecture should help ensure that “equal pay for equal value depends on objective, consistent job data, not local judgment calls.”⁵²

Flexibility within structure that replaced lockstep progression – In traditional classification systems, placement within a grade is determined by rigid rules – typically seniority, as in the GS step system. Modern job architectures typically give managers discretion to place new hires anywhere within the band for their level and to determine raise amounts based on performance, market conditions, and retention risk. A hiring manager competing for a scarce skill set can offer a candidate placement at the 75th percentile of the band without seeking special approval or distorting the classification of the role. The trade-off is that organizations need other mechanisms like calibration sessions across managers, compensation analytics, transparency about pay philosophy, clear policies, and so forth to prevent that flexibility from producing inequity or favoritism. But properly implemented, this approach allows organizations to respond to market conditions without the constant pressure for grade inflation that plagues rigid systems.

Industries and firms accommodate these trends differently and unevenly. Some industries – for example, elite law firms – do still rely on lockstep compensation approaches that primarily classify employees based on tenure at the expense of differentiated performance.⁵³ Film production, on the other hand, has highly regimented job classifications and pay rates for production workers based on location and film budget that are the result of industry-wide negotiation between their union and the studios that employ them.⁵⁴ Many professional services firms, especially in such industries as finance or management consulting, trade off strict horizontal equity by making large portions of employee compensation contingent on performance.⁵⁵ Academia has a job-titling convention

50 *Final Report: Reform of the Classified Compensation Plan* (Commission on Reform of the Classified Compensation Plan, 2000), <https://resources.dhrm.virginia.gov/compreform/finalreport.pdf>, vii.

51 *Id.* 9.

52 Korn Ferry, “Pay Transparency: A Progress Checklist for Organizations,” Korn Ferry, accessed January 9, 2026, <https://www.kornferry.com/insights/featured-topics/organizational-transformation/pay-transparency-progress-checklist-for-organizations>.

53 Debra Cassens Weiss, “BigLaw Firm Switches from Strict Lockstep Compensation for Partners to Modified System,” *ABA Journal*, September 11, 2000, <https://www.abajournal.com/news/article/biglaw-firm-switches-from-strict-lockstep-compensation-for-partners-to-modified-system>.

54 “Day Rates For Film Crew 2024: A Comprehensive Guide,” Assemble, accessed January 9, 2026, <https://www.onassemble.com/blog/a-comprehensive-guide-to-day-rates-for-film-crew-2021>.

55 LaCinda Glover and Ryan Cameron, “Executive Compensation in Private Equity Owned Companies,” Mercer, accessed January 9, 2026, <https://www.mercer.com/en-us/insights/total-rewards/executive-compensation/executive-compensation-in-private-equity-owned-companies/>.

all its own that, when it comes to professorships, has an internal logic and communicates items such as status and tenure across universities.⁵⁶

Some state governments themselves have adopted more modern systems, but even these are generally less flexible than those in the private sector because of the pressures inherent in public service. For instance, even states with particularly decentralized and deproceduralized human capital systems such as Texas still have standard salary schedules and specific standards for which employees are afforded which rates. In Texas, the differences between IT Business Analyst II (compensated using payband B23 between \$61,184 and \$99,658) and IT Business Analyst III (paid via band B25 between \$69,572 and \$114,099) resolve to a list of bulleted job duties inherent to one level versus another.⁵⁷ In Arizona, the state maintains a list of 1,579 individual job titles and levels that map to a variety of pay schedules, rates, job families, etc.⁵⁸

In either case, many modern employers are constantly reinventing their job classifications and compensation schemes as they look for an edge in the labor market and for more effective ways to manage their organizations.

The federal government is a living fossil

Perhaps no institution better illustrates this shift than the Hays Group, the consulting firm founded by Edward N. Hay of compensable-factors fame. After pioneering the “Hay Method” of job evaluation, Hay sold the system as an out-of-the-box solution to employers via the Hay Group for a number of years and was hugely influential on the HR discipline, particularly in the compensation management subdiscipline.⁵⁹ Hay died in 1958,⁶⁰ but his firm continued to operate until 2015, when it was bought by the global talent advisory firm Korn Ferry, which still uses what it now calls the “Korn Ferry Hay MethodSM of job evaluation”⁶¹ to match people and jobs.

However, the types of solutions that Korn Ferry and its competitors advise for their clients look quite different from the traditional rating schemes that Hay himself was selling to companies and governments in the postwar years. Instead of point-factor job evaluation as the centerpiece of the offering, Korn Ferry now markets “modern job architectures,” a framework it describes as “organiz[ing] jobs around skills and competencies, allowing for greater agility.”⁶² This includes a focus on job families rather than individual occupations; job levels that allow for vertical and horizontal growth; thoughtful career paths through which employees can understand expectations;

56 Boston University, “Classification of Ranks and Titles,” Faculty Handbook, accessed January 9, 2026, <https://www.bu.edu/handbook/appointments-and-promotions/classification-of-ranks-and-titles/>.

57 “State Classification Job Description - Information Technology Business Analyst,” Texas State Auditor’s Office, September 1, 2025, <https://hr.sao.texas.gov/Compensation/JobDescriptions/0988.pdf>.

58 “Job Titles, Pay Ranges, and Class Specs,” Arizona Department of Administration Human Resources, accessed January 9, 2026, <https://docs.google.com/spreadsheets/d/1f6oYoE45caH-PEPTIRnozdzH2QjwzcqcK4ZKHUX9FpWQ/edit?gid=1568204614#gid=1568204614>.

59 Samuel Greengard, “How Edward ‘Ned’ Hay, a Former Personnel Journal Editor, Helped Redefine HR,” *Workforce.Com*, June 28, 2012, <https://workforce.com/news/how-edward-ned-hay-a-former-personnel-journal-editor-helped-redefine-hr>.

60 “Edward N. Hay, 67, Personnel Expert,” *Archives, The New York Times*, August 26, 1958, <https://www.nytimes.com/1958/08/26/archives/edward-n-hay-67-personnel-expert.html>.

61 “Job Evaluation Training for Job Evaluators,” Korn Ferry, accessed January 9, 2026, <https://www.kornferry.com/capabilities/leadership-professional-development/training-certification/job-evaluation>.

62 “Designing a Future-Ready Job Architecture Framework,” Korn Ferry, 2025, <https://www.kornferry.com/insights/featured-topics/future-of-work/designing-a-future-ready-job-architecture-framework>.

and cultivating skills and competencies rather than task expertise. The firm describes the differences between the old and new systems this way:

Traditional vs. Modern Job Architecture Models ⁶³

	Traditional Job Architecture	Modern Job Architecture
Structure	Fixed hierarchies with rigid levels	Flexible structures based on skills and competencies
Career Paths	Preset vertical progression	Multiple paths allowing vertical and horizontal movement
Skills Approach	Tied to specific roles and departments	Transferable across functions
Job Descriptions	Static descriptions tied to specific responsibilities	Dynamic profiles focused on capabilities
Compensation	Based on hierarchical levels	Aligned with skills and market value
Workforce Planning	Focus on replacing roles	Driven by future skills needs

The shift in language is telling: Where Hay spoke of “measuring” jobs against scientific standards, Korn Ferry speaks of “designing” flexible frameworks that can adapt as organizations evolve. The successor to the firm that did more than any other to spread industrial-age job classification has concluded that the approach is obsolete. And yet, while Korn Ferry was evolving the advice it offered to clients for a fee, adoptees of its original ideas in the public sector have remained frozen in place.

While the broader economy and other levels of government grapple with these new realities, the federal government’s job classification system has changed little since Lott’s and Hay’s innovations many decades ago. Even then, it was self-consciously the direct, institutional descendant of very industrial-age, scientific management principles conceived of in early parts of the 20th century. This system was designed for control, standardization, and predictability for a world that no longer exists. It is a system ill-equipped to affirm the identities, let alone the psychologies, of modern workers; its social signals are increasingly out of sync with a fluid labor market; and its rigid structure is incompatible with the future of work.

The federal government, in other words, is a living fossil. But it wasn’t always that way.

⁶³ Id.

“The object of the Government should be to pay a fair wage for the service rendered, no more and no less. When more than a fair wage is paid, an injustice is done the taxpayer. When less than a fair wage is paid, an injustice is done the employee.... In the public service the citizen employee may justly demand that there shall be no discrimination; that one shall not be paid more than another for the same work under the same circumstances.”

- Report of the Congressional Joint Commission on Reclassification of Salaries, U.S. House of Representatives, March 12, 1920, Page 31.

III. History: The cyclical, 150-year journey to the General Schedule⁶⁴

The present system for classification and pay setting has remained roughly the same since the Classification Act of 1949⁶⁵ created the General Schedule (GS) and the Job Evaluation Policy Act standardized point-factor rating in the 1970s. These revisions and upgrades were not viewed as one-and-done achievements when they were passed; they’ve just been treated that way at the federal level. While the GS and the Factor Evaluation System (FES) attempted to deal with a rapidly expanding and professionalizing federal workforce, they were also the logical endpoint of over a century and a half of experimentation. The aim of that experiment was to negotiate not only the tensions between market competitiveness and standardization common among all employers, but also the constitutional tension among Congress, the president, and the public’s demand for efficient use of public money.

Relative to most employers, the federal government has an unusual division of responsibility regarding employment: Congress, under Article II of the Constitution, has the explicit authority to establish positions by law, which the president then has the authority to fill via appointment. For some roles, the Senate gets a say in the president’s pick – Cabinet members, for example – but for most it does not. In short, Congress gets to define the role and the president gets to fill it. Congress also, importantly, holds the final say on how roles of all types get compensated.

Further complicating the picture, both Congress and the president are also politically accountable to the public for ensuring that taxpayer money is well spent, and public salaries are one of the most visible and viscerally felt types of spending. It’s difficult for most people to know whether \$400 million is a fair price for a new phone system at the Social Security Administration⁶⁶ but easy to form an opinion about whether the current GS maximum of \$195,200 is too much to pay a civil servant, regardless of the job. The public also has basic expectations about fairness when it comes to public payrolls – differences among individuals across agencies that seem arbitrary create political vulnerabilities, with agencies having – and historically failing – to justify why they’re paying one person more than another for the same work. The perception of favoritism is political poison when public money is involved.

Both the executive and legislative branches exhibit behavior driven by these dynamics. The president, as chief executive, has tended to push for more management flexibility in staffing and compensation employees. As with leaders everywhere, U.S. presidents prefer to make their own management decisions, including personnel, without

64 This section summarizes a much longer history of position classification policy, running from 1789 to the present day. For more information, see: Menchaca, Gabe, *The Standardization Cycle: A History of Position Classification and White Collar Pay Policy in the United States Federal Government (1789 to Present)* (May 10, 2026). Available at SSRN: <https://ssrn.com/abstract=6744398> or <http://dx.doi.org/10.2139/ssrn.6744398>.

65 Classification Act of 1949, Pub. L. Nos. 81-429, 63 Stat 954 (1949)

66 Ann Lewis, “How to Save a Billion Dollars,” *Niskanen Center*, April 30, 2025, <https://www.niskanencenter.org/how-to-save-a-billion-dollars/>.

having to ask Congress. In 1789, then-Representative James Madison put the matter of executive power succinctly: “I conceive that if any power whatsoever is in its nature executive, it is the power of appointing, overseeing, and controlling those who execute the laws.”⁶⁷ Throughout history, presidents have sought to maximize their authority to create jobs, set pay rates, hire and fire people, and generally exercise the prerogatives of personnel power.

Congress, in general, has tended toward the other side of the argument, asserting stricter statutory limits on creating and setting pay levels for federal employees, often with the principle of “equal pay for equal work” as the north star. This also makes sense: Congress is particularly sensitive to arguments from both the public and the federal workforce on such matters as underpaying or overpaying civil servants as well as waste, fairness, agency performance, and attempts to constrain the executive’s power over executive branch personnel. It’s an indirect mechanism by which Congress can constrain a president’s power: Congress can’t limit *who* the president hires, but it can limit how attractive the offer is or the number of roles that can be filled. And unlike the debates over Congress’s ability to constrain firings or make appointments, there’s little ambiguity in the Constitution about Congress’s authority to define the scope, character, and compensation for any given position. The president can’t unilaterally raise presidential pay absent an act of Congress, nor adjust the pay of those who work for the president outside of the statutory framework that Congress has created.

Throughout American history, this dynamic has led to predictable cycles of push and pull between Congress and the president over flexibility versus standardization.

Cycle 1 – The ‘Standardization Cycle’

In the earliest years of the republic, during the late 18th and early 19th centuries, Congress mostly deferred to the president and the Cabinet in establishing subcabinet roles, preferring to set overall funding levels but leaving the specifics of salary and job description to management. Agencies had the flexibility to decide who got paid and how much and to design compensation schemes to meet its own needs.

Congress quickly grew concerned that agencies weren’t making good use of their flexibility, especially with regard to pay. In 1818, the House set up a committee to investigate the topic and began requesting information from Cabinet members on their “views of the most proper permanent arrangement for compensation for the clerks in your Department, having regard to an equalization, as nearly as practicable, to the compensation among clerks of equal responsibility, in the several departments of government.”⁶⁸ Apparently unsatisfied with the executive branch’s answer, Congress later that year clawed back complete authority to create jobs and set pay, restrictively defining roles and equalizing salaries each year in annual appropriations bills with virtually *no flexibility at all* in what was called the “statutory roll.”

When the president wanted to create any new jobs, each had to go back to Congress for authorization of both the additional headcount and their salary levels, which were carried in each year’s appropriations bill in long tables. In 1818, for example, Congress authorized the secretary of the treasury to employ “one chief clerk, whose compensation shall not exceed two thousand dollars per annum; two clerks, whose compensation shall not exceed one thousand six hundred dollars each; three clerks whose compensation shall not exceed one thousand four hundred

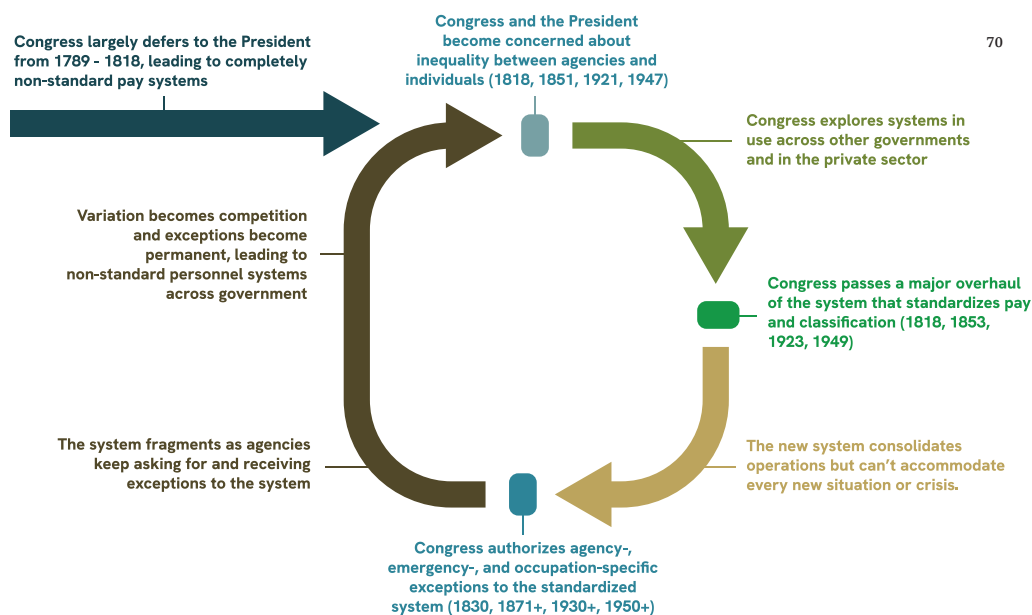
⁶⁷ Joseph Gales, ed., *The Debates and Proceedings in the Congress of the United States*, Vol. I (Gales and Seaton, 1834), <https://www.congress.gov/annals-of-congress/volume-1.pdf>. 481.

⁶⁸ Paul Vernon Betters, *The Personnel Classification Board: Its History, Activities and Organization* (The Brookings Institution, 1931). Citing 15 Cong. 1 sess., H. doc. 194, p. 3.

dollars each ...”⁶⁹ Later on, in the 1830s, with this system proving unworkable, Congress granted the president flexibility again and backed off this type of rigid job definition – and once again, the president and Cabinet were allowed to decide on jobs however they saw appropriate.

This back-and-forth describes the flow of the debate for the ensuing two centuries. The realities of politics, constitutional separation of powers, and practical management needs have created a predictable **Standardization Cycle** that recurs throughout American history in which:

- The executive branch uses flexibility to pay some people more (or less) than others, often according to a mission need or exigency that exists at a given time. For example, a job might be hard to fill at regular rates in a given year, or an agency involved in an emergency response might pay higher rates than normal to staff up quickly in response to the crisis.
- Over time, these exceptions stack up and lead to fragmentation: temporary deviations become permanent, agencies request and are granted special authorities by Congress, novel systems proliferate, and so on. Because wages are sticky, it’s hard to reel agencies and employees back in once an exception is granted.
- Congress (and often the president too) begin to see a system riddled with exceptions as unworkably complex and unequal: people doing similar jobs being paid differently becomes both a political liability and a practical management challenge. Reformers begin to investigate ways to standardize the pay system.
- Congress passes an overhaul that standardizes pay and classification systems and tries to collapse the variety of old systems into a single, consolidated new system that centers values and principles that try to remedy the issues in previous systems.
- As distance increases from the overhaul, the new system begins to show its limitations due to changing conditions and as agencies petition for exceptions and more flexibility, especially in times of acute need or crisis.
- Congress grants limited flexibility to the executive branch and the cycle starts over again as the system fragments.



69 An Act to Regulate and Fix the Compensation of the Clerks in the Different Offices., 3 Stat 445 (1818), <https://tile.loc.gov/storage-services/service/l1/l1sl/l1sl-c15/l1sl-c15.pdf#page=45>.

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

Each time Congress changes the system, it has done so in order to accommodate the world of work that it was being imposed on.

In each of these cycles, when Congress acted to create a new standard, it was responding to the conditions created by the *previous* system by recentering the new one on a specific set of values. There have been four complete Standardization Cycles in American history, each of which created a new personnel regime:

1. **Cycle 1: The Statutory Roll in 1818** – As discussed earlier, responding to the executive branch’s inability to explain its choices about employment and compensation, Congress created an inflexible system centered on the value of congressional control. In this model, the legislative branch controlled every aspect of job creation and salary fixing each year via the annual appropriations process.
2. **Cycle 2: Pay Standardization in 1853** – Responding to complaints about varying pay levels for similar work across agencies and to significant levels of graft under the spoils system, Congress created a system centered on strict salary standardization and control. For most clerical, subcabinet jobs, only one of four salary levels were possible, and agencies were stuck paying one of those rates, both reducing inequities between staff and providing a measure of control over payroll-related political giveaways.
3. **Cycle 3: The Classification Act of 1923⁷¹** – For the 75 years after 1853, the pay rates Congress established in the middle of the 19th century were the core of the federal personnel system. However, the world changed dramatically during this period, and many different systems proliferated around the edges. In 1923, reacting to an array of nonstandard pay systems that made the government impossible to govern, Congress centered the new system on comprehensive, detailed standardization. Tight central control by the Personnel Classification Board and then the Civil Service Commission drove a complicated, lockstep classification system across agencies.
4. **Cycle 4: The Classification Act of 1949 & the General Schedule** – During the crises of the 1930s and ‘40s, a highly centralized and baroque system showed its limitations. In 1949, Congress reacted by establishing the General Schedule, which was much simpler to manage. Standards would be determined generally and agencies were permitted greater levels of decentralized action to apply them. This model was centered on rigid internal equity to drive simplicity and support labor harmony.

