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**Can eliminating two-grade interval promotions allow the U.S.
Government to promote 250 federal employees and still save over
\$7,000,000?**

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ELIMINATING TWO-GRADE INTERVAL CAN SAVE OVER \$7,000,000

Can eliminating two-grade interval promotions allow the U.S. Government to promote 250 federal employees and still save over \$7,000,000?

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Abstract

The United States continues to overspend on their annual budgets; consequently, increasing the already unsurmountable national debt. In order to start reducing this debt, Government agencies, and the Government as a whole, should begin to look at broad ways they can reduce spending. One of these areas to examine should be federal employee salaries, as there are numerous studies that demonstrate how Government employees make more than private sector employees, which will be corroborated by several discussions in the literature review. An easy, but not so simple solution, is to reduce annual salaries of the current Government employees without having to take away jobs. The elimination of the two-grade interval promotion for General Schedule pay scale employees would do just this, reduce their current promotion salaries, while still allowing them to maintain their job and benefits. An analysis comparing the current two-grade interval to the proposed one-grade interval will validate the costs saving per employee over a four-year period.

Chapter 1: Introduction

One of the most difficult and emotionally charged topics in the United States (U.S.) finance community is the national debt. According to the US debt clock, our nation has over a twenty-three trillion-dollar debt, which will rapidly increase once the COVID-19 stimulus package goes into effect. There are numerous factors that attribute to this insurmountable debt our country has achieved. This debt will just not disappear overnight, it will take years of forward thinking and scrutinized budgets to achieve an acceptable debt for our country. If everyone could agree that the U.S. government places minimal thought or legitimate attempts to

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reduce the debt, a conclusion could be made that those ways will need to change, or we will not leave a stable country for future generations to prosper.

Background of the Problem

The continuously increasing United States (U.S.) national debt is something that continues to concern most citizens of our country. The breakdown of this national debt is approximately two-thirds is held by the public, which means the government owes money to buyers of U.S. Treasury bills, notes, and bonds, to include individuals, companies, and foreign governments. Furthermore, the remaining third is intragovernmental debt that was borrowed from other U.S. government agencies, mainly Social Security (US Economy and News, April 2020). If the overall debt continues on this upward trend, how long can the economy survive before the U.S. government collapses? Since this is obviously a U.S. government issue, one of the solutions to the problem is to take a closer look at spending, and really look into fraud, waste, and abuse in today's U.S. government. A possible area to research is how the U.S. government pays their federal employees and see if there is waste or abuse built into the federal pay system. One such pay system in the U.S. Federal government is the General Schedule (GS) pay system, which is used to pay over 2.1 million government employees every two weeks. (Congressional Research Service, 2019) This pay system is archaic and most likely needs a modern-day update for agency guidance and how the U.S. government will pay their employees under this current system.

This research study focused on the use of the Office of Personnel Management (OPM) two-grade interval promotion system. This policy is over 50 years old and is still in practice; however, if this policy were removed, it would allow the U.S. government to save six million

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dollars for every 250 employees that they would have promoted under the current two-grade interval promotion system.

Statement of the Problem

The main research problem examined in this study was mid-grade U.S. government employees are receiving an exorbitant percentage of their salary for accelerated promotions that could be eliminated and provide cost savings for the U.S. government labor expenses.

There are hundreds, if not thousands, of small budgetary changes that can be made related to U.S. government operations. Some of them, in time, can lead to instrumental changes that could place the United States back in the black. In order to have a genuine chance for change, the U.S. government should lead by example and change how they pay the U.S. government employees. Is the U.S. government promoting their employees at a faster rate than they should be? Should the U.S. government still be utilizing a promotion system based on regulations and guidance from 1949? Is it fair that some U.S. Government employees receive up to a 21% pay raise each year for up to three years, while the average private sector employee receives 3% (Doyle, 2020)? These are just a few of the questions that were asked and evaluated in this study. Answers to these and other questions might help decision-makers evaluate how the U.S. Government should move forward to eliminate the two-grade interval promotion system that is currently being exploited.