Today, we’re about 75 years into Cycle 4, which covers the period following the implementation of the GS in 1949. Congress has periodically taken note of flaws and weaknesses as they arise but for the most part has avoided undertaking large-scale reform. In fact, the last time Congress reformed the federal civil service system, with the Civil Service Reform Act (CSRA) in the late 1970s, it notably left classification and pay out of the conversation entirely.

The GS has been slowly unraveling via piecemeal fragmentation over the past 75 years, making it unfit for its purpose. To inform the work of replacing it – and beginning the cycle anew – it is important to consider not only the problems with the current GS system, but also the problems with all prior systems that the GS was intended to solve.

Cycle 2 – Pay Standardization in 1853

Following the return to lump-sum appropriations in 1830, rising concerns about the cost of living in Washington, D.C., and the unjust distribution of public salaries under the spoils system quickly generated renewed inter-

⁷¹ Classification Act of 1923, Pub. L. Nos. 67-516, 42 Stat 1488 (1923).

est in reform. In 1842, a congressional committee formed to investigate the executive branch took aim at the laissez-faire system:

The salaries of clerks vary generally from \$1000 to \$2000. These seem, with few exceptions, to be arbitrarily arranged, without much reference to their respective duties. *The committee regard this as a great defect in the organization of the Departments.* There is necessarily a great difference in the capacity and application requisite for the faithful discharge of the duties of the clerks, and there should be a corresponding difference in their compensation.⁷² (Emphasis added)

In 1851, the Senate adopted a unanimous resolution to require the Cabinet to send Congress “some plan for classifying the clerks in those departments, for apportioning their salaries according to their services, and for equalizing the salaries of the clerks of the same grade in each of the departments. ...” A year later, after the secretaries of State, Treasury, Interior, War, and Navy along with the postmaster general reported that they couldn’t agree on a better system, Congress set about doing it for them.

Congress also struggled to come up with a thoughtful, comprehensive system but in 1853 succeeded in reaching consensus on some things: It created four standard salary rates that fixed pay levels at \$900, \$1,200, \$1,500, or \$1,800 annually. This was accompanied by a return to a more rigid statutory roll wherein Congress specifically authorized certain numbers of clerks in each salary band for each office within government (e.g., “And in the office of the Light-house Board, one of class one, one of class two, and two of class three.”).⁷³ Importantly, while Congress contemplated a system that defined what sort of duties qualified a clerk for Class 1 versus 2 versus 3, it did not succeed in passing a law that specified anything approximating this kind of system. In the end, the 1853 reform only standardized pay bands but not jobs.

Cycle 3 - The Pendleton Act and the Classification Act of 1923

The level of standardization that Congress laid out in 1853 did not last long. In 1871 the Grant Civil Service Commission became concerned that this system still did not have any mechanism for “group[ing] positions in each branch of the civil service according to the character of the duties to be performed” and grading “each group from lowest to highest for the purpose of promotion within the group.”⁷⁴

Despite this, in the Pendleton Act of 1883 just a few years later, Congress loosened rules on agencies by allowing them to develop their own classification systems when they determined it was necessary. Agencies still had to refer to the salary levels from 1853, but they were free to “respectively revise any then existing classification or arrangement of those in their respective departments.”⁷⁵ Beyond that, however, the Pendleton Act ignored questions of pay and classification systems, focusing instead on hiring procedures and merit protection than on who got paid how much. Thus, the modern nonpartisan civil service was born.

72 Select Committee on Retrenchment, *Retrenchment -- Reorganization of Executive Departments*, H. Rept. 27-741 (U.S. House of Representatives, 1842), https://www.govinfo.gov/content/pkg/SERIALSET-00410_00_00-002-0741-0000/pdf/SERIALSET-00410_00_00-002-0741-0000.pdf. 18-23.

73 An Act Making Appropriations for the Civil and Diplomatic Expenses of the Government for the Year Ending the Thirtieth of June, Eighteen Hundred and Fifty-Four, 10 Stat 189 (1853), <https://tile.loc.gov/storage-services/service/l1/llsl/llsl-c32/llsl-c32.pdf#page=211>. 209-210.

74 Ulysses S. Grant “Message on Civil Service Reform,” to Congress, December 19, 1871, <https://millercenter.org/the-presidency/presidential-speeches/december-19-1871-message-civil-service-reform>.

75 An Act to Regulate and Improve the Civil Service of the United States [Pendleton Civil Service Reform Act], 22 Stat 403 (1883), <https://tile.loc.gov/storage-services/service/l1/llsl/llsl-c47/llsl-c47.pdf#page=431>. Sec. 6, 405-406

Once again, this created fragmentation that caught the attention of Congress as well as the newly minted Civil Service Commission (CSC), created in 1883 to administer the career civil service in a nonpartisan way. In its 1886 annual report, the CSC assessed the results of the state of the classification system:

The practical results [of the system from 1853] are that officials in the different Departments, doing the same kind of quality of work, sometimes have very different salaries. Such was the condition when the Civil Service Act [of 1883] was passed, and Congress has not provided a remedy. That act did not undertake to deal with salaries. Neither the Commission nor the president has any authority to make salaries just for the work done or uniform for doing the same work. Congress alone has authority in such matters.⁷⁶

This system, in turn, continued to fragment through the late part of the 19th century and into the first two decades of the 20th century. Along the way, new agencies secured flexibility while older agencies remained stuck with old pay systems. In 1907, the first presidential commission on management issues, the Keep Commission, declared that as a result of this fragmentation “[i]t is a well-known fact that through all the Departments people are sitting side by side doing the same class of work and receiving very different compensation” and pointed out that the government had largely outgrown the system from 1853. “There are now individual bureaus that have more employees than the entire departmental service in 1853. ... Despite this enormous growth in the departmental service no consistent plan has ever been followed in making the additions.”⁷⁷ Reports by both the executive and legislative branches in 1908, 1909, and 1910 hit similar themes but Congress struggled to come up with an alternative before war broke out and sapped attention for reform.

Finally, after World War I rapidly expanded the size and scope of government, this iteration of the system had become so broken and unwieldy that Congress had to act. A 1920 report by a joint House and Senate committee declared:

The United States Government, the largest employer in the world, is without a modern classification of positions to serve as a basis for just standardization of compensation, and without a central employment agency having adequate powers; in short, without an employment policy.

This lack of a comprehensive and consistent employment policy, and of a central agency fully empowered to administer it, has produced most glaring inequalities and incongruities in salary schedules, pay-roll titles and departmental organization, with much resultant injustice, dissatisfaction, inefficiency, and waste.

In the judgment of your Commission, the first step needed to relieve the situation is the adoption by the Congress of the classification of positions and the schedules of compensation included in this report.⁷⁸

Following submission of this commission’s exhaustive 884-page report of recommendations, Congress began debating and shaping successive legislative proposals through the early 1920s. These efforts culminated in the

⁷⁶ *Third Annual Report of the United States Civil Service Commission - January 16, 1885 to January 16, 1886* (U.S. Civil Service Commission, 1886), 11

⁷⁷ *Report to the president by the Committee on Departmental Methods: Classification of Positions and Gradation of Salaries for Employees of the Executive Departments and Independent Establishments in Washington* (Committee on Departmental Methods (Keep Commission), 1907), 6-7.

⁷⁸ *Report of the Congressional Joint Commission on Reclassification of Salaries: Submitting a Classification of Positions on the Basis of Duty and Qualification, and Schedules of Compensation for the Respective Classes*, H. Doc. 686 (Congressional Joint Commission on Reclassification of Salaries, 1920), 8.

Classification Act of 1923, which was based on the report’s recommendations, albeit with some important changes. The act created six broad “services,” rather than the 44 specific ones in the commission’s plan, each with a number of pay grades (e.g., the Clerical Administrative and Fiscal Service, had 14 grades ranging from \$1,140 for simple office support work to \$7,500 for senior executives). The law also created the Personnel Classification Board to promulgate more specific standards and oversee work by agencies to guard against abuse.

Once these class specifications were designed, the board was to review new positions an agency proposed and determine which of the class specifications it most closely aligned with. This, in turn, would dictate the pay rate for the job, ensuring some degree of objectivity and equalization among similar positions. In effect, this was the first real process for ensuring equal pay across the government for equal work based on job duties.

Cycle 4 – The Classification Act of 1949 and the General Schedule

However, this relatively elegant (for 1923) system struggled in implementation. Governance challenges, understaffing at the Personnel Classification Board, confusing policy rulings by the newly created Comptroller General, and limited initial coverage – it applied only to the ~10 percent of agency staff at headquarters in Washington – meant that the system was slow out of the gate after 1923. Then, as the country fell into the Great Depression, Congress once again undermined the system by introducing new deviations.

In addition to consolidating agencies, Congress enacted pay freezes and staff reductions to trim the government’s operating budget during the early years of the Depression. This meant that, while the CSC continued to try to implement the system envisioned by the Classification Act of 1923, many of its “allocations” existed only on paper while promotions and pay were mostly frozen in place.⁷⁹ At the same time, Congress set about creating new agencies as part of President Franklin D. Roosevelt’s efforts to stimulate the economy. New Deal agencies such as the Tennessee Valley Authority, the National Industrial Recovery Administration, and the Public Works Administration had to be stood up quickly and, as it did during World War I, Congress waived the standard rules to accelerate the process. In particular, it exempted these agencies from the Classification Act entirely, returning to a system in which agency heads were allowed to decide how to structure positions and fix pay.⁸⁰

Even after the Depression subsided, these challenges (and many of the new agencies facing them) persisted. During World War II, the government attempted to expand coverage under the 1923 system but struggled with the complexity and bottlenecks from having the authority to approve all decisions against a set of standards. The system also teetered on the brink of failure during the massive postwar demobilization, as the Civil Service Commission wrote in 1947 report:

The gradual conversion of the Federal service from a war to a peacetime basis continued to present many problems bearing on the allocation of positions subject to the Classification Act of 1923, as amended. Reductions in force, the elimination, consolidation, and redistribution of functions of organizational units, and organizational surveys of certain war agencies have contributed to the situation. The increased emphasis on scientific research

⁷⁹ Ismar Baruch, *History of Position-Classification and Salary Standardization in the Federal Service: 1789-1941* (U.S. Civil Service Commission, 1941), 72-75.

⁸⁰ *Id.*, 76.

and development and the expansion of the Government in business fields has resulted in the consideration of many types of positions in the departmental service not previously encountered in the Government. These factors resulted not only in a large volume of classification work but also in a variety of technical problems for consideration by a decreasing classification staff.⁸¹

Following the war, as the first Hoover Commission investigated a variety of management issues, it devoted substantial attention to these problems with the classification and pay system, which it judged to be both “inequitable and complex.”⁸² Specifically, the report pointed out that while nearly all agencies were subject to the same rules for hiring and firing, only “42 percent are subject to any single set of pay policies,” which, despite efforts to consolidate under the Classification Act, still varied widely among agencies. These systems included 850,000 employees under the Classification Act, 600,000 under various blue collar pay schemes, 480,000 in a completely separate postal personnel system, and 70,000 “scattered in 16 agencies ... compensated under special laws passed by Congress.”⁸³

In its report, the commission echoed the criticism that had led to the passage of the Classification Act of 1923 in the first place: that the system was too fragmented, too filled with congressionally granted exceptions and special cases, and too complicated to understand and administer. It also echoed the longstanding view that federal salaries unacceptably lagged behind the private sector and, as a result, impeded the government’s ability to recruit and retain talent. The commission recommended that Congress enact a new, comprehensive classification and pay system to bring all these discrete systems under one umbrella to remedy the inequities and management challenges from uneven implementation and statutory exceptions.

This report, in turn, led to the Classification Act of 1949, which aspired to do exactly that: create a system that organized most work in the federal government under one, simpler system that actually made good on the goal of equal pay for equal work. In that system, Congress defined 18 possible grades in statute (15 regular grades and three “supergrades” for executives), describing the types of work that made a position a GS-03 versus a GS-04 across occupations and agencies.

For consistency in addressing the previous bottleneck challenges, the CSC promulgated standards and audit agency decisions but left the actual work of sorting jobs into classes and grades to the agencies. This meant that the CSC’s standards had to provide agencies guidance on how to apply the statutory grade levels to specific occupations (e.g., what types of librarian work fell into GS-05 versus GS-07). This, in turn, led to the system as it stands today: several hundred occupations, each with detailed class specifications, job titles, and considerations that agencies use to define the work of their employees and, through a set of complex sorting activities, determine at what grade level they are paid.

Today: The slow disintegration of the GS and the start of Cycle 5

The Classification Act of 1949 was regarded as an important step forward to a more modern personnel system that suited the needs of the government in the middle of the 20th century. When Truman signed it, for example, he lauded the bill for “greatly simplif[y]ing the salary system by reducing the number of pay grades... and at the

81 *64th Annual Report of the United States Civil Service Commission - Fiscal Year Ended June 30, 1947* (U.S. Civil Service Commission, 1948). 18

82 *Personnel Management: A Report to the Congress by the Commission on Organization of the Executive Branch of the Government* (The Commission on Organization of The Executive Branch of the Government (First Hoover Commission), 1949). 24

83 *Id.*

same time correct[ing] inequities among the different grades which were created by piecemeal legislation of a period of years.”⁸⁴ Directly echoing a Hoover Commission recommendation, he also noted that it decentralized the classification function among agencies, allowing them to make their own decisions according to CSC standards, thereby eliminating “one source of delay in appointing qualified personnel.”⁸⁵ Similarly, the Civil Service Commission noted that the “consolidation of the four ‘service’ schedules into two ... was a marked improvement and is working out satisfactorily.”⁸⁶

However, much like its predecessors, politics began to cause the system to fragment *yet again*. In 1968, an exhaustive report by a subcommittee of the House Committee on the Post Office and Civil Service framed the problem this way:

As time went on, there were complaints from some departments and agencies that for certain groups of positions the Classification Act was too rigid to meet their personnel needs. Exemptions were made from the single servicewide system to provide more flexibility in assignments and pay for the complaining agencies, and separate ranking systems were authorized. Among the groups for which separate authorities were provided are the Foreign Service, the Department of Medicine and Surgery in the Veterans’ Administration, the Public Health Service, and the Tennessee Valley Authority.⁸⁷

This time, however, to address the problem the report proposed a novel solution: Rather than design an entirely new system to match the needs of late-1960s government, Congress should remove the definitions of various levels and “key jobs” from statute. Instead, the CSC would be empowered to design a system for grouping positions across the government that could change over time to accommodate issues, rather than drive agencies to look for exceptions and loopholes every time an issue arose.⁸⁸ This would, in turn, mean that the system could keep up with the rapidly increasing pace of change rather than having to muster the political will for periodic, massive system overhauls.

Based on this work, Congress passed the Job Evaluation Policy Act of 1970, which directed the Nixon administration to conduct a similar study about what such a system might look like and propose legislation that would achieve it. The CSC formed a task force to produce the report, which agreed with the subcommittee and proposed a radical overhaul to make the classification and pay system more flexible across six different types of jobs: executives, managers, administrative and professional staff, clerical staff, blue collar employees, and special other types of occupations. The administration, however, couldn’t reach political consensus on whether it supported a reform this radical and never transmitted the task force’s detailed legislative proposals to Congress, much to the disappointment of the subcommittee that had championed its work. The CSC and Congress agreed to work together more on the issue in the future, but the project was abandoned as a political coalition for change failed to materialize. The system they failed to reform persists today.

84 Harry S. Truman, “Statement by the president Upon Signing the New Classification Act,” Harry S. Truman Library & Museum, October 28, 1949, <https://www.trumanlibrary.gov/library/public-papers/242/statement-president-upon-signing-new-classification-act>.

85 *Id.*

86 *First Annual Report of the Civil Service Commission Under Classification Act of 1949*, H. Doc. 82-195 (U.S. Civil Service Commission, 1951), 20

87 *Report on Job Evaluation and Ranking in the Federal Government Prepared for the Use of the Committee on Post Office and Civil Service Subcommittee on Position Classification*, Committee Print No. 15 (U.S. House of Representatives, 1968) 2.

88 *Id.* 15

Blue ribbon commissions have continued to study the problem since then: In 1975, President Gerald R. Ford formed the President’s Panel on Federal Compensation, which echoed many of the concerns of its predecessors. In 1977, President Jimmy Carter launched his own study group, which passed up the opportunity to recommend major changes to the classification system in favor of structural reforms to bargaining, dismissal, employee appeals, and a proposal to break the CSC into a new Office of Personnel Management (OPM) as well as the Merit Systems Protection Board and Federal Labor Relations Authority. The recommendations became the foundation for the Civil Service Reform Act of 1978, which included many of the study group’s suggestions. In 1980, the recently renamed Office of Personnel Management and the Office of Management and Budget launched their own study to craft “A Federal Position Classification System for the 1980’s” that studied the issue in a great deal of detail but only made recommendations for incremental change.

At the same time, OPM began conducting limited experiments with ideas for classification and pay reform. Having received authority in the CSRA to run “demonstration projects”⁸⁹ to test deviations from the regular federal personnel system, its first pilot program began in 1980 at the Naval Air Weapons Station China Lake. Under this system, the base was granted flexibility to change both its classification and pay systems to a more flexible, banded system more like what the task force had envisioned in the early 1970s. This was followed by additional demonstration projects through the end of the 20th century, many of which were made permanent but were not expanded to encompass large swaths of the federal workforce – leading to more fragmentation. Both the Reagan and Clinton administrations explored the idea of taking the learnings from these projects (i.e., that a more flexible system could work in government) and applying them more broadly. Instead, Congress made incremental adjustments to such agencies as Federal Student Aid and the Federal Aviation Administration, providing them with flexibility to do it themselves but leaving the bulk of the government untouched.

Finally, as the page turned into the 21st century, the George W. Bush administration attempted one last time to design a system that addressed challenges it saw with the GS: that it was “market insensitive,” “performance insensitive,” and had “an excess of internal equity,” echoing many now familiar criticisms by successive reports and administrations.⁹⁰ But rather than tackling the entire system, it attempted to pilot reform at scale across two of the fastest-growing departments during the newly launched Global War on Terror: the Department of Defense and the newly created Department of Homeland Security. In 2002 and then 2003, Congress passed nearly identical pieces of legislation that authorized these experiments, crafted mostly by Republicans over the objections of Democrats who argued instead that a more incremental, bipartisan approach would have been better.

In both cases, Congress gave the departments flexibility to design their systems without regard for the GS, and in both cases their efforts failed catastrophically. In both systems, the departments were free to design their own classification and pay systems, and both opted for much simpler occupational groupings than the GS with much simpler, banded pay systems. The centerpiece of each system was a pay-for-performance approach that provided for annual pay raises only in the case of adequate or higher performance ratings and that was designed to be revenue neutral by offsetting higher-than-normal raises for the highest-rated employees with lower or no raises for those on the other end.

89 An Act to Reform the Civil Service Laws [Civil Service Reform Act of 1978], Pub. L. Nos. 95-454, 92 Stat 1111 (1978), <https://www.govinfo.gov/content/pkg/STATUTE-92/pdf/STATUTE-92-Pg1111.pdf>. Title VI, 1185.

90 *A Fresh Start for Federal Pay: The Case for Modernization* (U.S. Office of Personnel Management, 2002).

In the case of DHS's new system, MaxHR, court battles over the bargaining rights of employee unions significantly slowed implementation and led Congress to ax the system entirely even before it was rolled out. At DoD, similar court cases also slowed implementation but several hundred thousand nonbargaining staff were eventually converted to the new system, called the National Security Personnel System (NSPS) and operated under it for a couple of years. But this meant that management became more complex for the department because it was now operating an additional system rather than a single, simpler one. Employees and managers also expressed concerns about unequal distribution of pay raises and bonuses, which further weakened support. Eventually, when Democrats, who had opposed major design elements of both systems in committee and protested that Republicans passed them on party-line votes without compromise, retook control of Congress in 2006 and then the White House in 2008, they unwound both systems. In both cases, these reforms are now a distant memory and represent a tremendous waste of scarce political capital for management reform.

Since then, when Congress has acted, it's mostly been to just create new exceptions: In 2014, for example, it gave DHS the flexibility to create a new pay and classification system for cybersecurity talent that it finally rolled out in 2023.⁹¹ In 2022, when the Department of Veterans of Affairs needed to staff up to handle a large volume of new claims, the Promise to Address Comprehensive Toxics (PACT) Act granted it the authority to offer "critical skill incentives" to both clinical and nonclinical staff to ease recruitment and retention challenges.⁹² These and similar efforts solved issues for those specific agencies, to be sure, but in the main *exacerbated* rather than eased the system's fragmentation and unwieldiness. Agencies complain frequently that these carve-outs lead to agency brain drain as the best talent goes to the agency with the most robust special pay authority.

Meanwhile, the executive branch has made some gestures at simplifying the system using executive actions but has eschewed large-scale changes that would require Congress. In August 2024, for example, OMB and OPM issued a joint memorandum on "Hiring Experience" that pointed at an aspect of the classification system that draws applicants' ire: the system of "official" job titles that agencies often use to advertise for jobs. The memo encouraged agencies to use "a descriptive, organizational, or functional job title that resonates with jobseekers in announcements for recruitment and when posting job announcements."⁹³ However, this effort did not seek to simplify the underlying system requiring official job titles based on the GS. A similar effort in the second Trump administration took more explicit aim at job titles but also avoided making changes to the infrastructure.⁹⁴

Indeed, as Congress continues to defer large-scale reform and the basic system languishes, the time is ripe for legislators to close this cycle and pass a new, large reform bill to retire the General Schedule after 75 years of service.

91 Justin Doubleday, "DHS Aims to Expand CTMS after 'Challenges' with Rollout," *Federal News Network*, June 27, 2024, <https://federalnewsnetwork.com/hiring-retention/2024/06/dhs-aims-to-expand-ctms-after-challenges-with-rollout/>.

92 Eric Katz, "Using Special Funding and Authorities, Some Agencies Are Finding Big Success in Growing Their Workforces," *Government Executive*, August 17, 2023, <https://www.govexec.com/workforce/2023/08/using-special-funding-and-authorities-some-agencies-are-finding-big-success-growing-their-workforces/389515/>.

93 Office of Management and Budget and Office of Personnel Management, "Improving the Federal Hiring Experience, M-24-16," August 14, 2024, <https://www.whitehouse.gov/wp-content/uploads/2024/08/M-24-16-Improving-the-Federal-Hiring-Experience.pdf>.

94 Veronica E Hinton, "Job Titling Guidance in Alignment with Executive Order 14170 and the Merit Hiring Plan," OPM Memo to Chief Human Capital Officers, September 9, 2025, <https://www.opm.gov/chcoc/latest-memos/job-titling-guidance-in-alignment-with-executive-order-14170-and-the-merit-hiring-plan/>.

Breaking the cycle: Lessons from the past

If history is instructive, the period dominated by the General Schedule is coming to a close. As the current system gets increasingly difficult to manage, and as issues with classification become salient among nonexpert policy audiences, it will be imperative for Congress to learn from its predecessors as it goes about designing yet another new system.

In considering nearly 250 years of personnel history, themes emerge from this cycle that play out over and over again. This time, when Congress passes a reform bill, it should adhere to several key principles:

Simplify what is in statute - Most critically, Congress must minimize the statutory specifications of individual roles and levels. Throughout our history, the placement of job definitions (and salaries, for most of U.S. history) in statute has been one of the most persistent causes of the Standardization Cycle. While Congress is entitled to assert its prerogative in managing the executive branch, it has never operated quickly enough to keep definitions current – not when the government employed just a few hundred thousand people and certainly not now that it employs several million. The lag between economic shifts, mission growth, and technological change on the one hand, and statutory responses on the other creates an ever-widening gap that drives agencies to seek exceptions and workarounds. Future-proofing any new system requires removing classification specifications from statute altogether, or at least significantly simplifying what’s in statute versus what’s codified in rules and regulations, and thereby translate democratic intent into personnel policy.

The simplest systems last the longest - It’s hard to imagine now, but the General Schedule’s 75-year lifespan isn’t historically anomalous. The four-grade system established in 1853 similarly dominated for nearly 75 years before its replacement in 1923. Relative to other attempts – the intricate 1923 system stands out, with its dozens of services and hundreds of classes – these simpler frameworks proved more durable. Both eventually disintegrated due to their own brittleness, but their longevity suggests that reform should prioritize clarity and flexibility over comprehensive precision. The perfect system that tries to account for every contingency will likely collapse long before a simpler framework that leaves room for adaptation.

Resist the urge to create agency exceptions - Each major reform has eventually run into the same problem of statutory incoherence: In the 19th century, Congress excluded subclerical roles and newer agencies; in 1923, it initially exempted field employees; in 1949, it carved out the Foreign Service, parts of the VA, and numerous other agencies by statute. Each exception creates a system of haves and have-nots, spurring other agencies to lobby for their own “special” authorities. More recently, it’s tried to do the same for DHS and DoD, among others. If a new system cannot accommodate a variety of agencies and situations, the solution isn’t to create carveouts but to make the system itself more flexible and responsive to legitimate variation in agency needs.

Implementation takes a long time and requires durable, bipartisan consensus - In implementing both the 1923 law and the 1949 law that created the GS, the CSC and OPM both spent years developing supporting material to facilitate the system: occupational standards, qualifications standards, model job descriptions, evaluation trainings, and other materials. In both cases, this involved work that spanned across presidential administrations and had to survive while the White House changed party control; successive presidents, in fact, put their marks on the system but picked up where their predecessors had left off. This was the case when the George W. Bush administration created MaxHR and NSPS, which similarly took years to draft and finalize the regulations and procedures that governed both programs. However, because these systems were legislated on party-line votes in Congress including for their most controversial features such as pay for performance and changes to collective bargaining, they were not durable enough to survive changes in congressional and White House leadership. MaxHR failed when Congress changed hands in 2006 and NSPS was sunset a few years later after the White House also flipped. Any new system, if it’s going to survive to maturity and actually be implemented, would need some

degree of bipartisan consensus. Any other approach risks being strangled before it can take root when the political winds change; these systems are hard to unwind over time, but are easy to uproot while they're being implemented.

Don't abandon equal pay for equal work, modernize it – The pervasive sense that pay must be legitimate through transparent equality – that everyone doing similar work should be treated similarly, regardless of agency or demographic characteristics – has formed the core of each reform cycle. When large-scale fragmentation leads to the perception of arbitrary differences in compensation, both Congress and the public consistently demand change. While it may be tempting, as it was for the George W. Bush administration, to focus solely on recognizing individual performance differences, it's not clear our constitutional system's political incentives can sustain such an approach long-term. The challenge is to maintain legitimate equity while building in enough flexibility for a personnel system to compete in modern labor markets.

The time has come for change

When congressional attention last turned in earnest toward fully formed, modern compensation and classification reform, in the early 1970s, the Nixon administration refused to participate. Initially, neither the Subcommittee on Classification, which had championed the effort in the House, nor the director of the task force that had produced the proposal could figure out why. In June 1972, the exasperated chairman of the subcommittee, Representative James Hanley of New York, invited the chair of the CSC, Robert Hampton, to explain himself.

Hampton explained that, while “the commissioners and our staff pretty much were in consensus with the task force”⁹⁵ on the substance of the recommendation to create a more flexible, banded system that encompassed all federal employees, they could not come to a consensus politically with others inside the administration about the need for change. He explained that in his view the system had simply not gotten bad enough to make reform possible:

Historically, in this area of personnel administration, legislation usually results when a crisis situation has developed, and it is plain for everyone to see. When you try to anticipate these problems and to say that this is what should happen to make a better situation, you find that everyone, even those who have talked very much about reform, goes into a shell when it comes to getting behind it and selling it. I think this is the dilemma that went through our minds as we considered these questions.⁹⁶

Though pessimistic about the possibility of reform, Hampton mused that “much has been accomplished in that a direction has been charted, and in a matter of time, I think those goals will be accomplished. So I hope, in making this statement, I give you some comfort that the \$700,000 cost and years of study and research, have been very profitable, a very profitable investment in the future.”⁹⁷

What Hampton was referring to is essentially this Standardization Cycle, which has been and continues to be a defining pattern in personnel reform efforts at the federal level: The system has to get worse, more fragmented, and less wieldy before it can be made better, even if the path toward reform is obvious.

It appears that the GS system is rapidly reaching that point today, and many of the proposals from both Hampton's task force and previous efforts to imagine a better future could be well suited to a new reform movement.

⁹⁵ *Proposals to Reform Federal Classification Systems: Hearing before the Subcommittee on Employee Benefits of the Committee on Post Office and Civil Service*, U.S. House of Representatives 92nd Congress, 2nd Session (1972), 213-214

⁹⁶ *Id.*

⁹⁷ *Id.*

IV. Practice: The operation and limitations of the system today

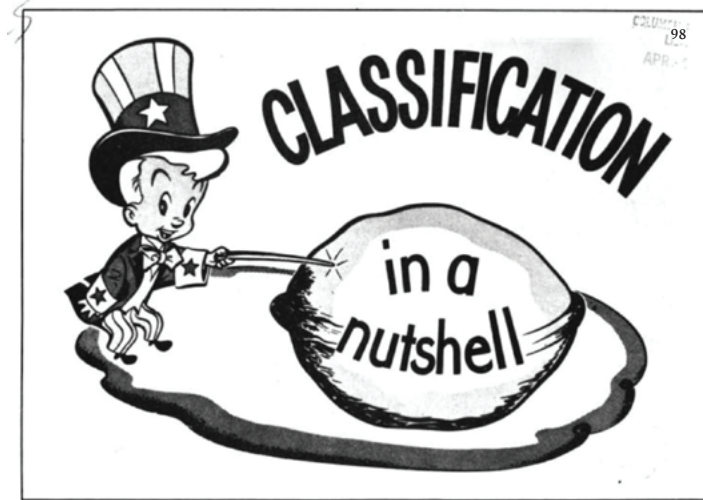
We've traced nearly 250 years of classification history, watched the Standardization Cycle repeat four times, and identified clear lessons about what makes systems succeed or fail. But to break this cycle – that is, to design a fifth iteration that might actually last – we need to understand not just where we've been, but precisely where we are.

The General Schedule that governs most federal employment today is, in many ways, a monument to the lessons of World Wars I and II and the Great Depression. Its architects sought to create a system simple enough to avoid the complexity that doomed the 1923 Classification Act, flexible enough to prevent the rigid statutory rolls of the 19th century, and comprehensive enough to end the fragmentation that plagued the 1930s and 1940s. In important respects, they succeeded: The GS has survived 75 years, longer than any classification system except the four-grade structure of 1853, which limped into the 1920s and 30s.

But longevity isn't the same as vitality. Like a Victorian mansion that's been repeatedly renovated with modern additions – a new wing here, updated wiring there, solar panels on the roof – the General Schedule today is a patchwork of its original elegant design and decades of workarounds, exceptions, and Band-Aids. To understand why reform is necessary and what form it should take, we need to examine how this system actually operates in practice: how jobs are classified, how pay is determined, and how both employees and managers navigate a framework designed for the typewriter age but pressed into service for the AI era.

The basic mechanics of the General Schedule system

In 2026, the federal government is the most diverse employer in the country, employing Americans in almost every job and location conceivable. Even a glance through the hundreds of occupational definitions for white⁹⁹ and blue¹⁰⁰ collar workers in the federal government demonstrates this: The federal government employs people in virtually every occupation in the nongovernment economy as well as several that are unique to the government, such as intelligence analysts, patent examiners, and air traffic controllers.



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98 "Classification in a Nutshell," U.S. Civil Service Commission; Originally prepared by the U.S. Department of Agriculture Personnel Office, July 1951.

99 U.S. Office of Personnel Management, "Classifying General Schedule Positions," OPM.Gov, accessed January 12, 2026, <https://www.opm.gov/policy-data-oversight/classification-qualifications/classifying-general-schedule-positions/>.

100 U.S. Office of Personnel Management, "Classifying Federal Wage System Positions," OPM.Gov, accessed January 12, 2026, <https://www.opm.gov/policy-data-oversight/classification-qualifications/classifying-federal-wage-system-positions/>.

Developing a pay system that accommodates this breathtaking diversity is difficult. “For an employer with approximately 3 million employees in some 70 departments and agencies and the most varied functions of any employer to treat its employees equally is almost a superhuman task.”¹⁰¹ And yet, for practical and political reasons discussed earlier, the government has to try. As we’ve seen, the General Schedule personnel system is the latest in a long line of attempts, starting very early in American history, to accomplish this task.

If classification systems exist to facilitate policy choices about who gets what reward for which job, the policy choices and values at the heart of the General Schedule are clear: **employees should be compensated the same way (i.e., at the same grade level) for performing the same work, regardless of the agency in which they work or their occupation.**

If there seems to be a gap between the tens of thousands of unique jobs inside the government and the desire to strictly equalize pay among those jobs, that’s because there is. The processes in the current classification system exist to bridge that gap in a standard, defensible way. At its core, the entire system exists to facilitate the task of placing tens or hundreds of thousands of unique jobs all across the federal government on one single, 15-grade pay scale. Because of that, despite being focused on how much pay an employee is entitled to, the system doesn’t set numerical salary levels, it sets *relative* salary by assigning jobs to one of the 15 grades.

Actual compensation is set by the maintenance of pay tables that correspond to those 15 grades and that include minimum and maximum salaries for each grade, which the president and OPM update annually. There are 10 “steps” between the minimum and maximum rates for each grade, which decompose those grades further. Steps, however, are not based on the type of work performed or skills required – that ends at grade – but instead are based on longevity, with employees progressing from the low to the high end of the grade depending on how long they’re employed by the government. Since the 1990s, the government has also adhered to a system of locality pay that modifies the “standard” pay tables based on the location of each job, with areas of higher labor cost (e.g., New York City, San Francisco, etc.) receiving various multipliers that also apply.

In effect, this means that, to figure out pay for a given federal worker, one must:

- classify their job, which involves defining it, assigning it to an occupation, and sorting it into a GS grade from 1-15
- calculate the number of steps the employee is entitled to based on how long they’ve been employed by the government in that grade level
- refer to the GS pay tables, selecting the one that corresponds to the locality pay area for the role the correct current-year pay for that grade, at that step, in that area

This process, even at a high level, is complex and unintuitive, but it makes basic sense: If Congress wanted total, defensible salary equalization across agencies, occupations, and so on, then the system achieves that goal. By examining the details, however, one can see how the system both works as intended and begins to break down when asked to accommodate a modern, diverse workforce.

¹⁰¹ Report on Job Evaluation and Ranking in the Federal Government, 1.

The basic mechanics of the system: Defining or ‘classifying’ a job

Today, jobs are conceived of and classified in much the same way they have been for decades, using the system of point-factor rating Merrill Lott designed in 1926 and that the government adopted in the early 1970s.

At its most basic, the process works this way:

- **Job conception** – Jobs, to start, are amorphous bundles of tasks that a manager supposes are required to generate a given set of outputs. This way of designing and decomposing work is the foundational activity of management and an unavoidable part of every manager’s job.
- **Job definition** – To begin to find a place for that job in the pay scale, the system requires managers to explicitly define each job in a written position description. In the current system, this involves writing out position descriptions with detailed descriptions of how the job fits into a variety of “factors” including the knowledge required for the role, complexity of the job, types of relationships needed, physical demands, work environment, degree of supervision, etc.
- **Occupational definition** – These position descriptions are then sorted into occupations, which group them by similar job functions and duties. Not all financial management jobs, for example, have the *exact* same duties but someone who prepares static financial reports and someone who prepares financial dashboards for management are at least *similar*.
- **Occupational standardization** – Occupations, in turn, have standards that each map various combinations of duties, tasks, responsibilities, etc. inherent in the occupation onto the pay scale. These standards explain, for example, what makes a librarian a GS-09 versus a GS-11.
- **Job evaluation** – By applying these standards to the written position description, agencies arrive at an occupation and then a pay grade, as well as all the other things that go with that grade in that occupation (e.g., job titles, certification requirements, etc.). In effect, the position standards are the rubric used to evaluate jobs and assign them to the right series of categories, culminating in one of the 15 possible pay grades.

All across the federal government, this activity is carried out thousands of times every year. Under the general delegation of authority involved in the system, agencies are responsible for carrying out this work for their own positions. To ensure consistency across agencies there are written government-wide guidelines for how to carry out this process. Since 1949, both the Office of Personnel Management and its predecessors, the Civil Service Commission and Personnel Classification Board, have published detailed “position classification standards” that outline which jobs fall into which occupations, define which titles are allowable inside that occupation, and provide detailed instructions for arriving at a grade level. This involves looking at each of the factors in the position description and comparing it to a set of benchmarks in the standard. Each benchmark, in turn, has a number of points associated with various levels and the sum total of points for all levels of all standards dictates the pay grade.

For example, suppose an agency was trying to hire someone at one of the U.S. Fish and Wildlife Service’s 71 National Fish Hatcheries.¹⁰² The first two steps would involve designing a position and then preparing a position description that breaks work of “preserving, conserving, propagating, and managing fish and other aquatic species popu-

¹⁰² “National Fish Hatchery System | About Us,” U.S. Fish and Wildlife Service, accessed April 8, 2026, <https://www.fws.gov/program/national-fish-hatchery-system>.

lations and their habitats for ecological purposes and to benefit the public”¹⁰³ into its constituent parts and factors. For example, in the “Guidelines” factor, the position description should describe how well-defined the standard operating procedures are for the job and how much independent judgment an employee might need to use. The system presumes that the higher level of autonomy, the higher level of pay.