Purpose of Study

The purpose of the study was to examine and analyze potential cost savings if the two-grade promotion were to be eliminated. Throughout the country, numerous federal agencies of assorted sizes and in numerous locations have been forced to deal with lower operational budgets. For smaller sized agencies, sub-agencies, and satellite offices, the lack of funds can lead

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to mission failure. This would normally be caused by agencies and offices being understaffed, as they no longer have the funds to hire the required personnel to perform the normal daily duties. If agencies were not required by the Office of Personnel Management (OPM) to allow mid-grade personnel the ability to receive a two-grade interval promotion, substantial funds for employee labor could be saved. Consequently, this would in turn allow those funds to be put back into the operational budget, allowing for mission accomplishment and overall cost savings for the U.S. government.

Significance of Study

The proposed study focused attention on the possible reasons why the two-grade interval promotion was created, along with reasons why it still is in effect over 70 years later. Potential areas of significance evaluated in this study include: (1) Cost Savings if this current policy were eliminated, how much money could the federal government and its subordinate agencies save in the long run; (2) Possible adverse effects on federal employees if the elimination of the two-grade interval promotion is successful; (3) Increased operational budgets, if successful, could pave the way for multiple future initiatives for federal cost savings ideas, big and small, which all add up to help increase operational budgets without having to increase salaries paid to employees at an excessive rate compared to similar private-sector jobs; (4) Possible connections to an increase and/or decrease in retention if elimination of the two-grade interval promotion took place.

Research Question and Assumption

The research question examined in this study was: can eliminating the Office of Personnel Management regulation for two-grade interval promotions allow the U.S. government to save over \$7,000,000 for 250 employees that are promoted and increase retention? The

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assumption is that if mid-grade U.S. government employees were not allowed a two-grade interval promotion, in accordance with the classification act of 1949, then there would be increased agency operational budget savings, overall U.S. government budget saving, along with increased employee retention. Sub-questions to be examined: What percentage of an employee's annual salary should they receive for a promotion? What are the standard and average promotion rates used in the private sector compared to the federal government? What type of resistance will there be to this type of action from employees and the unions that represent the various federal employees and their agencies? How much money can be saved by the federal government if the two-grade interval promotion is eliminated?

Assumptions and Limitations

The research scope was limited to examining the General Schedule pay scale for federal employees, specifically those falling into the GS-5 through GS-11 pay grade. Assumptions are that most government employees will be against such an initiative, as their salary increase would be reduced for future promotions. Additionally, the Office of Personnel Management would cite their 1949 regulation as precedence and union representation would likely not support this type of initiative. Limitations will exist if cost savings are focused on the actual pay scale; however, there are several variables that could increase the cost savings, such as agency matching and employee contributions to the Thrift Savings Plan (TSP) and personnel that retire from federal government in the GS-5 through GS-11 pay grade range.

Definition of Terms

Promotion: A promotion occurs when an employee goes to the next pay grade and should not be confused when an employee receives a within grade step increase. Step increases are not considered promotions; they are just an increase in pay for longevity in the current pay grade.

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GS or GS Employee: An employee that falls under the General Schedule (GS) pay scale is commonly referred to as a GS employee. GS is typically followed by the employee's pay grade on the General Schedule pay scale. Therefore, a federal employee who is paid under the General Schedule pay scale as a pay grade 7 is referred to as a GS-7.

Operational Definitions

A two-grade interval promotion is where employees are allowed to skip over the next available pay grade to receive their next promotion. As an example, a normal one-grade promotion would have an employee going from the pay grade GS-7 to GS-8 or going from GS-5 to GS-6; however, the two-grade interval promotion allows the employee to skip the next available pay grade, thus going from GS-7 to GS-9 or GS-5 to GS-7. This commonly occurs with employees between the GS-6 and GS-11 pay grades, which we will now classify as mid-grade U.S. government employees.

Operational and U.S. government budget savings are those annual funds that are allocated as a whole for the U.S. budget and are then filtered down to agencies and their mission areas to accomplish their mission. An operational budget for a mission area includes the salary, or labor dollars, for the GS employees to perform their duties as directed. From the perspective of a Defense Finance and Accounting Service budget analyst, the labor dollars are customarily the major expense in the agency and overall mission areas budget allocations.

Expected Impact of Research

The expected impact of the research will reveal how the two-grade interval promotion policy is outdated and how eliminating it will provide monetary cost savings for the U.S. government. The potential to eliminate the two-grade interval promotion for mid-grade employees will provide a significant cost savings for the federal government and will almost

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double the promotion rate for those mid-grade employees that would have benefited from a two-grade interval promotion. Additionally, the research will reveal how 250 impacted employees will save the federal government an excess of \$7,000,000.

Chapter 2: Literature Review

Introduction

The literature review of this study consisted of scholarly publication, government documents and practitioner studies. The specific themes reviewed in this study include: (1) outdated policies; (2) historical impacts; (3) comparing pay and benefits and (4) government value and retention. Each of these themes is described separately below with a conclusion provided at the end of the chapter highlighting each theme's connection to the Theory of Change Assumptions of this study.

A historical review of what the Office of Personnel Management utilizes for promotion policies is important to provide a basic understanding of why the U.S. government initiated a two-grade interval promotion policy and how that policy may be considered outdated. OPM is also significant as they annually update the General Schedule pay scale for U.S. government employees, which will later be analyzed in depth in chapter 4 to determine salary comparisons and possible future savings.

Equally important as the historical impacts and salary analysis are the contrasts and similarities of public sector pay compared to private sector pay. These reviews and studies will provide evidence to the reader to formulate opinions to agree or disagree that U.S. government employee pay is higher than private sector employees. Furthermore, research gathered will

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compare the compensation rates of U.S. government employees in comparison with private sector jobs, similar in nature, in attempts to define any differing or similar trends.

Lastly, identifying some current and past examples of inefficiency and absence of stakeholder value contribute to the need for change in policies. This includes discussing and evaluating some relationships to the retention possibilities of federal employees if the two-grade interval promotion were eliminated.

Outdated Policies

In 1949, the North Atlantic Treaty Organization (NATO) was established and the former Soviet Union detonated their first atomic bomb. Many political, military, and governmental changes have happened since those two events. Additionally, in 1949, the first found published directives in regard to the two-grade interval promotion were found in the Classification Act of 1949. While it may seem unlikely that a more than 70-year-old act that contains policy recommendation on the two-grade interval promotion, the fact is that it is still utilized by our modern-day government. This classification act states, “An employee may be promoted to a position at GS-6 through GS-11 which is in a line of work properly classified at two-grade intervals after he has served one year in a position two grades lower.” (U.S. House of Representatives, Civil Service Commission, 1949, p. 65) The current guidance by the Office of Personnel Management, reflects under the Introduction to the Position Classification Standards, “While two-grade interval work is normally classified to the odd grades from GS-5 to GS-11, there is nothing to preclude classification of a position to any grade level established by title 5.” The U.S. Office of Personnel Management, (August 2009, p. 26), reflects that this is essentially the same allowable promotion system from 1949. Furthermore, in a *House Veterans Affairs Committee Hearing*, Robert Goldenkoff, Director, Strategic Issues, U.S. GAO testified that, “the

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Classification Act of 1949 laid the foundation of much of today's federal personnel system. As a result, the extent to which the current and future workforce finds the governments employment policies and practices relevant is an open question.” (2019) This lends credibility that changes need to be made when it comes to the promotion policies currently emplace by OPM.

A report, *OPM Needs to Improve the Design, Management, and Oversight of the Federal Classification System*, by the Government Accountability Office found that, “OPM has not reviewed any agency's classification program since the 1980s because OPM leadership at the time concluded the reviews were ineffective and time consuming. As a result, OPM has limited assurance that agencies are correctly classifying positions according to standards.” (GAO, 2014, p. 1-43). This alluded failure to maintain current and updated policies also fall directly in line with the archaic process of still allowing a two-grade interval promotion.

Historical Impacts

While there may have been a valid reason to allow government employees to skip pay grades; hence, the implementation of the two-grade interval promotion. However, there are reasons to believe that this outdated policy is allowing government employees to earn too much too soon. The Byrd Committee investigation believed that a promotion rate above \$600 per year for any Federal employee in the same twelve months is extravagant and conducive to poor morale among the rest of the employees. (Kammerer, 2014, p. 211)

Prior to the Classification Act of 1949, Kammerer (2014) indicates there were abuses of the system, which caused more rigid promotion standards. Consequently, authority was given to departmental personnel directors to approve promotion of unusually meritorious employees who did not meet the length of service requirements and when a promotion or reassignment involve a jump of more than one classification grade, it had to be reported to the Commission immediately.