During the job evaluation step, an HR professional uses the standard for “Professional Work in the Natural Resources Management and Biological Sciences”¹⁰⁴ to determine how many points to assign by comparing the position description’s narrative about how detailed the fish management rules are with the benchmark standard:

LEVEL 3-3	275 POINTS
<p>Guidelines Used – The employee uses a wide variety of reference materials and manuals; however, they are not always directly applicable to the work or have gaps in specificity. Available precedents outline existing approaches to more general problems or issues.</p> <p>Judgment Needed – The employee uses judgment in selecting, interpreting, and applying available guidelines for adaptation to specific problems or issues.</p>	

LEVEL 3-4	450 POINTS
<p>Guidelines Used – The employee uses guidelines and precedents that are very general regarding agency policy statements and objectives. Guidelines specific to assignments are often scarce, not applicable, or have gaps in specificity that require considerable interpretation and/or adaptation for application to issues and problems.</p> <p>Judgment Needed – The employee uses judgment, initiative, and resourcefulness in deviating from established methods to:</p> <ul style="list-style-type: none"> • deal with specific issues or problems; • research trends and patterns; • propose new policies and practices; • develop new methods and criteria; and/or • modify, adapt, and/or refine broader guidelines to resolve specific complex and/or intricate issues and problems. 	

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Because jobs are so varied across agencies, the evaluator picks the level that most closely resembles the work being performed.

¹⁰³ “Professional Work in the Natural Resources Management and Biological Sciences Group, 0400,” U.S. Office of Personnel Management, September 2005, <https://www.opm.gov/policy-data-oversight/classification-qualifications/classifying-general-schedule-positions/standards/0400/0400p.pdf>

¹⁰⁴ Id.

¹⁰⁵ Id. 57

After undergoing a similar exercise for all nine factors, the points are tallied and can be compared against a table included in the standard:

Grade Conversion Table

(The shaded portions of the table reflect the most commonly found grades in this job family)

Point Range	GS Grade
855-1100	5
1105-1350	6
1355-1600	7
1605-1850	8
1855-2100	9
2105-2350	10
2355-2750	11
2755-3150	12
3155-3600	13
3605-4050	14
4055-4480	15

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Having been sorted into the appropriate occupation and the appropriate grade, the position becomes “graded.” According to the internal logic of the system, it has now been appropriately ranked, judged to be equal to other types of work at a given grade level across government, and now someone can be recruited into the role at the given pay grade.

Still, this system does not alone drive what a given employee is actually paid. There are two more major components that further translate a GS grade into an actual paystub: within-grade placement and the maintenance of salary tables.

The basic mechanics of the system: Pay raises or ‘within grade’ placement

Just as the classification system assumes that all jobs can be sorted into 15 monolithic “grades” that represent minimum and maximum salary levels for work, it subdivides those grades into 10 “steps” to determine an individual employee’s place within the system. Because the grade is intended to equalize by duties, this step system is intended to govern how fine-grained differences in pay between same-grade employees are determined with each step being worth approximately 3 percent of the employee’s salary.¹⁰⁷ In theory, each grade is not a single salary but a spectrum; in practice, it is a conveyor belt.

In the original Classification Act of 1923, within-grade increases were supposed to be allocated based on “efficiency ratings,” which were an early attempt at performance management for individual employees.¹⁰⁸ Agencies had a degree of flexibility in deciding how to structure these systems and how to distribute within-grade increases year-to-year. However, Congress became concerned about the “natural tendency to work personnel up gradually so that everybody will eventually get to the top in each grade except a variable percentage affected by turnover.”¹⁰⁹ As a result, starting in 1925, they also inserted a provision into annual appropriations limiting within-grade salary adjustments, requiring that the average salary for a given group of employees could not exceed the average salary for the grade they were in – in effect, enforcing a symmetric distribution, centered on the average, for classes of employees in a given agency.

By the early 1940s, this was judged to be a problem: Movement within those ranges was left to departmental discretion, creating vast inconsistencies across government. Some agencies rewarded loyalty to political patrons, others used merit, and many simply had no system at all. An employee might languish at the minimum salary for decades while a colleague advanced rapidly through political connections. In 1941, Congress passed the Mead-Ramspeck Act,¹¹⁰ which began to guarantee more automatic advancement: Each employee was entitled to a “step” increase following 18 or 30 months of service, depending on the increment (i.e., 18 months if the step increment was \$60 or \$100, and 30 months if it was \$200 or \$250).¹¹¹ It did continue to include some connection to performance – automatic raises were only for employees with satisfactory performance ratings – but it did introduce the concept of automatic raises based primarily on longevity in the federal workforce.

Today, placement within the 10 steps on the GS pay scale is still primarily by longevity, along the contours of that system designed in the early 1940s. When a new employee enters the civil service, the default rule is that they must start at Step 1, at the minimum salary level for the grade they’re occupying. From there, their financial progress is largely automated: they advance to Steps 2, 3, and 4 after one year of service in each; to Steps 5, 6, and 7 after two years in each; and to Steps 8, 9, and 10 after three years in each.¹¹² It takes exactly 18 years to climb from Step 1 to Step 10, assuming “fully successful” performance through each of those years. For large portions of the federal

107 U.S. Office of Personnel Management, “General Schedule Overview,” OPM.Gov, accessed January 12, 2026, <https://www.opm.gov/policy-data-oversight/pay-leave/pay-systems/general-schedule/>.

108 Baruch 93

109 Baruch 94, quoting *Representative Madden, Speaking on January 10, 1924*, Congressional Record (U.S. House of Representatives, n.d.), Vol. 65, Part 1, 791, <https://www.congress.gov/bound-congressional-record/1924/01/10/house-section>.

111 An Act to Amend the Classification Act of 1923, as Amended., Pub. L. Nos. 77-200, 55 Stat 613 (1941), <https://tile.loc.gov/storage-services/service/l1/llsl/llsl-c77s1/llsl-c77s1.pdf#page=638>.

112 Baruch 98.

workforce, this is how they progress within grades regardless of whether they are regarded as an exceptional contributor, a low performer, or anywhere in between.

Over the decades, the system has evolved to include a few mechanisms to bypass this rigidity, though they are applied inconsistently. While most people start at Step 1, the corresponding salaries are often noncompetitive with the labor market the government is competing for talent in. As a result, agencies can use “Superior Qualifications” authority to negotiate a higher starting step for new hires with exceptional experience.¹¹³ For internal promotions, the “Two-Step Rule” ensures that an employee promoted to a higher grade receives a pay bump equivalent to at least two steps in their previous grade, preventing a promotion from resulting in a pay cut.¹¹⁴ Finally, managers can award a “Quality Step Increase” (QSI) to administratively bump an employee up by one step,¹¹⁵ but this is a rare outcome for the annual performance management process, as most agencies have a tightly limited number of QSIs available each year.

Longevity remains the main determinant of place within a given grade level, just as it did prior to the creation of the GS.

Mechanics of the system: Pay administration, locality tables, annual updates

While someone’s grade and step determine their relative rank in the federal personnel hierarchy, their actual take-home pay is determined by a complex interaction between those attributes, the GS base pay table, and the locality pay system.

Including both the GS and its predecessor systems, for most of American history the actual pay tables behind the classification system were fixed by statute and nearly all white collar employees were paid off of one uniform, national pay table (e.g., a GS-12 in Alabama was paid the same as one in New York City). When changes to those nominal pay rates needed to be made, Congress would have to pass a new piece of legislation to update them. However, starting with the Federal Pay Comparability Act of 1970, the president gained the authority to adjust pay rates on an annual basis based on changing economic conditions.¹¹⁶ Under this model, the president had the obligation to prepare a report about how the federal government’s pay compared with the private sector and what corresponding adjustments might be required to achieve pay parity and submit that report to Congress each year. The president could also offer an alternative pay plan if circumstances meant that the comparability based adjustment was imprudent “because of national emergency or economic conditions affecting the general welfare.”¹¹⁷

113 U.S. Office of Personnel Management, “Superior Qualifications and Special Needs Pay-Setting Authority,” OPM.Gov, accessed January 12, 2026, <https://www.opm.gov/policy-data-oversight/pay-leave/pay-administration/fact-sheets/superior-qualifications-and-special-needs-pay-setting-authority/>.

114 U.S. Office of Personnel Management, “Fact Sheet: Promotions,” OPM.Gov, accessed January 12, 2026, <https://www.opm.gov/policy-data-oversight/pay-leave/pay-administration/fact-sheets/promotions/>.

115 U.S. Office of Personnel Management, “Fact Sheet: Quality Step Increase,” OPM.Gov, accessed January 12, 2026, <https://www.opm.gov/policy-data-oversight/pay-leave/pay-administration/fact-sheets/quality-step-increase>.

116 Bureau of Labor Statistics, *Wage Chronology: Federal Employees Under the General Schedule Pay System, July 1924-October 1974*, Bulletin 1870 (U.S. Department of Labor, 1975), https://fraser.stlouisfed.org/files/docs/publications/bls/bls_1870_1975.pdf. vii

117 An Act to Amend Title 5, United States Code, to Authorize the president to Adjust the Rates for the Statutory Pay Systems [Federal Pay Comparability Act of 1970], Pub. L. Nos. 91-656, 84 Stat 1946 (1971), <https://www.congress.gov/91/statute/STATUTE-84/STATUTE-84-Pg1946.pdf>. 1948.

Congress could then disapprove of the recommendation, but otherwise the change would go into effect. In 1990, Congress passed the Federal Employees Pay Comparability Act (FEPCA), which maintained this rhythm but also introduced a formula to calculate statutory wage growth each year:

(a) Effective as of the first day of the first applicable pay period beginning on or after January 1 of each calendar year, the rates of basic pay for each statutory pay system shall be increased by the percentage (rounded to the nearest one-tenth of 1 percent) equal to one-half of 1 percentage point less than the percentage by which the [Bureau of Labor Statistic’s Employment Cost Index (ECI)] for the base quarter of the year before the preceding calendar year exceeds the ECI for the base quarter of the second year before the preceding calendar year (if at all).¹¹⁸

This system largely continues to today, though salaries have obviously grown substantially in the intervening 75 years since the General Schedule was introduced:

Salary Ranges - Base General Schedule Pay Table

GS Pay Grade	1949 Classification Act of 1949		1971 Federal Pay Comparability Act		1990 Federal Employees Pay Comparability Act		2025 Current State Baseline	
	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
1	\$2,220	\$2,680	\$4,326	\$5,622	\$11,476	\$14,356	\$22,360	\$27,970
2	\$2,450	\$2,930	\$4,897	\$6,364	\$12,905	\$16,237	\$25,142	\$31,638
3	\$2,650	\$3,130	\$5,524	\$7,180	\$14,082	\$18,303	\$27,434	\$35,660
4	\$2,875	\$3,355	\$6,202	\$8,065	\$15,808	\$20,551	\$30,795	\$40,038
5	\$3,100	\$3,850	\$6,938	\$9,017	\$17,686	\$22,996	\$34,454	\$44,786
6	\$3,450	\$4,200	\$7,727	\$10,049	\$19,713	\$25,626	\$38,407	\$49,927
7	\$3,825	\$4,575	\$8,582	\$11,156	\$21,906	\$28,476	\$42,679	\$55,486
8	\$4,200	\$4,950	\$9,493	\$12,337	\$24,262	\$31,543	\$47,265	\$61,449
9	\$4,600	\$5,350	\$10,470	\$13,611	\$26,798	\$34,835	\$52,205	\$67,865
10	\$5,000	\$5,750	\$11,517	\$14,973	\$29,511	\$38,367	\$57,489	\$74,733
11	\$5,400	\$6,400	\$12,615	\$16,404	\$32,423	\$42,152	\$63,163	\$82,108
12	\$6,400	\$7,400	\$15,040	\$19,549	\$38,861	\$50,516	\$75,706	\$98,422
13	\$7,600	\$8,600	\$17,761	\$23,089	\$46,210	\$60,070	\$90,025	\$117,034
14	\$8,800	\$9,800	\$20,815	\$27,061	\$54,607	\$70,987	\$106,382	\$138,296
15	\$10,000	\$11,000	\$24,251	\$31,523	\$64,233	\$83,502	\$125,133	\$162,672

¹¹⁸ Making Appropriations for the Treasury Department, the United States Posted Service, the Executive Office of the president, and Certain Independent Agencies, for the Fiscal Year Ending September 30, 1991, and for Other Purposes. [Federal Employees Pay Comparability Act], Pub. L. Nos. 101-509, 104 Stat 1389 (1990), <https://www.congress.gov/101/statute/STATUTE-104/STATUTE-104-Pg1389.pdf>. 1429.

The FEPCA did make one big change, in 1990: It provided for locality based adjustments for salary each year based on geographic variations in where jobs were situated. Commonly misunderstood as a cost of living adjustment, this system of locality pay is actually based on the relative differences in the *cost of labor* to employers across individual labor markets across the country, and had been a frequent reform recommendation for years prior. It was one of the earliest acknowledgments that, because the government is a national employer while labor markets are local, it was necessary to find a way to square its commitment to equal pay for equal work with the reality of geographic variation.

As a result of this change, all employees now also fall into one of 58 distinct locality pay areas, ranging from entire states to large cross-state metro areas (for instance, the Washington DC-Baltimore-Arlington) to individual cities and finally to a catch-all for everyone not covered, the “Rest of United States” area. For each locality area, OPM maintains a multiplier that is added to the base GS table. The greater San Francisco area is at the upper end with a multiplier of 46.34 percent; on the bottom end, the Rest of U.S. table has a multiplier of 17.06 percent,¹¹⁹ the result of a strange situation in which no one is actually paid based on the base pay table described above anymore.

Distribution of workforce across locality pay areas & corresponding rates

Size of bubble represents relative share of total federal payroll allocated to each locality area. The horizontal axis represents the pay premium provided in each locality area.

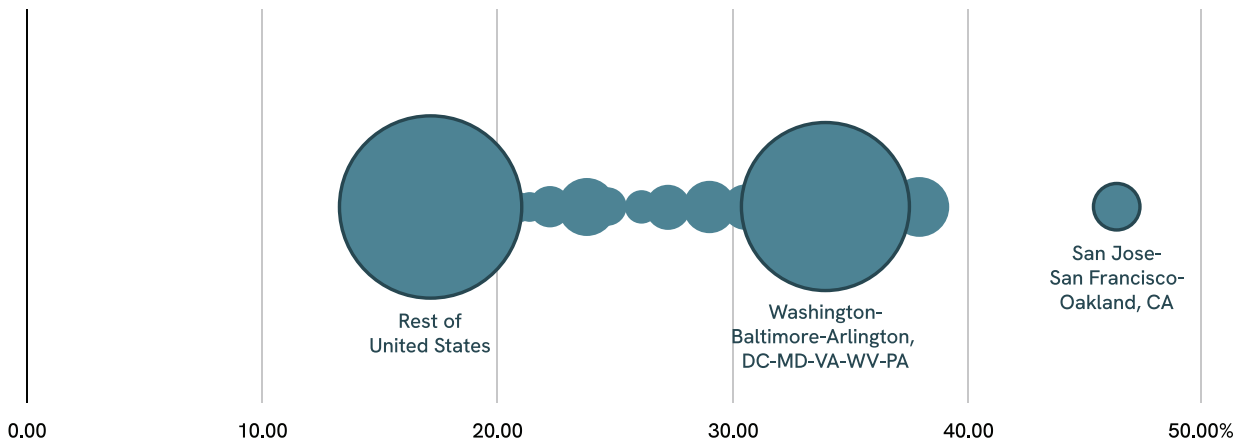


Chart: Gabe Menchaca - Source: Federal Salary Council, OPM

To ascertain the pay of an individual federal employee, then, agencies have to also find their grade and step within yet another table based on where the job is performed.

119 U.S. Office of Personnel Management, “2025 General Schedule (GS) Locality Pay Tables,” OPM.Gov, accessed January 12, 2026, <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2025/general-schedule/>.

In theory, FEPCA’s mandated annual adjustments and these individual locality adjustments close the gap between federal and private sector wages to within 5 percent by using the statutory formula. In reality, every president since the mid-1990s has ignored this target because of the explosive cost. Instead, the president routinely recommends an “alternative pay plan” each year, citing “national emergency or serious economic conditions” to override the statutory formula. The result is a political compromise: a modest annual raise that keeps the system on life support but rarely keeps pace with inflation, leaving the pay gap as a permanent chasm that gets more difficult to fill every year that the president’s pay raise fails to keep up with growth in the ECI.

The system gets some things right today

While it is easy to critique the General Schedule in the context of the modern knowledge economy, it is important to acknowledge that the system was not designed to be an obstruction; it was designed to be *fair* according to the standards of its time. When it was adopted in 1949, it solved real problems that plagued the civil service, drove labor strife, and created genuine political challenges for Congress and the president.

Pay equity across demographic groups – Employers have long struggled with pay gaps among demographic groups of employees.¹²⁰ The type of lockstep classification and pay system the federal government uses by and large does not suffer the same issues. While the GS system is not free of disparity in outcomes or initial placement into roles (e.g., the senior executive service skews male), it is more or less incapable of disadvantaging specific people *once they’re hired*. A role is a GS-12 regardless of who sits in the seat, and the progression of steps is determined by how long they’re in it rather than by their background. Persistent pay gaps and other challenges, while real, are primarily the result of hiring and promotion decisions entirely outside of the classification system.

It’s not by accident that the federal government arrived at such a system either. The 1923 classification system was being developed during the period when women were campaigning for and ultimately won the right to vote. The GS was developed on the heels of midcentury efforts such as FDR’s Executive Order 8802, which banned discrimination in federal employment and war-related private sector work on the basis of “race, creed, color, or national origin.”¹²¹ The system they went on to design and the values they built the GS reflect this goal.

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. In the private sector, a career path can be opaque, with promotions dependent on market forces or office politics that aren’t necessarily well-defined or known in advance. In the General Schedule, the “ladder” is clear and explicit: An employee entering as a GS-07 knows exactly what is required to become a GS-09, a GS-11, and eventually a GS-12 (noting many professional occupations idiosyncratically follow a “two-grade interval pattern”¹²² where they skip specifically GS-08 and GS-10). Raises happen when new, known milestones are met – achieving another step, for instance, or being promoted based on time-in-grade – rather than on an ad hoc basis. This predict-

120 Richard Fry and Carolina Aragão, “Gender Pay Gap in U.S. Has Narrowed Slightly over 2 Decades,” *Pew Research Center*, March 4, 2025, <https://www.pewresearch.org/short-reads/2025/03/04/gender-pay-gap-in-us-has-narrowed-slightly-over-2-decades/>.

121 Franklin D. Roosevelt, “Executive Order 8802: Reaffirming Policy Of Full Participation In The Defense Program By All Persons, Regardless Of Race, Creed, Color, Or National Origin, And Directing Certain Action In Furtherance Of Said Policy,” National Archives, September 22, 2021, <https://www.archives.gov/milestone-documents/executive-order-8802>.