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While this appears to be the beginning of the two-grade interval promotion; there is no evidence that it was referred to as such at that time. (Kammerer, 2014, p. 207-209).

Another example of additional benefits given to federal employees came in 1990, which is when President Bush signed into law the Federal Employees Pay Comparability Act (FEPCA). Buckley (2009) found that one of the key features of this program was the creation of a locality-based pay system to replace the single general schedule that largely disregarded locality pay differences found in the private sector (p. 39). Essentially this meant that many government job salaries were being placed in par with the local private sector jobs, providing a larger amount of pay to those living in specified higher cost of living areas (Norris, 2004).

Outdated policies and historical impact both connect to the theory of change assumption as these two areas both relate to the Classification Act of 1949, which would need to be updated in order to eliminate the two-grade interval promotion.

Comparing Pay and Benefits

Should there be such a difference in wages between the Government and public sector? Campbell (2014) contends the decision to embrace salarization was understood to be a necessary one (pp. 17-18), and contends that paid government employees fixed, regular wages explicitly divorced public governance from private (p. 8-9); while others felt the American administrative state is being challenged as inefficient, expensive, bloated, moribund, out of control and even morally bankrupt (p. 1,152). Greszler and Sherk (2016) make the most succinct statement when they state, “The federal government pays its employees more than they would earn in the private sector” based on their research for the Background (p. 1).

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Falk's study (2017) of federal and private sector salaries and benefits, during the period 2011-2015, indicates that Federal employees with education between no H.S. Diploma through master's degree receive higher wages, including benefits than private sector. Conversely, those private sector employees with professional degrees or Doctorates receive higher wages; however, a private sector employee with a master's degree without the benefits does receive a slightly higher wage than federal employees. An older example by Wise (1987) found that federal workers may be "overpaid" relative to their private sector counterparts by as much as 15 to 20 percent (p. 6).

Another study outlined in the *Cost Effectiveness of Teachers Working at Government and private Colleges* found that government college teachers' salaries fell between \$50,000 to \$100,000, while the private college salary fell between \$20,000 to \$50,000 (Farooqi, Khan, and Qambar, 2018). However, it did not indicate if all teachers were full time employees. Many private colleges have teachers that may be consider part time and only teach a specific course, while government college teachers would normally all be classified as a full-time employee.

Kogut, Luse, and Short (2018) found that in a study titled, *Federal Pay Continues Rapid Ascent*, that the average federal workers' pay was higher than private sector workers' pay by an absolute amount of 58% and by 100% when total compensation packages were considered. While details of the specific jobs compared were not provided, it is evident that when the compensation benefits are included in a federal employee's total salary, they will most likely be higher than a comparable private sector job with the same duty responsibilities. Winchell (2015) indicated, "that in a 2012 Congressional Budget Office report, Comparing the Compensation of Federal and Private-Sector Employees, the federal government paid 16% more in total

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compensation that I would have if average compensation had been comparable with that in the private sector.”

Even recent events with the current Coronavirus Pandemic have shown where Government employees are now entitled to eight-hours of paid sick leave, related to being infected with the disease, under the Families First Coronavirus Response Act (FFCRA) (Department of Labor, 2020). This is something that many employers are unable to financially afford to do for their employees and not employees and employers qualify for FFCRA benefits; however, all federal government employees do qualify and are afforded these benefits without admonishment or reprisal.

Comparable pay and benefits of U.S. federal employees to those employed by the private sector, with equivalent job duties, connects the theory of change assumption related to operational budget savings and overall U.S. government budget savings. While these two may appear to be one in the same, the operational budget savings are those savings derived from a specific branch or section of a government agency that is given a set amount of funds to pay for their labor expenses. The overall budget savings related the aggregate portion of funds that set aside for the U.S. government to allocate to subordinate agencies for federal employee labor expenses.

Government Value and Retention

Can or should big government be trusted in being a fair caretaker of the public's tax money? Some could make an argument that based on our country's twenty-three trillion-dollar debt, we should not be placing our trust in government finance and should demand more better oversight and actual efficiencies that provide cost savings.