122 “Introduction to the Position Classification Standards,” U.S. Office of Personnel Management, August 1991, 8.

ability fosters a sense of security and tenure, which was intended to insulate the civil service from patronage and also, as a result from the volatility of the private market as well as encourage long-term careers in public service. It also generally means that it's difficult to levy charges of nepotism or unequal treatment against management because within-grade increases are driven by objective facts (i.e., longevity) rather than subjective judgments by management. It is hard to discriminate when there is no room for judgment at all.

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. It allows central planners in Congress and the White House to budget for the workforce in the aggregate – knowing that a “GS-13” represents a fixed cost over time with predictable salary escalation – without needing to negotiate millions of individual employment situations. It turns the chaotic reality of human labor into a predictable, budgetable spreadsheet that, in turn, enables policymakers to comprehend the entire workforce all at once. No matter how complicated the federal government gets, there is still only one president, two Appropriations Committee chairpersons, and one OMB director, all of whom have to wrap their heads around the enterprise they sit atop.

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; two of the largest Reddit forums for federal employees, for example, are “r/1102” and “r/1811” for contracting specialists and criminal investigators respectively, named after the occupational groupings they fall into under the GS. When applying for jobs across agencies, staff can easily determine which ones they might be qualified for by searching for occupational codes that align with their past experience and future interests.

The process, while complicated, does accomplish what it set out to do: If the system is working as intended, two candidates with the same profile (i.e., hire date, location, level of responsibility, etc.) will be paid identical salaries. They'll have equal pay for equal work. It does not always work as intended.

The system also gets many things wrong

But there are several unstated assumptions, practical challenges, and tradeoffs in the original design of the GS system that have become obvious over the years. They are also the reason for the seemingly endless flow of reports about the need for reform. Some of them are practical, such as the extreme resource-intensity involved in creating new occupations; some are more fundamental, such as the prioritization of internal-equity versus labor market competitiveness; and some are cultural, such as the use of bureaucratic “official” job titles.

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.” And because the marketplace for talent is fluid and agencies compete with both one another and with the private sector, management has an incentive to continuously seek higher grade levels for the same work to attract the best talent to their teams. A clever manager in one agency may rewrite a position description (PD) to emphasize “com-

plex analysis” and “independent judgment,” securing a GS-14 grade for a role that might be classified as a GS-12 in a stricter agency. This leads to profound inequity: Two civil servants doing identical work for the same taxpayer can receive vastly different paychecks simply because of their manager’s creative writing skills. Over decades, this has fueled “grade creep,” or the gradual upward shift of the average grade level both because the work has become exponentially harder and because grade escalation is managers’ only tool for giving raises.

Difficulty maintaining up-to-date standards - The Office of Personnel Management is tasked with maintaining the suite of comprehensive occupational classification standards, but the speed at which government works cannot match the speed of the modern economy. The process to update a single classification standard can take years of studies and focus groups. As a result, we rely on standards that are often older than the employees attempting to use them. For example, the classification standard for “Materials Engineering” (Series 0806) was last fully revised in 1964, and “Civil Engineering” (Series 0810) in 1966. This is not a new problem; the CSC also struggled to keep these standards up to date for many decades. We are using a mesmerizingly complex, midcentury manual to hire talent for a 21st-century digital world, forcing managers to shoehorn data scientists and cybersecurity experts into “General Inspection” or “Program Support” boxes that were designed for the typewriter era.

Systemwide updates are low-resolution management tools - When conditions change in the labor market, the government has relatively poorly designed tools to accommodate those changes: because the system has an internal hierarchy and logic, it has to move all at once. For example, in a given year, wage growth in low-level work might outpace changes in managerial work, as it has in some recent years.¹²³ However, because the system functions largely off of one set of annual, global changes to the pay tables, the GS cannot really accommodate this. Instead, the president must propose a set of global, percentage-based changes to the entire system that move a GS-03 up by as much as a GS-15. This effectively flattens changes in the labor market down to, at best, a set of economy-wide averages and means that any type of uneven wage growth is poorly accommodated in the system. In turn, this leads to further need for special salary tables and other workarounds to better calibrate a lockstep system for a labor market that absolutely *does not* move up and down as one.

Limited sensitivity to occupational variations in the labor market - The General Schedule is built on the egalitarian – but economically flawed – premise that all work of “equal difficulty” deserves equal pay, regardless of the supply and demand for that specific skill. In the eyes of the classification system, a GS-12 Human Resources Specialist and a GS-12 Software Engineer are interchangeable “units” of labor value. However, the private labor market values them very differently. Because the system is rigid, the government chronically underpays for high-demand technical skills while arguably overpaying for administrative roles that have been automated or largely outsourced in the private sector. We try to patch this with “special salary rates,” but these are bureaucratic Band-Aids on a broken bone – special salary tables are a blunt instrument and don’t necessarily address the root causes of the issues they attempt to resolve. The result is a talent crisis in the exact fields (e.g., technology, medicine, engineering) where the government most needs to compete.

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. Different areas have

¹²³ Ben Hanowell and Liv Wang, “Low-Wage Workers Saw Big Pay Jumps after the Pandemic. High Earners Did Even Better,” *ADP Research*, May 2, 2024, <https://www.adpresearch.com/pay-change-by-income-level-2024/>.

different costs of labor, but it's also the case that these areas have significantly different labor mixes, and that even within high-cost labor markets, salaries are distributed unequally among occupations. This is especially true in the case of the "Rest of US" locality that, by definition, includes many labor markets that operate independently of one another. If the cost of a certain subset of labor increases within one of these areas, the locality system isn't equipped to detect and solve that specific market need; special salary tables are then required, but those are a Band-Aid that OPM approves as the need arises, and then only after a lengthy study, rather than as a structural solution to labor market challenges. Remote work also poses challenges for this model, with remote employees qualifying for locality pay based on *where they live* rather than where their agency is headquartered, further complicating the picture of locality as being responsive to local labor markets.

Management cannot respond to salary discontent or exemplary performance - In a modern company, if a high-performing employee threatens to leave for a competitor, a manager has the autonomy to negotiate a counteroffer or adjust their salary to retain them. In the federal government, a manager is legally powerless to simply "give a raise." Pay is tied to the position, not the person. If a star employee feels underpaid, the manager's only recourse is to attempt to reclassify the position to a higher grade, which requires a lengthy audit and more duties, or to wait for a scheduled "step increase" that rewards longevity rather than excellence. This strips supervisors of the most basic management tool – compensation – and turns them into passive observers of their own attrition rates. While it is the case that total line-manager discretion is broadly incompatible with public sector employment, this model does not even provide an agency with the ability to finely tune its incentive strategy to support mission outcomes.

Bureaucratic job definition and poor candidate experience - The classification system speaks a language that no one outside the Beltway understands. It advertises jobs with such titles as "Management and Program Analyst" or "IT Specialist (Policy/Planning)" rather than industry-standard titles such as "Product Manager" or "Cloud Architect." This "government-speak" creates an immediate barrier to entry for early career talent and private sector experts. A bright young graduate looking for a job in logistics might search for "Supply Chain Manager" and never even see the vacancy for a "Logistics Management Specialist." By clinging to arcane statutory titles, the federal government cloaks its jobs from the very people it's trying to hire, signaling before they even apply that they are entering a world of red tape.

Makes growth in place impossible - Perhaps the most damaging legacy of the General Schedule is the culture of status it creates. In the absence of other metrics, the "grade" has become the sole proxy for professional worth. "What are you?" is almost always answered with a number: "I'm a 13," or "I'm a 15." This creates a rigid caste system where a good idea from a GS-11 is often dismissed by a GS-14 simply due to rank. It distorts career goals, convincing employees that the only measure of success is climbing the numerical ladder to a "15," even if that means leaving a job they love and are good at to take a management role they are ill-suited for. The government has replaced the mission with the metric, creating a workforce focused on accumulating points for the next grade.

Generations of reformers have anticipated many of these challenges as they sought to balance the need for management flexibility and competitiveness with the political pressure for equity and standardization. But, as the system has aged and fractured, these challenges have begun to outweigh and largely detract from the original, laudable virtues of the system.

The system is coming apart at the seams

In an ideal world, these challenges would cause Congress and the president to step back and rethink the system. However, given how entrenched systems of compensation and employment are, this is hard to pull off. Employment terms can't change *all the time* without disrupting the government's work and mission, constituents don't reward members of Congress for incrementally improving the behind-the-curtains operations of government, and while the system has many critics, there are few credible alternatives.

Instead, because the essential work of government must go on, agencies and congressional committees look for ways to work around the system, once again creating exceptions, loopholes, agency-specific authorities.

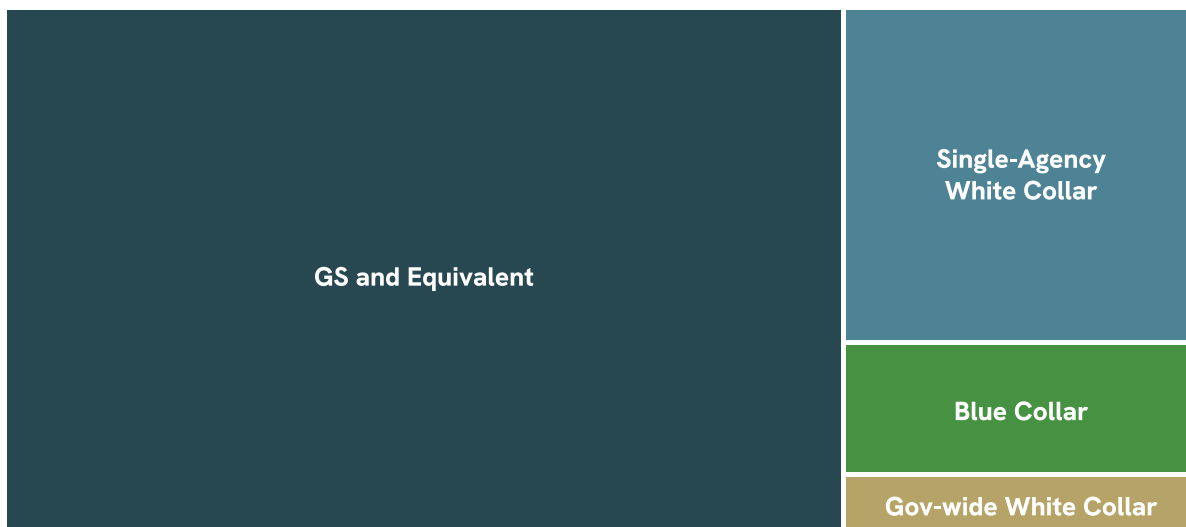
In 1950, the federal government employed about 1.3 million nonpostal civilian personnel. Of those, just shy of 900,000 were white collar workers, with the rest in the blue collar personnel systems. When Congress enacted the Classification Act of 1949 and the General Schedule was implemented, it applied almost universally to these white collar jobs, initially covering 92 percent of them with the remainder in agency-specific systems (e.g., the TVA, VA medical staff, the CIA, etc.).¹²⁴

As of the end of 2024, the federal government employed about 2.3 million nonpostal civil servants. Of those, about 2.1 million were white collar workers, with the remainder occupying the blue collar personnel system.¹²⁵ The General Schedule continues to be the dominant personnel system for those white collar workers, covering about 1.6 million people, or 72 percent of workers. The rest are covered by a long and growing list of exceptions and bespoke personnel systems: 40,000 air traffic controllers and others in FAA-specific systems, 65,000 at the TSA, 120,000 nurses and physicians at the VA, about 140,000 Department of Defense personnel in a smattering of demonstration projects, and many other smaller systems. As of late-2024, OPM's maintained 145 distinct pay plans, the result of congressional grants of flexibility to agencies. In 2025, the federal workforce declined in size by about 10 percent,¹²⁶ but this fragmented status quo has remained unchanged.

124 67th Annual Report of the United States Civil Service Commission - Fiscal Year Ended June 30, 1950 (U.S. Civil Service Commission, 1950). 64-67

125 U.S. Office of Personnel Management, "Fedscope Employment Cube - September 2024," September 2024, <https://www.fedscope.opm.gov/employment.aspx>.

126 Drew DeSilver, "Federal Workforce Shrank 10% in Trump's First Year Back in Office," *Pew Research Center*, March 13, 2026, <https://www.pewresearch.org/short-reads/2026/03/13/federal-workforce-shrank-10-in-trumps-first-year-back-in-office/>.



Congress isn't entirely to blame for the fragmentation. Variations established unilaterally by the executive branch have further complicated the system. Under current law, when necessary, OPM is authorized to create additional special salary rate tables for specific agencies, in specific locations, among specific occupations, and at specific grade levels. In 2025, there were over 300 such special rates, ranging in specificity from nurses in Rochester to early career engineers in the Department of the Army to all IT professionals governmentwide.¹²⁸ The process for qualifying for this type of special rate table involves filling out and submitting OPM Form 1397, which requests consideration of a special rate table and requires agencies to explain in excruciating detail their history of recruitment and turnover challenges; a proposed new salary schedule, which requires the agency to have done an independent salary survey and compensation study; cost estimates; and an extensive narrative outlining the reasons for the request, the labor market in question, what alternatives the agency has already tried, among other items.¹²⁹ In other words, in cases in which agencies are experiencing chronic staffing issues, the system has a safety valve, but only after all other remedies are exhausted and only if the agency is willing to invest its own resources in developing an alternative. Even then, OPM approval is not guaranteed, as a group of agencies found out in 2024 when they requested a new governmentwide pay table for IT professionals.¹³⁰

Even more recently, partisan political moves have pushed the internal logic of the system to its breaking point. The Biden administration, for example, established a \$15 minimum wage for all federal contractors and employ-

¹²⁷ Id.

¹²⁸ U.S. Office of Personnel Management, "All Special Rate Tables," OPM.Gov, accessed January 12, 2026, <https://www.opm.gov/special-rates/AllSRTables.aspx>.

¹²⁹ U.S. Office of Personnel Management, "Special Salary Rate Request Form OPM Form 1397," May 2003, <https://www.opm.gov/policy-data-oversight/pay-leave/pay-systems/special-rates-requests/opm1397.pdf>.

¹³⁰ Grace Dille, "DoE CIO: OMB Vetoes Special Salary Rate for IT Employees," *MeriTalk*, December 13, 2023, <https://www.meritalk.com/articles/doe-cio-omb-vetoes-special-salary-rate-for-it-employees/>.

ees.¹³¹ In response, OPM established a special salary table to accomplish this. While this was a laudable goal and one that many activists across the country have pushed for, its implementation also conflicts with the foundational premise of the GS system: that people are paid based on their position in a calibrated hierarchy. When political imperatives require bringing the bottom of the pyramid up to \$15 regardless of grade classification, it distorts the architecture of the system. A GS-01 Step 1 position — originally designed as the absolute entry level for the least-skilled labor across the entire country — suddenly jumps multiple steps or even grades in compensation, not because the work changed, but because of political decree. The effects cascade upward: If GS-01 through GS-03 positions all effectively pay the same due to the minimum wage floor, what’s the point of the distinctions? The system’s careful graduation becomes meaningless at the lower levels, creating compression and undermining the entire classification logic.

The Trump administration took an even more overtly political approach to salary destandardization for 2026. In his August 28, 2025, alternative pay plan, President Donald J. Trump proposed a 1 percent base pay increase for most federal employees while freezing locality pay entirely.¹³² But, there was an exception: Certain categories of federal law enforcement personnel would receive a cumulative 3.8 percent increase, matching the 2026 raise for the military.¹³³ The administration directed OPM to use that same special salary rate authority to create this two-tier system, with initial categories including Border Patrol agents, DEA agents, ICE criminal investigators, Secret Service personnel, FBI agents, and Federal Bureau of Prisons correctional officers.

This pushed the system even further from its equity-focused roots. When some federal employees get 3.8 percent and others get 1 percent despite equal grading, the General Schedule’s promise of equal pay for equal work continues to erode. It also contributes to destandardization as suddenly certain occupations, who may be working side-by-side with colleagues not covered by such an exception, become more attractive or relatively privileged. It’s also not lost on employees that these exceptions map directly on to the Administration’s policy priorities. It at least creates the perception that we’ve moved from a system that at least pretended to be apolitical to one where your raise depends on whether your job fits the current administration’s campaign themes.

131 Kiran Ahuja “Achieving a \$15 Per Hour Minimum Pay Rate for Federal Employees,” to Heads of Executive Departments and Agencies, January 21, 2022, https://www.opm.gov/chcoc/transmittals/2022/CPM%202022-02%20Memo-15-min-rate_508.pdf.

132 Sean Michael Newhouse, “Trump Intends to Give Feds 1% Pay Raise with Some Law Enforcement Officers Getting More,” Government Executive, August 31, 2025, <https://www.govexec.com/pay-benefits/2025/08/trump-intends-give-feds-1-pay-raise-some-law-enforcement-officers-getting-more/407811/>.

133 U.S. Office of Personnel Management, “Frequently Asked Questions: 2026 Special Rates for Certain Law Enforcement Personnel,” OPM.Gov, accessed January 12, 2026, <https://www.opm.gov/policy-data-oversight/pay-leave/2026-special-rates-for-certain-law-enforcement-personnel/>.

An untenable status quo

We have arrived at an absurd equilibrium. The General Schedule, designed to maximize internal equity and simplicity, has unraveled into a byzantine ecosystem of 145 different pay systems, 300+ special salary rate tables, and countless workarounds. Agencies spend millions of dollars and thousands of hours annually just trying to hire people at market rates. Managers resort to creative writing to inflate position descriptions in an effort to justify the ever-higher grades needed to attract talent. Successive administrations have distorted the pay distribution as part of an attempt to make broader political points about the minimum wage or the value of law enforcement. And the system's defenders point to its very survival as proof it works.

This isn't sustainable. The federal government faces unprecedented threats that mutate daily: climate change, AI governance, biosecurity, an exploding federal deficit, and others. These challenges require the best talent, working in adaptive organizations, compensated fairly for their actual contributions. Instead, we have a system that hides jobs behind bureaucratic titles, can pay AI researchers the same as HR specialists, and treats classification standards written in 1964 as sacred text. The signals we send to our workforce are that they're little tiny cogs in giant bureaucratic factories, when what we really need are adaptable, highly-empowered civil servants capable of driving program *outcomes* rather than individual procedural *outputs*.

The question isn't whether to reform the General Schedule – the system is already reforming itself through a thousand exceptions, workarounds, and naked political giveaways, each one further fragmenting what was meant to be unified and coherent. The question is whether we'll continue this slow-motion disintegration until the system is completely ungovernable and has no internal logic, or finally muster the political will to build something new.

Throughout American history, every public pay and classification system has eventually gotten overgrown and become tangled in its own contradictions. The GS is reaching its own breaking point. The General Schedule is no longer a system, but rather a museum piece propped up by special pay tables, demonstration projects, and the heroic efforts of federal employees who make it work despite itself.

This raises many questions: What would a modern system that learns from history without being trapped by it look like? That maintains equity while recognizing market realities? That serves the public without insulting the intelligence of those who serve?

V. Design: The future is occupational

The preceding sections have traced job classification from Sumerian scribes to Silicon Valley and from the first congressional salary tables to the slow-motion disintegration of the General Schedule. Before proposing a replacement, it is worth pausing to consolidate what we have learned – from the private sector’s adaptation to the knowledge economy, from 150 years of constitutional and political struggle over federal pay, and from the experience of a system designed for a government of clerks now asked to manage cancer researchers and cybersecurity experts.

These lessons do not all point in the same direction. Some are in tension with one another. But taken together, they define the constraints any successful reform must navigate and the opportunities a well-designed system might seize.

The Standardization Cycle has repeated four times in American history. Each iteration followed the same pattern: flexibility led to fragmentation, fragmentation led to perceived inequity, perceived inequity led to congressional overhaul, and the new standardized system eventually proved too rigid to accommodate changing conditions, whereupon the cycle began again. The architects of prior reforms were not fools; they were responding to genuine problems with the tools and theories available to them in the public and private sectors. But their efforts also reveal recurring failure modes that any new system should seek to avoid.

None of this means the federal government should simply import private sector practices wholesale today, which it wisely avoided in the 19th and 20th centuries. Public employment operates under different constraints – constitutional, political, and cultural – that private employers do not face. Considering the entirety of the history, theory, and practices does not point toward a single, obvious answer. The private sector’s emphasis on market responsiveness exists in conflict with the political imperative for equal pay for equal work. The historical lesson about avoiding agency exceptions sits uneasily alongside the reality that agencies have genuinely different needs. The current system’s virtues – predictability, equity, coherence – are not easily preserved in a more flexible framework.

The task, then, is not to pick a side but to design a system that balances thoughtfully: simple enough to endure, flexible enough to compete, equitable enough to be politically legitimate, and coherent enough to be administrable at scale. The principles and proposals that follow represent one attempt to thread that needle: informed by what the private sector has learned, chastened by what history teaches about the political economy of federal pay, and grounded in an honest assessment of what the current system does well and poorly.

Design principles for a modern federal classification system

Considering all of these needs, we suppose that any new classification and compensation system, which itself should be the foundation of a new personnel system for the federal workforce, should begin with a set of design goals that strike a new balance with the status quo:

Principle 1: Outcomes over tasks

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

Modern job architectures, based on changes in the division of labor, focus on outcomes and competencies rather than task inventories. What does success look like in this role? What must an employee be able to do instead of what specific tasks will they perform on any given Tuesday? Position descriptions that catalog dis-

crete duties are simultaneously overspecified (listing activities that may or may not persist) and underspecified (failing to capture the judgment, adaptability, and expertise that actually differentiate performance). A system built for the knowledge economy should define jobs by the results they exist to produce and the capabilities required to produce them, leaving the specific methods to professional discretion.

Principle 2: Simplicity

The system must be simple to administer and simple to understand.

Today's system has drifted back toward the very complexity it was intended to simplify. Members of a specific and vanishing subdiscipline of HR specialists spend weeks classifying single positions, when they are even available at all. Employees cannot explain to their families how their pay is determined. Congress cannot conduct meaningful oversight of a system no one fully understands.

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.

The GS was designed for a world of lifetime employment. An employee would enter the civil service young, climb the ladder over decades, and retire with a pension. The 18-year journey from Step 1 to Step 10 made sense in that context: It rewarded loyalty and provided predictable progression for those who stayed and mastered the set of tasks assigned to them. That world no longer exists – not in the private sector, and increasingly not in the public sector either. The government competes for talent with employers who offer faster advancement, more flexible career paths, and compensation structures that don't punish lateral movement. When a midcareer professional considers federal service, they confront a system that will likely start them at Step 1 regardless of their experience, progress them at the same pace as a new graduate, and offer no credit for the years they might later spend in the private sector before returning.

A modern system should treat career mobility as normal rather than aberrant. It should make it easy to bring experienced professionals in at appropriate levels, easy for federal employees to leave and return without penalty, and easy to move between agencies without sacrificing accumulated progress. The goal is a federal workforce that is permeable to talent in both directions, not a closed guild that devalues outside experience.

Principle 4: Labor market comparability

The system must prioritize competitiveness with the labor market instead of itself.

The system's animating principle has long been internal equity but the logic breaks down in a differentiated labor market. A GS-12 engineer and a GS-12 librarian may have equivalent internal complexity ratings, but they face vastly different external labor markets. The private sector may pay the engineer two or three times what it pays the librarian. By insisting on internal parity, the federal government chronically underpays for scarce technical skills while arguably overpaying for roles that have been automated or outsourced elsewhere in the economy. The result is adverse selection: The government attracts talent in fields in which it overpays relative to the market and hemorrhages talent in fields in which it underpays. Contractors largely end up filling the gaps because of their ability to pay market rates, which creates significant delivery issues when the federal employees managing them lack the technical skills to check vendors' work.

A competitive system must price jobs against external benchmarks, not internal rubrics. This doesn't mean abandoning equity; it means redefining what equity requires. Fairness demands that people doing equivalent work in the same labor market be paid equivalently. It does not demand that a cybersecurity expert and a budget analyst receive identical salaries because an internal scoring system rated their positions as equally complex.

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.

Every major classification reform has been ultimately undermined by this mechanism: the New Deal agencies exempted here, the VA medical staff there, new agencies granted special authorities because they needed to stand up quickly during a war, etc. Within decades, the unified system becomes a patchwork of different pay plans and special salary rate tables.

And yet agencies *do* have genuinely different needs. The National Institutes of Health competes for biomedical researchers against universities and pharmaceutical companies. The Department of Defense operates in locations with unique labor market conditions. The intelligence community requires security protocols that complicate standard hiring. The Department of the Interior operates in many remote locations with very limited labor supply. A system that cannot accommodate legitimate variation will simply generate pressure for exceptions through other channels.

Principle 6: Redefined pay equity

The system must have a transparent, defensible mechanism for ensuring pay equity across the entire workforce.

Every attempt to reform federal pay has ultimately revolved around how to deal with, define, and achieve equal pay for equal work since the earliest congressional interest, in 1818, sought “an equalization, as nearly as practicable, to the compensation among clerks of equal responsibility.”¹³⁴ This principle is embedded in the political culture of federal employment. When the public perceives that some federal employees are paid arbitrarily more than others for equivalent work, Congress responds with pressure for standardization. When employees perceive that the system advantages certain groups or agencies, labor relations suffer and litigation follows. The Bush administration's NSPS and MaxHR collapsed in part because their performance-pay components were perceived as threatening this foundational commitment. This need isn't unique to the public sector; private sector companies also struggle with baseline expectations for fairness, though they do not have the kind of public accountability mechanisms as in government.

Any new system must take these constraints seriously. More flexibility in pay setting cannot mean unchecked managerial discretion that produces arbitrary outcomes. It cannot mean that employees in favored agencies or occupations receive windfalls while others languish. It cannot mean that demographic pay gaps, which the current system has mostly eliminated, reemerge through the back door of “market based” compensation.

These principles, taken together, point toward a system that would look quite different from the General Schedule: simpler in structure, more responsive to markets, more flexible for agencies, but no less committed to the equitable treatment that has always been the political bedrock of federal pay.

134 Better. Citing 15 Cong. 1 sess., H. doc. 194, p. 3.

A 21st century personnel system: Occupational families as the foundation of modern management

This paper proposes a system that would radically simplify the existing architecture while providing agency management meaningful flexibility, and does so without abandoning the structural advantages that have allowed the General Schedule to endure for so long. The conceptual shift is this: The basic unit of “fairness” would no longer be the entire federal workforce, but rather the occupational families within which employees actually compete for jobs and possess interchangeable skills.

Equal pay for equal work can and should remain an essential principle, but only insofar as the work is actually equal. The system today presumes that some tasks (e.g., preparing reports or engaging with the public) are similarly compensable across disciplines in a way that simply isn’t true anymore given the modern labor market’s shift to outcome-based jobs. Scientists do work that’s equivalent to the work of other scientists; engineers do work equivalent to the work of other engineers; procurement specialists do work equivalent to the work of other procurement specialists and so on. But a mathematician and a park ranger do not perform equal work in any meaningful sense, despite some shared tasks, however much the public might value both contributions. The current system’s insistence that a GS-12 in one field must earn the same as a GS-12 in another because an internal scoring methodology rated their positions as equivalently complex is a category error that produces the inequities it claims to prevent. A system excessively focused on internal equity becomes inequitable with the external labor market, and a federal government that employs just 1.3 percent of the American workforce today is ultimately a market taker that can’t get by without indexing to the rest of the economy.

This reframing addresses the clash between market competitiveness and defensible equity by redefining the unit at which equity is measured. Rather than attempting to equalize compensation across 2 million employees in thousands of jobs and hundreds of occupations, the system would ensure equity within occupational families – each benchmarked against its own labor market, each with transparent rules that apply uniformly to everyone in that family.

At the same time, some centralized standardization remains necessary. It would be neither reasonable nor politically sustainable for Congress or the White House to devolve compensation authority completely to agencies. Congress would not and should not tolerate agencies offering unconstrained pay packages, and the president would not and should not be denied the ability to make fiscal tradeoffs across the federal workforce during budget formulation. The system therefore would retain centralized control over the structure: OPM and OMB would set the pay tables, define the occupational families, and establish the career levels. What agencies gain is flexibility within that structure – the authority to define jobs, write titles, design career paths, place employees within bands, and reward performance according to their own needs and circumstances. This balance allows jobs that really are the same across agencies to preserve their essential equity without over-fitting for everyone else.

One feature that employees and managers genuinely value about the current system is that everyone knows where they stand and why. The rules, however difficult to learn, are at least knowable. This virtue can be preserved even with greater flexibility, provided the rules remain clear and the outcomes are radically transparent. There is no reason agencies cannot publish detailed reports about their workforce composition, pay distributions, and the rationale for their decisions. Public salaries are already public; agencies would simply need to show their work. Flexibility earned through transparency is flexibility that can be sustained.

The following features describe how this system would operate in practice:

Feature: A simplified job architecture

The first and most fundamental change would collapse the federal government's elaborate occupational taxonomy into a much simpler structure – roughly 30 job families rather than the 400-plus occupational series that exist today.

Under the current system, OPM maintains detailed classification standards for hundreds of discrete occupations: Budget Analyst (0560), Computer Scientist (1550), Fish and Wildlife Administrator (0480), Museum Curator (1015), and so forth. A modernized system would replace this elaborate taxonomy with broader occupational families organized around functional similarity and labor market dynamics: Information Technology, Finance and Accounting, Engineering, Legal, Medical and Health, Human Resources, Administrative Support, Scientific Research, etc. Each family would encompass what are currently dozens of separate occupational series. The IT family, for instance, might absorb the current 2210 (IT Specialist), 1550 (Computer Scientist), 1560 (Data Scientist), and related series into a single grouping.

Within these families, OPM would provide only high-level guidance about what types of work belong at each career level and a set of competencies and capabilities that might distinguish one from another. This would replace the current task-based classification with a more modern skill and competency-based job architecture that better reflects how modern careers and jobs are actually structured.

The detailed work of defining specific positions – writing job descriptions, creating titles, establishing career ladders, determining qualification requirements, etc. – would devolve to agencies. OPM's role would shift from *ex ante* framing of position descriptions via standards to *ex post* audit of agency decisions, intervening only to correct egregious misclassification (an accountant miscategorized as an engineer to secure higher pay, for instance) rather than second-guessing every judgment call about whether a role is properly graded.

This approach directly implements Principle 1 (outcomes over tasks) and Principle 5 (flexibility through standard mechanisms). Agencies gain the freedom to define work in terms that make sense for their missions, using titles that the labor market recognizes, without seeking permission from a central authority that lacks context about their specific needs. At the same time, the structure remains standardized—everyone operates within the same set of families and levels – which prevents the fragmentation that has historically doomed more permissive approaches.

Feature: Fewer rungs on the ladder

The second structural change would collapse the General Schedule's 15 grades into six career levels that represent meaningful transitions in a professional lifecycle:

- 1. Entry-Level / Developmental** – Early career employees still building foundational skills, typically requiring close supervision and structured development. This level would absorb the current GS-02 through GS-07 entry points for most professional positions.

2. **Journey Level** – Fully qualified professionals capable of mostly independent work within their domain. They apply their knowledge to familiar problems but still require meaningful supervision and direction. This corresponds roughly to the GS-07, GS-09, and GS-11 range where many federal professionals spend the first half of their careers. (These mappings are approximate; the current system’s grades do not align neatly with career stages, which is part of the problem.)
3. **Specialist** – Advanced individual contributors who handle the most complex work in their field, often serving as technical experts or team leads without formal supervisory authority. This absorbs the GS-11, GS-12, GS-13 and in some cases GS-14 levels.
4. **Manager** – Employees with formal supervisory responsibility for teams or programs, accountable for the performance of others. This category exists in parallel with Senior Individual Contributor, recognizing that management is a distinct career path rather than simply the next rung up from technical expertise. This level would be primarily made up of supervisory GS-12 and up staff.
5. **Senior Individual Contributor** – The highest level for non-supervisory technical experts – the equivalent of a “fellow” or “principal” designation in private sector parlance. These employees provide organization-wide expertise, mentor others, and tackle problems that require deep specialization. This level provides a growth path for those who excel technically but have no interest in or aptitude for management and would replace existing non-supervisory roles in GS-14 and GS-15 roles.
6. **Senior Manager** – Senior leaders responsible for major organizational units, programs, or functions. This level sits just below the Senior Executive Service and represents the capstone of the standard career progression for nonexecutives. It would be composed of existing senior GS-15 staff in most cases.

This simplification reflects today’s reality more than it changes it. Today, six grades on the General Schedule (GS-07, 09, 11, 12, 13, and 14) already account for 78 percent of all white-collar federal employees. The grades below GS-07 have mostly disappeared as clerical work has been automated, and GS-15 serves as an awkward catch-all for senior professionals who have maxed out the system in individual contributor, senior specialist, management, and senior management roles with no meaningful difference in compensation approach. The elaborate 15-grade structure creates an illusion of precision that mostly generates administrative overhead and grade-chasing behavior. A six-level system simply acknowledges what already exists and creates bands broad enough to allow meaningful progression within each career stage.

Each career level would have a pay band rather than discrete steps – a range from minimum to maximum within which employees can move based on performance, experience, and market conditions. This provides for career mobility by eliminating the artificial barriers that currently impede lateral movement and midcareer entry. A senior engineer from the private sector can be hired at an appropriate point in the Senior Specialist band based on their qualifications, rather than starting at Step 1 because the system cannot recognize experience gained outside government. Unlike the private sector, their total compensation would remain capped by the relevant pay table, but this would still provide agencies with more explicit flexibility within classes.

Feature: Occupational pay tables

The most significant departure from current practice would be replacing the single General Schedule pay table with separate pay tables for each occupational family, each independently calibrated to its respective labor market.

Under the current system, a GS-12 Step 5 earns the same base salary whether they work in cybersecurity, human resources, or forestry. Locality pay provides some geographic adjustment, but there is no mechanism for recognizing that different occupations command different market rates. The implicit theory is that classification has already accounted for these differences by rating positions according to their complexity and responsibility; the explicit result is that the government chronically underpays for occupations where it faces intense private-sector competition and arguably overpays for occupations where it does not.

The proposed system would instead maintain separate pay tables for each occupational family. The IT table might range from \$55,000 to \$195,000 across its six career levels; the Administrative Support table might range from \$35,000 to \$110,000. Each table would be benchmarked against market data for that occupation, updated annually based on compensation surveys, and allowed to float independently of the others. In a year when software engineer salaries surge nationally, the IT table would rise accordingly; if nursing wages stagnate, the Medical and Health table might see smaller adjustments. This is intended behavior: labor markets operate independently across occupations, and a competitive federal government must do the same.

While it's possible that the data might suggest adjusting a table downward, this is an uncommon occurrence across the economy as wages are sticky (or, in the academic literature, have “downward nominal wage rigidity”),¹³⁵ even during recessions, when one might otherwise expect to see declines.¹³⁶ Because of this stickiness in the broader labor market, providing for only upward adjustments would greatly smooth the path toward implementation of such a system and bear relatively little fiscal cost. Historically, fear of pay reductions has been a major contributor to the failure of prior reforms, and adopting a principle of generally only adjusting pay tables upward helps prevent that failure mode.

This approach would directly implement the principle of market competitiveness while preserving defensible equity. Equity would be maintained within each occupational family: all federal engineers at the Journey level would be paid from the same table, progress through the same mechanisms, and would be able to see exactly where they stand relative to their peers. What would change is the conceit that an engineer and an HR specialist must earn identical salaries because an internal methodology deemed their work equivalently complex.

Administering 30 separate pay tables is more complicated than administering one, but this complexity is justified and manageable. The wide availability of compensation data from the Bureau of Labor Statistics, commercial salary surveys, and other sources would make market benchmarking feasible in ways it simply was not when the General Schedule was designed and the government had to rely on wage surveys. OPM and OMB could establish a dedicated compensation function, with perhaps 30 to 40 staff serving as “occupation managers” responsible for monitoring market data, proposing annual adjustments, and maintaining the analytical basis for each table. For an employer with over 2 million employees operating in every labor market in the country, even employing a small army of labor economists and compensation specialists would be a modest investment relative to the return from getting compensation right.

135 George A. Akerlof et al., “The Macroeconomics of Low Inflation,” *Brookings Papers on Economic Activity* (Washington), no. 1 (1996), <https://www.brookings.edu/articles/the-macroeconomics-of-low-inflation/>.

136 Truman F. Bewley, *Why Wages Don't Fall during a Recession* (Harvard Univ. Press, 1999).

The annual pay-setting process would work as follows: Each year, OPM's expanded compensation team would analyze market data for each occupational family and propose adjustments to the president. The president would transmit a comprehensive pay recommendation to Congress – not a single percentage increase, but a detailed proposal covering all 30 tables. Congress would have the opportunity to review, modify, or reject the recommendation, as it does today with the annual pay adjustment. The result would be pay tables that track market conditions for each occupation rather than applying a single blunt adjustment across the entire workforce. This would preserve the essential political push and pull between the president and Congress that ultimately sits at the heart of budget decisions and would recognize that, after decades of trying and failing to hem the president into a formula-based pay raise, the best outcome would be to arm decision-makers with greater resolution data and more finely calibrated dials to turn.

Feature: Simplified locality pay

The current locality pay system attempts to account for geographic variation in labor costs by maintaining 58 separate locality areas, each with its own pay multiplier. While well-intentioned, this system has become unwieldy – the boundaries of locality areas are perpetually contested, the analytical basis for specific multipliers is opaque, and the proliferation of areas creates administrative complexity without proportionate benefit.

A simplified system would collapse these 58 areas into four locality categories:

- **Low Cost of Labor (LCOL)** – Areas where labor costs are significantly below national averages. This would absorb the current “Rest of United States” locality and similar low-cost areas.
- **Medium Cost of Labor (MCOL)** – The majority of current locality areas would collapse into this middle category, representing areas with labor costs roughly at national norms.
- **High Cost of Labor (HCOL)** – Major metropolitan areas with significantly elevated labor costs: New York, San Francisco, Boston, Washington-Baltimore, Los Angeles, Seattle, and a handful of others where market rates substantially exceed national averages.
- **Remote** – A new category for positions designated as fully remote, regardless of where the employee physically resides. The rate for remote positions would be benchmarked against national market data for remote work in that occupation, recognizing that remote labor markets operate differently from location-based ones and that the government should pay what the market pays for remote talent when the federal government has judged that to be the most effective staffing strategy model for a given role.