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One idea could be outsourcing, which many federal, state, and local governments have been participating in for many decades. Outsourcing, if properly researched and observed can prove to save money, as is the case with many government programs. On the contrary, an example of private sector outsourcing gone awry was discussed in *The Entrepreneurial State: Debunking Public vs. Private Sector Myths* (Mazzucato, 2015). In this example, they described a 2012 London Olympic scandal where private company failed so bad to provide security, the British military was called out and that company still exists today and is profitable (Mazzucato, 2015). Like the British Government, our government is tested and tried countless times by companies just trying to make an easy dollar, and like Britain our country often fails to hold those companies accountable.

One possible reason for some inefficiencies in the government may be their union representation. These unions appear to go overboard only in their protection of the employee and fail to have the governments back as well, which can lead to inflated wages for employees. DiSalvo (2015) in *Government Against Itself: Public Union Power and Its Consequences*, states that the government employs about three percent of all workers and argues that we can build a better, more responsive government that is accountable to taxpayers (p. 141). The never-ending question that is up for debate is, is the federal government really an appropriate place to have a union for typical white-collar type labor?

Another issue researched is the retention of employees, wherein Huang, Lin, & Chuang (2006) found at one firm that higher-level works, not the lower-level one, were the ones to separate most often (p. 494). Kossivi, Xu, and Kalgora (2016) stated that the toughest challenge that organizations encounter nowadays is not only how to manage the people but also how to keep them on the job as long as possible (p. 1). Overall, these examples provide evidence that

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some agencies should focus on ways to retain their mid-grade employees and ensure they remain with the company for as long as possible to ensure additional costs are not spend on hiring and training new personnel.

Conclusion

The literature reviewed may not have been able to give an exact reason for the inception of the two-grade interval promotion policy and why it is still being used 70 years later; however, it does provide evidence that the government classification and promotion system is outdated and by admission of government agencies is inefficient/ineffective at times. Based on the salary comparison and other studies described and evaluated in this literature review, this research concludes that government employees do earn more, especially if benefits are taken into consideration, than their private sector counterparts in equally related jobs. Conversely, most studies and research also found that it can be difficult to compare the government jobs to private sector, as even jobs in the same class and category can be quite different from each other. Nonetheless, these commonalities that have been found do show government employees do earn more and that most government pay policies are outdated. The salary data provided in the research provide evidence that it is time to eliminate the two-grade interval promotion and the projected data that will be provide will show the possible cost savings.

Chapter 3: Research Methods

Introduction

The purpose of the study was to determine if there would be increased agency operational budget savings, overall U.S. government budget savings, and increased employee retention, if mid-grade U.S. government employees were not allowed a two-grade interval promotion. A mixed method approach was utilized for this project. The main data source

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incorporates a quantitative analysis of pay scales by using a time-series study to document the annual cost savings obtained by eliminating the two-grade interval promotion. This quantitative analysis is conducted to provide validity that cost savings can be attained.

Additionally, a quantitative and qualitative analysis was conducted through the analysis of a survey of current and/or former U.S. government employees. The survey's quantitative analysis was mostly supportive of the main data gathered from pay scale analysis; however, the survey also provided some qualitative data to identify some underlying issues requiring further research.

Research Question and Sub Questions

Main Question - If mid-grade U.S. government employees were not allowed a two-grade interval promotion, in accordance with the Classification Act of 1949, then there would be increased agency operational budget savings, overall U.S. government budget savings, and increased employee retention.

Sub Questions – Will eliminating the two-grade interval promotions impact retention?

Sub Questions – On average, do federal employees earn a higher salary than private sector employees?

Sub Questions – On average, do federal employees receive more compensation than private sector employees?

Sub Questions – What obstacles could impact the elimination of the two-grade interval promotion?

Sub Questions – Is the Classification Act of 1949 considered to be outdated?

Operational Definitions

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For the purpose of this study, federal employees are defined as those U.S. government employees who fall under the General Schedule (GS) pay scale. (Figure 1, 2020 San Francisco Pay Scale)

SALARY TABLE 2020-SF
INCORPORATING THE 2.6% GENERAL SCHEDULE INCREASE AND A LOCALITY PAYMENT OF 41.44%
FOR THE LOCALITY PAY AREA OF SAN JOSE-SAN FRANCISCO-OAKLAND, CA
TOTAL INCREASE: 3.40%
EFFECTIVE JANUARY 2020

Annual Rates by Grade and Step

Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10
1	\$ 27,642	\$ 28,568	\$ 29,487	\$ 30,401	\$ 31,320	\$ 31,858	\$ 32,766	\$ 33,683	\$ 33,719	\$ 34,579
2	31,080	31,820	32,849	33,719	34,098	35,101	36,104	37,107	38,110	39,112
3	33,912	35,042	36,172	37,302	38,432	39,562	40,692	41,822	42,952	44,083
4	38,069	39,337	40,606	41,875	43,143	44,412	45,681	46,950	48,218	49,487
5	42,592	44,012	45,432	46,852	48,272	49,692	51,112	52,532	53,952	55,372
6	47,477	49,060	50,643	52,225	53,808	55,391	56,973	58,556	60,139	61,722
7	52,759	54,517	56,275	58,033	59,791	61,549	63,307	65,065	66,823	68,581
8	58,429	60,376	62,324	64,272	66,219	68,167	70,115	72,062	74,010	75,958
9	64,535	66,686	68,837	70,989	73,140	75,291	77,443	79,594	81,745	83,897
10	71,068	73,437	75,806	78,175	80,544	82,914	85,283	87,652	90,021	92,390
11	78,081	80,683	83,286	85,888	88,491	91,093	93,696	96,298	98,901	101,503
12	93,587	96,707	99,827	102,947	106,067	109,187	112,308	115,428	118,548	121,668
13	111,286	114,996	118,706	122,416	126,126	129,836	133,546	137,256	140,966	144,676
14	131,507	135,890	140,273	144,656	149,040	153,423	157,806	162,189	166,572	170,955
15	154,687	159,844	165,001	170,158	175,315	180,472	185,629	190,786	195,943	201,100

(Figure 1)

Population Sampling Strategy

The participants for the survey were a combination of 61 current and/or former U.S. government employees paid under the General Schedule pay scale. Their participation is relevant as they may provide insight as to the level of resistance and/or acceptance an average federal government employee may have towards the elimination of the two-grade interval promotions.

The survey participants were also provided the opportunity to comment on each question and/or provide their overall thoughts at the end of the survey. This will allow for an analysis of qualitative data to identify possible pitfalls with the elimination of the two-grade interval promotion and/or provide supporting statements to agree with the elimination.

Procedure

The salary data was collected using the OPM General Schedule pay scale for 2020

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(Fig 1) for GS-7 through GS-11 pay grades. The 2020 GS pay scale was then projected out four years to provide proposed future pay scales.

Data Processing and Analysis

All cost saving data was derived from the current OPM General Schedule pay scale for 2020. In order to determine how much money could be saved each year, a projected future pay scale was derived from the current 2020 pay scale, utilizing a 1% overall increase for each pay grade. Only Step 1 figures were used for GS-7 through GS-11 calculations, with the exception of GS-11 Step 2 for annual salary projections. A total of five separate cost savings analyses were conducted, utilizing the top two areas with the highest population of federal government employees, Washington D.C. and California, along with the Denver, Indianapolis, and standard locality pay locations in the U.S.

Cost savings were calculated by taking the overall salary earned during a 4 year period for a current two-grade interval promotion (GS-7, GS-9, GS-11, GS-11 Step 2, and GS-11 Step 3) and the proposed one-grade interval promotion (GS-7, GS-8, GS-9, GS-10, GS-11). The aggregate saving was determined by taking the current two-grade interval promotion aggregate salary and subtracting the one-grade interval promotion, both covering a four-year period of pay.

The dependent variable would be considered to be the Office of Personnel Management system, specifically in this case the Classification Act of 1949. The independent variables would be the elimination of the two-grade interval promotion, which decreases the amount of pay an employee receives over a 4-year period. Furthermore, independent of this factor is the government spends less money on a Thrift Savings Plan (TSP) match, along with gaining employee retention by requiring a mid-grade employee to remain with the organization longer to reach their promotion potential.

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Internal and External Validity

In the process of providing data, the absolute solution is that the two-grade interval promotion has been eliminated and a one-grade interval is used going forward. Consequently, the data retrieved is based off a current pay scale for a set period of four years, with each year having a low-end projection of 1% annual salary increase for cost of living.