The cumulative effect would be a matrix of approximately 120 pay tables: 30 occupational families multiplied by four locality categories. Each position would be assigned to exactly one cell in this matrix based on its occupation and work location (or remote status). An IT professional in San Francisco would be paid from the IT-HCOL table; an administrative specialist in rural Kansas from the Administrative-LCOL table; a remote data scientist from the Data Science-Remote table regardless of where they happen to live.

Practically, this would not greatly change the experience that most employees and agencies have in managing geographic differences today, but it would greatly simplify the complexity of administering the system, no longer requiring a complicated Federal Salary Council process for looking at the fine-grained distinctions among 50+ regional labor markets to suss out fractional points of difference among Columbus-Marion-Zanesville, Ohio (22.15 percent adjustment), and Dayton-Springfield-Kettering, Ohio (21.42 percent adjustment).

The exception to this is the “Remote” table, which would be a genuine departure from the status quo. Today, notwithstanding the Trump administration’s push to recall all remote workers, remote employees are compensated based on where they are located despite competing in a national labor market and their ability to work anywhere in the country. Remote work will likely never grow to encompass large parts of the workforce, but the post-pandemic labor market has introduced new levels of flexibility that seem destined to stay for some types of jobs. Companies now hire remote workers at rates that reflect national talent pools rather than local cost of living — a remote software engineer commands similar compensation whether they live in Austin or Omaha.

For a variety of policy or operational reasons, the federal government may increasingly or decreasingly embrace remote work, but right now it lacks a coherent compensation philosophy for it in either case. The current approach — paying remote workers based on their home locality — creates arbitrary outcomes and the potential for gaming (e.g., moving to the lower-cost-of-living rural edge of an existing locality area) that could leave agencies overpaying for talent relative to the market.

Under this proposed system, agencies designating a position as remote would draw from a separate Remote pay table benchmarked against market rates for remote work in that occupation. This rate might be lower than HCOL areas but higher than LCOL areas, reflecting the national market for remote talent, but it also might just reflect the LCOL rate for some occupations. Critically, the Remote designation would be a characteristic of the position and not of the employee: agencies would decide which roles are suitable for remote work based on mission requirements, and compensation would follow from that designation. This would prevent gaming (employees could simply claim remote status to optimize their pay) while providing a rational basis for compensating the remote workforce.

While this proposal maximally simplifies locality pay, there are other options that would also be viable. If policymakers wish to provide more variation among similar labor markets than is possible in the high/medium/low construct, for example, they could also make progress by replacing the existing system with one strictly defined and based on existing Metropolitan Statistical Areas (MSA). Doing so would provide a straightforward adjustment on individual paychecks based on relative differences in ECI between each location. While this would retain complexity — someone would have to maintain a table of locality modifiers for each of the several hundred MSAs that OMB currently defines — it would at least reduce the administrative burden of preparing locality pay areas and reduce the pressure to game the system by adding outlying locations.

Feature: Mixed longevity and merit progression

The final feature addresses how employees would move within their pay band over time. The current step system provides automatic progression based purely on longevity and regardless of performance, as discussed. This approach has the virtue of simplicity and predictability but fails to recognize differential contribution and provides no mechanism for managers to reward or retain high performers.

The proposed system would split within-band progression into two components: a guaranteed longevity increase and a discretionary merit increase.

The longevity component would work much the way the current step system does but at a lower base rate — perhaps 1 percent to 3 percent annually for employees, adjusted for inflation in the cost of labor. This would preserve the predictability that employees value and ensure that no one performing adequately would fall behind. It also would maintain the structural protection against demographic pay disparities: the longevity increase would be automatic, formula driven, and immune to managerial discretion.

The merit component would provide for additional progression – perhaps up to an absolute maximum of 6 percent to 8 percent annually but with the vast majority of employees closer to 2 percent to 4 percent – based on agency-determined performance criteria. Agencies would be responsible for designing their own merit pay systems, appropriate to their missions and workforce characteristics. An agency with clear production metrics (patent examination rates, call center resolution times, for example) might tie merit increases directly to measured output. An agency in which work is less quantifiable might use peer review, project-based assessment, or contribution to organizational goals. Still others might develop hybrid approaches. The experimentation that would follow from such a grant of authority to agencies would be valuable and should be encouraged.

This flexibility, however, would be bounded by transparency requirements. Before implementing any merit pay system, agencies would need approval from OPM and OMB – not to second-guess substantive decisions, but to ensure the system meets basic standards of defensibility. More importantly, agencies would be required to publish annual reports detailing how merit increases were distributed: by demographic group, by organizational unit, by occupation, by career level. These reports would allow employees, Congress, and the public to verify that discretion was not producing discriminatory outcomes or arbitrary favoritism. Equity that could not be demonstrated is equity that would not be trusted.

For employees who reach the maximum of their pay band, merit increases would be payable as one-time bonuses rather than as base salary adjustments. This would prevent complete inflexibility at the top of bands while still rewarding high performance.

The combined effect for most employees would be an annual progression of roughly 2 percent to 10 percent: a predictable longevity increase plus whatever merit increase their performance warrants. This compares favorably with the current system’s approximately 3 percent step increases and would give managers meaningful tools to differentiate compensation based on contribution. It would avoid the pitfalls of purely discretionary pay-for-performance schemes while also addressing the complete lack of flexibility that agencies now have to align compensation with mission outcomes.

Imagining a better future

Consider a software engineer in her 30s, currently working at a mid-sized tech company in Denver. She’s good at her job, believes in public service, and has been curious about federal employment since college. Today, if she explores USAJobs online, she’ll encounter a bewildering landscape: job titles such as “IT Specialist (APPSW/INFOSEC)” that mean nothing to her, grade levels that require a decoder ring, salary ranges that appear to lowball her current compensation by 30 percent, and application processes that seem designed to screen people out rather than welcome them in. She applies anyway, hears nothing for four months, eventually receives a tentative offer at GS-12 Step 1 (well below her current salary) and declines. Most people wouldn’t have even applied.

Now imagine her experience under the system proposed here. She finds a posting for a “Senior Software Engineer” in the IT job family – a title she recognizes – at a level that matches her experience. The salary range, drawn from the IT occupational pay table and adjusted for Denver’s medium cost-of-labor designation, is competitive with her current compensation. The job description focuses on the outcomes that the role exists to produce and the capabilities it requires, not an exhaustive checklist of tasks. She applies, the agency has the ability to move quickly because classification is no longer a bottleneck, and she receives an offer at a point in the Senior Specialist band that reflects her seven years of relevant experience. She accepts. Two years later, her agency, which now has actu-

al tools for recognizing performance, awards her a merit increase that keeps her competitive with private sector offers, knowing that the raise is cheaper than contracting out the role entirely.

Or consider a career federal procurement specialist who has spent 15 years at the Department of Energy. He's a GS-13 Step 8, well-respected by colleagues, and has no interest in becoming a manager — he likes the work itself. Under the current system, he's stuck: two more steps over the next six years, then nothing. The only way to increase his compensation is to chase a GS-14 position, which likely means supervising others or moving to a job he's less suited for. So he coasts, does good work, and quietly resents a system that tells him his professional growth ended at 45.

Under the new system, he's a Senior Specialist in the Procurement family, paid from a table benchmarked against what procurement professionals actually earn in the market. He has room to grow within that band based on the quality of his work. His agency has implemented a merit pay system that rewards employees who take on complex acquisitions and mentor junior staff — things he's good at and enjoys. When he maxes out the band, he's eligible for annual bonuses that recognize his continued contribution. He's still not a manager, doesn't want to be, and no longer feels like the system is punishing him for that choice.

Or consider the policy professionals at OPM, responsible for more than 2 million federal employees. They spend an extraordinary amount of time on busywork: building classification standards, processing desk audits, managing the special salary rate requests that have become necessary to hire anyone in IT or cybersecurity, and working with OMB to try and squash one-off legislative proposals from agencies seeking more flexibility. They have almost no ability to address the actual workforce challenge the government faces, from skill gaps and retention problems, to succession planning and leadership development, because the administrative tasks of maintaining the system consume all their bandwidth.

Under the new system, classification would take minutes rather than weeks because the questions are simpler and agencies have the authority to make reasonable judgments. Agencies don't need to beg OPM for special salary rates because the IT occupational table already reflects market conditions. HR offices can advise hiring managers on where to place candidates within bands based on qualifications and competitive conditions. They still operate within rules — the occupational families, the career levels, the pay tables, the transparency requirements specified in the reform statute — but those rules enable their work rather than consume it.

A better future is possible. This system would be different, but still recognizably public sector in ways that are important: bounded by statute, accountable to Congress, transparent to the public, and committed to equitable treatment under the law. The changes are less about changing the role of the public service and more about modernizing the system that the federal government relies on to accomplish its expansive responsibilities and mission in a century of dramatic change in the way people live and work. The engineer could be hired at a competitive salary because the system would acknowledge that software engineering commands a market premium. The procurement specialist could grow in place because the system would recognize career stages rather than just grade levels. The OPM and HR specialists could undertake strategic work because the system would no longer require heroic effort to accomplish routine tasks.

But none of this happens automatically. Designing a system is hard, to be sure, but it's vastly easier than actually implementing it. Realizing the opportunity this system presents will require sustained investment, institutional capacity, and managerial competence that will take years to develop.

VI. Implementation: Seeing and avoiding the pitfalls

Designing a better system is the easy part. The history of federal personnel reform is littered with elegant proposals that never survived contact with political reality: commissions that issued reports, task forces that made recommendations, pilot projects that were quietly abandoned when their champions moved on. The Brownlow Committee, the Hoover Commissions, the Civil Service Reform Act, the National Performance Review, the National Security Personnel System each represented genuine intellectual effort by serious people, and each either failed outright or achieved only a fraction of its ambitions. The federal classification system has remained fundamentally unchanged since 1949 not because no one has had better ideas, but because having better ideas is a necessary but not sufficient precondition for transformation.

Implementation is where reform goes to die. It is where congressional inertia and politics meet bureaucratic resistance to change, where elegant frameworks collide with messy statutory language, where the people who must operate the new system discover that no one trained them how. It is where political winds shift midcourse and new administrations abandon their predecessors' projects. It is where employee unions, having been excluded from design, mobilize to kill implementation and where specific constituencies lobby for their own leg up over their peers. It is where agencies, having been promised flexibility, discover they lack the capacity to use it. Every one of these failure modes has claimed previous reform efforts and any serious proposal must consider how to avoid them.

The system outlined in this paper cannot be implemented by executive action alone. It requires legislation, built on bipartisan consensus, that can survive changes in administration and congressional control. It requires investment in institutional capacity at OPM and across agencies. It requires a transition plan that protects current employees while moving toward a new structure. And it requires patience: Full implementation will take the better part of a decade, spanning multiple congresses and at least two presidential terms.

And while this system would address the classification challenges previously discussed, it would not address all the limitations of the current civil service system. It is a foundation, but change will also be necessary across hiring and assessment, performance management, and accountability. More work is needed to develop solutions to challenges in those areas, but getting the jobs right is an important first step.

Political and constitutional realities mean that Congress must lead

Practically, the main and most important actor in reforming the federal government's classification and pay system is Congress. The system as it stands today is based on detailed, highly specific statutes passed by Congress throughout the 20th century, and only Congress can change the statutory framework that OPM, agencies, and employees work under. Without passing new authorizing legislation it is virtually impossible to make a significant enough change to address many of the shortcomings, and absent any type of congressional interest it doesn't make much sense to try.

Even more critical, however, is broad congressional agreement about not just the *need* to reform, but also the *shape and direction* of reform. As the Bush administration learned from its ill-fated attempts to reform the DHS and DoD personnel systems through executive action and rulemaking, detailed statutory direction and bipartisan consensus are critical to system durability. For example, the simplest legislative solution to establishing the new system outlined above would be to delegate classification and pay setting to the executive branch on a party-line

vote during a period where one party had a trifecta – that is, control of both chambers of Congress and the presidency – and then for OPM to implement it via regulations, guidance, and memos. But this approach is likely to produce tenuous reform, as in the Bush years, because implementation alone will outlast the political moment and become vulnerable to rollback when the political winds shift.

These requirements point to the need for detailed, comprehensive, *bipartisan, bicameral support* reflecting negotiated compromise. That may mean tackling pay and classification as part of broader civil service reform that also addresses hiring, performance management, removal, and other important topics to provide enough space for give-and-take compromise.

In terms of what that negotiated compromise should look like, it requires modifying several critical components of Part III of Title V of the U.S. Code that outline the General Schedule, as well as other pay authorities sprinkled throughout statutes for other more fragmentary systems. These include:

- **Retain the basic constitutional roles for both Congress and the executive branch** – In today’s system, the basic process for pay setting involves the executive branch preparing a report to Congress each year with a proposal for how the pay tables will be adjusted on January 1st of the following year, including how the adjustment will be split between base pay and locality pay. Congress has the authority to overrule this plan if it chooses, though in practice it almost always defers to the president, whose annual pay plan goes into effect.

However, even though Congress does not generally exercise its authority to make adjustments, this basic constitutional check on spending is critical to ensuring buy-in from both Congress and the executive branch on changes each year and should be retained in future statutory systems. While the annual pay plan envisioned by this paper would be more detailed than the current version, Congress should still be allowed to opine on it each year prior to it going into effect and make adjustments if needed.

- **Removing the statutory definitions of GS grade levels from statute; replacing them with career levels (5 U.S.C. Chapter 51)** – The basic duties inside of each of the 15 grade levels in the General Schedule are currently defined in detail in statute and must be changed. Congress has two options for doing so, substituting either: 1) a general delegation to the executive branch to establish levels within a new classification system; or 2) more preferably, a new set of “career level” designations that define each of the six career levels outlined in the proposed new system above. While complete delegation to the executive branch would be simplest to legislate, it also would create enough uncertainty in how a new system might be implemented to doom the project. It would be preferable, therefore, to include those in statute to ensure durability.

Congress should also streamline requirements for standard setting, recordkeeping, audits, and other secondary classification activities to conform with this new approach.

- **Transitioning from the General Schedule to occupational schedules (5 USC Chapter 53)** – This section establishes the GS as the primary pay table for most white collar workers in the federal government and would need to be replaced entirely in order to support large-scale reform.

In the current system, the executive branch is allowed to define occupational families and occupations independently of Congress. This should be retained, for while career levels and procedures are reasonably constant, occupations change frequently across the economy, and the executive branch needs authority to address them. In addition, the sections outlining the GS should be replaced by several that provide for the executive

branch to create a pay table for each occupational family. This, in turn, would necessitate removing many occupation- and agency-specific provisions in other statutes, a change that would not need to materially impact the pay of employees in those personnel systems but that would bring them all under the same procedural umbrella as all other white collar workers.

- **Simplifying annual and locality pay-setting procedures (5 U.S.C. Chapter 53)** – This section also establishes the annual process for defining the GS and the locality pay tables, including a requirement for the president to designate a “pay agent” and establish the Federal Salary Council for the purposes of evaluating and recommending changes each year.

Rather than this complicated process that involves months of work and results in recommendations that the president either accepts or rejects, a new, simpler system would allow the president to delegate authority for pay proposals directly to the Office of Personnel Management and Office of Management and Budget. This would no longer *necessarily* implicate the Department of Labor or the Federal Salary Council, instead allowing OPM and OMB to hire their own labor economists and compensation experts to make a direct, data-informed recommendation to the president. Since the president makes the ultimate decision anyway, often ignoring the statutory formulas and recommendations from the FSC, this would significantly simplify the process by eliminating the low-value deliberation and instead empowering a group of experts to develop a tailored recommendation.

This legislation could also simplify the locality pay system by directing the executive branch to establish locality categories (e.g., High, Medium, and Low) into which different locations would be sorted and to provide for the possibility that different occupations would fall into different locality categories depending on the labor market in that place (e.g., life sciences pay might be particularly high in the greater Boston area, while procurement expertise might be medium). This would eliminate the need for today’s complicated process of evaluating locality areas around the country each year, litigating the exact boundaries of each area on the margins, and the impulse of employee groups and members of Congress to lobby for marginal inclusions.

- **Updating within-grade-increases to split longevity and merit pay (5 U.S.C. § 5335–5336)** – Currently, the formula for longevity step increases is also defined within statute (e.g., that 52 weeks in seat are required for steps 2–4, 104 weeks for steps 5–7, etc.), as is the authority to offer off-cycle performance-related step increases.

Under the system outlined here, this statute should be updated to split within-grade increases into two categories: 1) an updated longevity system that still provides a degree of automatic progression based on time-in-role; and 2) a new merit-based pay system that provides for additional movement within pay bands based on agency-established performance-related pay procedures.

With regard to longevity, this updated longevity system should provide for movement within each career level’s pay band rather than at definite “steps” within a discrete grade level. The statute also should be updated to provide for a movement of X percent based on 52 weeks of service in a given role.

To align with a general approach of providing for performance-related acceleration, language should also require agencies to develop and publish a merit pay plan each year that outlines how the performance-related portion (of up to X percent) of within-grade increases that the agency would distribute. This should also require agencies to publish detailed data on the prior year’s distributions, including demographic breakdowns, breakdowns by office, and other transparency metrics so that Congress, employees, and the public can understand how the agency chose to allocate its resources.

- **Cleaning up other statutes and exception cases** – In addition to overhauling the base GS system, Congress should also work with agencies to identify all legislatively granted variations and make conforming updates to remove the language authorizing them. In some rare cases (e.g., for parts of the intelligence community), Congress may choose to permit existing exemptions to continue if legacy grants pass a pressure test.

In addition to all of these legislative changes, it would be valuable for Congress to invest in its own ability to check the executive branch's work, particularly if it is going to give up some controls over the system. It does not need its own parallel labor economics department – it can mandate that the executive branch show its work in detail each year in its proposal – but it does need staff expertise able to double-check that changes are reasonable. CBO and others have periodically done similar studies, most recently in April 2024,¹³⁷ but Congress should maintain a permanent pay comparability function in either CBO, GAO, or CRS to provide substantive, nonpartisan analysis of the president's annual proposal. This is particularly useful given that future submissions by the president under this new system would be more detailed than the current two-metric proposals (i.e., one increase for base pay and one average increase for locality pay).

OPM could begin sketching the future

While Congress is required to make most changes to the pay and classification system, OPM could begin to implement two parts of this paper's proposal, and thereby lay the foundation for implementing the remainder. In the meantime, it could also address some challenges in the current system, even if the complete overhaul does not come into being in the short or medium terms:

- **OPM could begin the process of consolidating occupational definitions into coherent job families under existing authorities** – Currently, under 5 U.S.C. § 5105, OPM has unilateral authority to define the classification standards in use across the federal government, for which it issues occupational job standards. The statute does not define the level of detail for those standards and, indeed, OPM's current standards vary in specificity, with some describing just one occupation (e.g., Workers' Compensation Claim Examination)¹³⁸ and other describing broad categories of similar occupations (e.g., Professional Work in the Physical Science Group).¹³⁹ Using this existing authority, OPM could begin the process of reimagining the federal government's job architecture into broader, more flexibly designed occupational families that would one day form the basis for the occupational pay tables envisioned here.

Even in the event that the legislative pay-administration reforms are far off, agencies would benefit from this more streamlined system of job classification by being able to speed up job classification, reduce the number of discrete roles in federal agencies, update qualification standards to comply with the Chance to Compete Act¹⁴⁰ in advancing skills-based hiring, and allow OPM to update the job titling conventions included in those occupational standards to match market norms.

¹³⁷ *Comparing the Compensation of Federal and Private-Sector Employees in 2022* (Congressional Budget Office, 2024), <https://www.cbo.gov/publication/59970>.

¹³⁸ "Position Classification Standard for Workers' Compensation Claims Examining Series, GS-0991," U.S. Office of Personnel Management, January 1977, <https://www.opm.gov/policy-data-oversight/classification-qualifications/classifying-general-schedule-positions/standards/0900/g0991.pdf>.

¹³⁹ "Job Family Position Classification Standard for Professional Work in the Physical Science Group, GS-1300," U.S. Office of Personnel Management, December 1997, <https://www.opm.gov/policy-data-oversight/classification-qualifications/classifying-general-schedule-positions/standards/1300/g1300p.pdf>.

¹⁴⁰ Chance to Compete Act of 2024, Pub. L. Nos. 118-188, 138 STAT 2644 (2024).

Because this process is complex and would likely take several years, and because it would produce benefits beyond broad classification and pay reform, OPM should consider whether it has the bandwidth and interest to begin such a process immediately.

- **The president’s pay agent can consider steps to simplify the locality pay system by using the existing process for different goals** – The statute outlining the locality pay process has flexible guidelines for how to define a locality:

(f)(1)The pay agent may provide for such pay localities as the pay agent considers appropriate, except that –

(A) each General Schedule position in the United States, as defined under section 5921(4), and its territories and possessions, including the Commonwealth of Puerto Rico and the Commonwealth of the Northern Mariana Islands, shall be included within a pay locality; and

(B) the boundaries of pay localities shall be determined based on appropriate factors which may include local labor market patterns, commuting patterns, and practices of other employers.¹⁴¹

Under this authority, the executive branch may have the authority to establish new locality categories (i.e., high, medium, low, and remote) in ways that match what other employers commonly do to operate in various local labor markets. For example, many job postings by private businesses differentiate between different categories of labor markets when determining pay¹⁴² and many companies have sought labor savings by hiring remote workers in lower cost-of-labor areas since the pandemic, opening up a single national labor market for those roles.

While the single-year change as the system became simpler would require up-front investment in analytical support for OMB and OPM, moving to this bucketed locality pay system would significantly simplify the process in the future. Once established, the federal government would only need to determine what the going rate is for four different locality pay tables each year and to decide which localities fell into which of those four categories, rather than having to painstakingly evaluate each locality area independently for what amounts to usually single percentage point variations.

However, there is obvious danger in the executive branch proceeding without congressional buy-in, particularly during a period of high political polarization and low trust between branches. Going too far afield from congressional expectations risks alienating legislators by preempting their participation. It would also derail the important consensus building among employee groups and other stakeholders that happens as a part of the *legislative* policymaking process. Moving too fast too quickly could imperil the entire reform project, particularly if the demonstration project does not involve some sort of raise for most or all of the pilot employees.

One way to deal with this is looking for an opportunity to pilot, in consultation with Congress, some of the reforms outlined in this paper in a defined geographic area, implementing such flexibilities as occupational pay tables and split longevity/performance within-grade moves. OPM has long had statutory authority to run “demonstration projects” that waive certain aspects of Title V, and electing to run a new one here would allow both Congress and the executive branch to work out the kinks before moving to a similar system government-wide. Again, howev-

141 5 U.S. Code § 5304(f)

142 Culpepper and Associates, “Beyond MSAs: Determining How U.S. Pay Varies by Location,” *SHRM*, March 1, 2010, <https://www.shrm.org/topics-tools/news/benefits-compensation/beyond-msas-determining-how-u-s-pay-varies-location>.

er, because of all the interests involved, it would be advantageous for OPM to work with OMB, Congress, and the president to pick a suitable place for a pilot; for example, it could partner with a bipartisan congressional delegation to pilot this system for all agencies within a single state, or perhaps two.

Transition planning needs attention

The history of federal personnel reform includes cautionary tales of transitions botched by inadequate planning: employees confused about their new classifications, payroll systems unable to process new pay structures, managers unsure of their authorities, and unions mobilizing against changes that caught their members by surprise or deliberately excluded them during the design process. A system that is elegant on paper but chaotic in implementation will not survive.

The good news is that this proposal does not require anyone to take a pay cut. The core transition principle should be simple: Every current employee can map to the new system at no less than their current salary. An employee would be placed in the appropriate career level and occupational family at a point in the band that matches or exceeds their current compensation. For some employees, particularly those in occupations where the new tables are benchmarked higher than current GS rates, this might result in their placement in the lower portion of their band with significant room to grow. For others (particularly those in occupations where market rates have lagged, like technology) the mapping might place them higher in their band. But no one *must* lose money on day one.

This approach has precedent. When Congress enacted the Classification Act of 1949 and created the General Schedule, it included provisions that protected employees whose salaries exceeded what they would otherwise receive under the new structure.¹⁴³ Those employees retained their higher salaries until natural attrition or future raises brought the system into alignment. A similar approach here would eliminate the most potent source of opposition and one that ultimately drove some of the Bush administration's failures: fear among current employees that reform means a pay cut or that their long-term earning prospects were weakened. There may be a temptation among fiscally sensitive members of Congress to attempt to use salary reductions as a financial offset during this process, but this would jeopardize the overall success of the effort for small fiscal impact given the fact that all salaries, in total, are only about 8 percent of the federal budget.¹⁴⁴

The mechanical work of transition is substantial but manageable for talented executives and staff. Basically, it would require mapping every current occupational series to one of the new job families, a crosswalk that OPM would need to develop and publish well in advance of implementation. This would describe how current GS grades correspond to new career levels which will not necessarily be one-to-one but can follow general principles that OPM could publicize: GS-05 through GS-09 to Entry-Level and Journey-Level, GS-11 through GS-13 to Specialist, GS-14 and above to Senior Specialist, Manager, or Senior Manager, depending on supervisory status. It would require payroll system updates that are not trivial given the advanced age and brittleness of the federal government's HR IT tech stack, but also not unprecedented given that federal payroll systems already handle dozens of different pay plans and new ones continue to be created. OPM's ongoing work to modernize HR IT systems¹⁴⁵ for position

143 Classification Act of 1949, Pub. L. Nos. 81-429, 63 Stat 954 (1949). Title VI, § 604 (b)(11).

144 USASpending.gov, "FY 2025 Spending by Object Class," n.d., accessed January 12, 2026, <https://usaspending.gov/explorer>.

145 Drew Friedman, "OPM's Plan to Unify Disparate HR Systems Taking Shape," *Federal News Network*, December 9, 2025, <https://federalnewsnetwork.com/it-modernization/2025/12/opms-plan-to-unify-disparate-hr-systems-taking-shape/>.

management, if successful, would make this significantly easier by handling many data clean-up challenges that would be for this type of mapping during its own migration.

More challenging would be the individual side of transition. Employees need to understand what the new system means for them personally: what career level they would occupy, what their pay band would look like, how they could progress, what the new job titles would mean. Agencies' leaders would need training on their new authorities and responsibilities. HR staff would need to learn a fundamentally different approach to classification that focuses on placing roles in the right family and level rather than rating position descriptions against compensable factors, though the new model would be significantly more intuitive in this regard than the existing point-factor system. Supervisors would need to understand the merit pay system they would be asked to implement and agencies would need to design systems that suit their unique missions. None of this would happen overnight.

Fortunately, given the federal government's history with adopting new models for classification, we have a sense for how long this could take. A realistic timeline might look something like this: legislation enacted in year one, followed by 18-24 months of OPM developing the new job families, pay tables, and guidance while agencies prepare their workforces. Initial conversion of all employees to the new system in year three, with a stabilization period during which agencies would build capacity to use their new flexibilities. Full operation of the merit pay component in year four or five, once agencies have developed and received approval for their performance-based pay plans. Ongoing refinement and adjustment for years thereafter. From legislative enactment to mature operation, this is a five-to-seven-year project, which is precisely why bipartisan consensus matters so much. A reform enacted in the first year of one administration must survive at least one potential change in presidential control and at least two major congressional elections to survive into maturity and operations. If the plan did not have the broad buy-in of both parties, it would be implausible to achieve.

The transition period would also present opportunities to de-risk such a large change. A phased rollout (perhaps starting with agencies that volunteer or with specific occupational families where the case for change is strongest, such as IT, wildland firefighters, medical professionals, or other highly in-demand occupations) would allow the government to learn and adjust before full implementation. Early wins would build political support for continuing the effort as problems identified in early phases can be corrected before they propagate government-wide. The 1980s China Lake demonstration project at the Naval Weapons Center, which tested broad banding and pay-for-performance concepts for over a decade before broader reforms, offers a model for how piloting can derisk implementation, though it did not aspire to be as comprehensive as this proposal. Congress could require regular briefings (rather than long reports) from implementation teams and pass additional clarifying legislation when issues come up – for example, if something in the statute was unclear, having a mechanism for the administration to secure timely clarification and Congress to quickly act the change would save everyone time and headache, preventing a scenario where agency interpretation of statutes is different from congressional intent.¹⁴⁶

146 Jennifer Pahlka and Andrew Greenway, *The How We Need Now: A Capacity Agenda for 2025 and Beyond* (Niskanen Center, 2024), https://www.niskanencenter.org/wp-content/uploads/2024/12/Niskanen-State-Capacity-Paper_-Jen-Pahlka-and-Andrew-Greenway-FINAL.pdf, 13.

Finally, transition planning must include employee communication and union engagement from the earliest stages. The reforms proposed here are not hostile to federal employees – they offer more competitive pay, more room for growth, and more rational career paths. But employees would not perceive them that way if they learn about changes only when they appear in a Federal Register notice, as they did during the early 2000s’ push for pay-for-performance at DHS and DoD. The Bush administration’s failure to adequately consult unions on both projects contributed directly to the system’s demise as it did not take seriously that labor harmony must also be a goal of the federal government’s personnel policy. This proposal should not repeat that mistake. Early, genuine engagement with employee organizations (including but not exclusively unions) and making a good-faith effort to incorporate their feedback is essential to building the coalition that durable reform requires. Choosing to litigate these differences through a detailed piece of legislation also accomplishes many of these goals, allowing everyone’s voice to be heard but with the added finality of a vote and a piece of finished legislation.

No matter what, agencies need resources

All this said, we should be clear eyed about what is required to make implementation successful. One virtue of the existing system is that its one-size-fits-all approach is extraordinarily simple for agencies to manage: They have very few levers to pull and are mostly just implementing a set of pay tables that OPM sends them at the beginning of each calendar year. Since most within-grade increases are automatic, agencies don’t need a developed process for distributing merit-related pay that is well-considered and fit for the agency’s mission needs. As a result, agencies don’t have substantial in-house expertise if they were granted the flexibility to design new career ladders, write better position descriptions, or implement a merit pay system at their agency.

To properly implement this guidance, agencies would certainly need additional resources, particularly for workforce planning, position management, and compensation planning – all disciplines that are thinly staffed across the government but would be essential to making reform work. For most agencies, this would require significant investment in career pathing, competency modeling, and other common human capital disciplines that the federal government has long deprioritized. It would also require expertise to develop better performance management and evaluation systems that provide frameworks for distributing the merit portion of within-band increases and producing the detailed reporting necessary to secure support from Congress and the public. Many years of downward pressure on agency HR budgets has made this task difficult but not impossible given sufficient investment.

Equally critically, for this model to work OPM would need a significant investment in classification and compensation policy staff. If OPM and OMB are empowered to make a set of recommendations about pay to the president each year, they would require in-house expertise to analyze both public labor market data from the Department of Labor and private sector wage data available commercially to arrive at a detailed recommendation. This should include a team of labor economists and compensation specialists in-house, capable of producing high-quality research each year about which adjustments are necessary in order to keep new pay tables up to date using data and evidence. For the largest employer in the country, investing in a team of ~30 staff at OPM to complete the bulk of this work each year would not be an unreasonable level of resourcing. Many other large employers routinely employ or contract for this function, particularly those that do business in many different labor markets across the country and need ways to calibrate based on each one.

The case for starting, but not stopping, here

It is worth being explicit about the boundaries of this proposal. Classification and pay reform are necessary but not sufficient for a comprehensively modern civil service, and this system intentionally leaves untouched several adjacent areas that are in need of similar deep-dive review and reform:

- **It would not change hiring authorities** – The mechanisms by which agencies recruit and select candidates (e.g., competitive examination, direct hire authority, Schedule A, veterans’ preference, and the many others) would remain as they are. These authorities have their own pathologies and reform advocates, but they are separable from questions of job definition and compensation.
- **It would not change dismissal procedures** – The due process protections afforded to federal employees, the role of the Merit Systems Protection Board, and the procedures for addressing poor performance or misconduct would remain unchanged. Whether these protections are appropriately calibrated is a legitimate debate, but it is a different debate.
- **It does not address the Senior Executive Service or political appointees** – The SES operates under its own framework, and political appointees serve at the pleasure of the president. This proposal addresses the classification and compensation of the career workforce below those levels.
- **It would not impact collective bargaining** – Federal employee unions would retain their current role in negotiating working conditions, and agencies would remain free to bargain over the implementation of merit pay systems where applicable. The proposal would neither expand nor contract the scope of collective bargaining other than providing for the *possibility* of bargaining on some new aspects of pay (e.g., merit pay procedures or occupational pay tables) not currently available.
- **It would not prescribe a single performance management system** – While the merit pay component requires agencies to evaluate performance, the proposal intentionally leaves the design of those evaluations to agency discretion. Mandating a single government-wide approach to performance assessment has failed repeatedly; this proposal bets on agency experimentation within transparent guardrails instead.

All of these are critical issues that merit significant attention by Congress, academics, policymakers, and agency leaders. But not all of them can be solved by better job definition.

What this proposal *would* do is restructure the foundation on which all these other systems rest: how jobs are defined, how occupations are organized, how pay is determined, and how employees progress over their careers. Getting this foundation right would not solve every problem with federal human capital management, but getting it wrong (or leaving it frozen in the middle of the 20th century) makes solving those other problems considerably harder.

Additionally, while classification reform should be tackled and could absolutely be carried as a standalone initiative through Congress, it could be advantageous to address this as part of a broader set of reforms to provide more space for compromise. For example, Congress may be willing to provide agencies with more flexible performance management rules if it also imposes the strict transparency requirements outlined here; or may be interested in reforming retirement benefits by trading off deferred compensation for greater base and merit pay. There are many stakeholders involved in any civil service reform effort, and Congress may find it advantageous to produce one all-encompassing package to get as many of them to compromise all at once.

Perhaps most important of all, taking a more expansive view of the path toward civil service reform would allow Congress, the executive branch, and other stakeholders to build a system that is coherent from end to end: a classification system that creates the right jobs, a hiring system that's fit to fill them, performance appraisals that measure efficiency effectively, a system of dignified removal and clear conduct standards, and an administrative state capable of effectively carrying it all out. It would allow the government to send the same set of signals about what kind of organization it wants to be through each channel, all at once, instead of the messy, crisscrossing signals we send today that leave Americans, employees, and others feeling so down about the government.

VII. Conclusion: The right foundation

As if the challenges with the current system weren't enough to contend with, the broader economic pace of change is about to accelerate. The shift from clerical work to knowledge work – the transformation that rendered the General Schedule largely obsolete – unfolded over roughly half a century. The federal government had decades to adapt and still couldn't keep up.

The next transformation will not be so patient and is already knocking on our door. Artificial intelligence is already reshaping the task composition of work across the economy: automating routine analysis, generating first drafts, handling pattern recognition at scales no human team can match. The federal jobs of 2035 will likely bear less resemblance to those of 2025 than today's jobs bear to those of 1995. A classification 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. The white collar worker of the future, even more so than today, will be expected to do many more discrete tasks in pursuit of a given outcome. Job definition will have to adapt as task bundles melt into outcome-focused capabilities and knowledge.

There will be other changes necessary to accommodate these rapid and destabilizing changes to the public workforce and the American labor market more broadly that will demand attention from policymakers. As an employer, the federal government will have to navigate them and needs a framework for doing so.

As Joseph Winslow wrote in his report for the Subcommittee on Position Classification in 1968:

Classification is not an end in itself. The process of evaluating, grouping and ranking positions is of no value if when done the resulting arrangement serves no purpose. ... Once an appropriate and agreed-upon relationship between positions has been established, the groupings and the relationships among them can be used in many ways to assure a competent and efficient work force, and well-organized distribution and processing of work. Used in this way, classification becomes a usable tool of management which is what the Congress intended when it [wrote] the Classification Act.¹⁴⁷

Winslow's insight, offered at the end of his long career in personnel reform and now nearly six decades old, remains true today. Job classification is foundational not because it is intrinsically important but because everything else depends on it. Without a coherent structure of jobs, there is no rational basis for setting pay. Without sensible occupational categories, career paths become arbitrary or completely opaque. Without meaningful distinctions between levels of work, performance management devolves into box-checking. The federal government has spent decades trying to fix hiring, fix performance appraisal, fix compensation, and fix retention; those efforts have failed. This is not because reformers lacked dedication or insight, but because they were trying to repair a house by repainting the walls while the foundation cracked beneath them. If you keep asking people to do the wrong jobs, you'll keep getting the same behavior. This paper has argued that the General Schedule, for all its historic contributions, has become that cracked foundation.

The federal workforce and the public it serves deserve better than this. The General Schedule has served honorably for three quarters of a century. It is time to let it retire with dignity and build something worthy of the work that comes next.

¹⁴⁷ Report on Job Evaluation and Ranking in the Federal Government, 1-2.

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A project of this scope would absolutely not have been possible without important work by others over the last hundred years. Two writers and their reports in particular stand out as major forerunners of this project: Ismar Baruch'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 1968 *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. Baruch's work became an important part of developing the Classification Act of 1949, and Winslow's was similarly essential to congressional reform efforts in the early 1970s.

Appendix:

A history of the subject, titled *The Standardization Cycle: A History of Position Classification and White Collar Pay Policy in the United States Federal Government (1789 to Present)*, is summarized in Section III of this paper but is discussed in much greater detail here: Menchaca, Gabe, *The Standardization Cycle: A History of Position Classification and White Collar Pay Policy in the United States Federal Government (1789 to Present)* (May 10, 2026). Available at SSRN: <https://ssrn.com/abstract=6744398> or <http://dx.doi.org/10.2139/ssrn.6744398>