Limitations

There have been a number of times in the past few decades where federal pay was frozen, so federal government employees did not receive a cost of living increase. However, by applying a 1% annual cost of living increase, the possibility that the cost savings figures are overinflated is reduced.

Conclusion

The cost saving by eliminating the two-grade interval promotion may be simplistic in nature, but these savings could easily lead into the billions, based on the 4-year period that the savings currently reflect. The main concerns would be how this can actually be implemented, who are the stakeholders that would oppose and/or champion this change in order to save government money?

Chapter 4 – Results and Findings

Introduction

The fundamental purpose of this study was to explore the possible cost savings for the U.S. government if the two-grade interval promotion were eliminated. Quantitative data was gathered in two forms: 1) Utilizing the existing General Schedule pay scale for a mid-grade employee's 4-year progression under the current two-grade interval promotion compared to that of a proposed one-grade interval promotion for the same period of time. 2) Anonymous survey of

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60 current and/or former U.S. government employees who are paid under the General Schedule pay scale in various localities. The primary method of analysis was derived from the review of pay charts provided below. The survey questions are individually examined for a more comprehensive analysis and how they may support and/or refute the elimination of the two-grade interval promotion.

Data Collection and Analysis

Five pay tables are depicted below and describe the locality percentage of the pay scales that were used to calculate the projected 4-year proposed pay scales. Data was also collected from 60 surveys, consisting of 10 statements that correspond to the theories of assumption and 5 demographic related questions.

Primary Quantitative Results (Pay Table Data)

The following data, for each locality area, in stage one depicts the aggregate 4-year salary earned by a mid-grade federal employee under the General Schedule pay scale under a two-grade interval promotion scenario. Stage two depicts the aggregate 4-year salary earned by a mid-grade federal employee under the General Schedule pay scale under the proposed one-grade interval promotion scenario. Stage three depicts the difference in pay between the two scenarios for one employee, with and without Thrift Savings Plan (TSP) matching contributions calculated into the savings, along with the same savings for 250 employees.

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1) San Jose, San Francisco, Oakland, CA Locality Pay (41.44%)

SF Grade	Annual Salary	Percent Increased	4-Year Salary Sum	4-Year Savings	5% TSP Matching	Total Savings
GS7 STEP 1	\$ 52,759.00					
GS9 STEP 1	\$ 64,535.00	22.32%				
GS11 STEP 1	\$ 78,081.00	20.99%				
GS11 STEP 2	\$ 80,683.00	3.33%	\$ 306,585.00	2-Grade Interval		
GS11 STEP 3	\$ 83,286.00	3.23%				
				\$ 34,472.00	\$ 1,723.60	\$ 36,195.60
GS7 STEP 1	\$ 52,759.00					
GS8 STEP 1	\$ 58,429.00	10.75%				
GS9 STEP 1	\$ 64,535.00	10.45%				
GS10 STEP 1	\$ 71,068.00	10.12%	\$ 272,113.00	1-Grade Interval		
GS11 STEP 1	\$ 78,081.00	9.87%				
100	\$ 3,619,560.00					
250	\$ 9,048,900.00					
1000	\$ 36,195,600.00					

4 Year Constructive Savings Summary:

Savings from 2-grade to 1-grade salary	\$34,472
5% matching TSP per employee	\$1,723.60
Total 4-year savings per 250 employees	\$9,048,900

The difference between the total 4-year salary sum under the current 2-grade interval and the 4-year salary sum for the proposed 1-grade interval provides the per employee savings (\$306,585 – \$272,113 = \$34,472). Consequently, since the employee is earning less wages over the 4-year period under the proposed 1-grade interval, the employee would then receive less money from the 5% matching funds that go into their Thrift Savings Program (TSP). Thus, an employee under this locality pay scale would receive \$1,723.60 less than the current 2-grade interval method (\$34,472 * .05 = \$1,723.60). Therefore, the total 4-year savings for 250 employees would be \$9,048,900 (\$34,472 + \$1,723.60 * 250 = \$9,048,900).

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2) Washington, Baltimore, Arlington, DC Locality Pay (30.48%)

DC Grade	Annual Salary	Percent Increased	4-Year Salary Sum	4-Year Savings	5% TSP Matching	Total Savings
GS7 STEP 1	\$ 48,798.00					
GS9 STEP 1	\$ 59,534.00	22.00%				
GS11 STEP 1	\$ 72,030.00	20.99%				
GS11 STEP 2	\$ 74,431.00	3.33%	\$ 282,827.00	2-Grade Interval		
GS11 STEP 3	\$ 76,832.00	3.23%				
				\$ 31,801.00	\$ 1,590.05	\$ 33,391.05
GS7 STEP 1	\$ 48,798.00					
GS8 STEP 1	\$ 53,901.00	10.46%				
GS9 STEP 1	\$ 59,534.00	10.45%				
GS10 STEP 1	\$ 65,561.00	10.12%	\$ 251,026.00	1-Grade Interval		
GS11 STEP 1	\$ 72,030.00	9.87%				
100	\$ 3,339,105.00					
250	\$ 8,347,762.50					
1000	\$ 33,391,050.00					

4 Year Constructive Savings Summary:
Savings from 2-grade to 1-grade salary \$31,801
5% matching TSP per employee \$1,590.05
Total 4-year savings per 250 employees \$8,347,762.50

The difference between the total 4-year salary sum under the current 2-grade interval and the 4-year salary sum for the proposed 1-grade interval provides the per employee savings (\$282,827 – \$251,026 = \$31,801). Consequently, since the employee is earning less wages over the 4-year period under the proposed 1-grade interval, the employee would then receive less money from the 5% matching funds that go into their Thrift Savings Program (TSP). Thus, an employee under this locality pay scale would receive \$1,590.05 less than the current 2-grade interval method ($\$31,801 * .05 = \$1,590.05$). Therefore, the total 4-year savings for 250 employees would be \$9,048,900 ($\$31,801 + \$1,590.05 * 250 = \$8,347,762.50$).

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3) Houston, The Woodlands, TX Locality Pay (33.32%)

Houston Grade	Annual Salary	Percent Increased	4-Year Salary Sum	4-Year Savings	5% TSP Matching	Total Savings
GS7 STEP 1	\$ 49,730.00					
GS9 STEP 1	\$ 60,830.00	22.32%				
GS11 STEP 1	\$ 73,598.00	20.99%				
GS11 STEP 2	\$ 76,051.00	3.33%	\$ 288,983.00	2-Grade Interval		
GS11 STEP 3	\$ 78,504.00	3.23%				
				\$ 32,493.00	\$ 1,624.65	\$ 34,117.65
GS7 STEP 1	\$ 49,730.00					
GS8 STEP 1	\$ 55,074.00	10.75%				
GS9 STEP 1	\$ 60,830.00	10.45%				
GS10 STEP 1	\$ 66,988.00	10.12%	\$ 256,490.00	1-Grade Interval		
GS11 STEP 1	\$ 73,598.00	9.87%				
100	\$ 3,411,765.00					
250	\$ 8,529,412.50					
1000	\$ 34,117,650.00					

4 Year Constructive Savings Summary:
Savings from 2-grade to 1-grade salary \$32,493
5% matching TSP per employee \$1,624.65
Total 4-year savings per 250 employees \$8,529,412.50

The difference between the total 4-year salary sum under the current 2-grade interval and the 4-year salary sum for the proposed 1-grade interval provides the per employee savings (\$288,983 – \$256,490 = \$32,493). Consequently, since the employee is earning less wages over the 4-year period under the proposed 1-grade interval, the employee would then receive less money from the 5% matching funds that go into their Thrift Savings Program (TSP). Thus, an employee under this locality pay scale would receive \$1,590.05 less than the current 2-grade interval method ($\$32,493 * .05 = \$1,624.65$). Therefore, the total 4-year savings for 250 employees would be \$8,529,412.50 ($\$32,493 + \$1,624.65 * 250 = \$8,529,412.50$).

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4) Indianapolis, Carmel, Muncie, IN Locality Pay (16.92%)

Indy Grade	Annual Salary	Percent Increased	4-Year Salary Sum	4-Year Savings	5% TSP Matching	Total Savings
GS7 STEP 1	\$ 43,612.00					
GS9 STEP 1	\$ 53,347.00	22.32%				
GS11 STEP 1	\$ 64,545.00	20.99%				
GS11 STEP 2	\$ 66,696.00	3.33%	\$ 253,435.00	2-Grade Interval		
GS11 STEP 3	\$ 68,847.00	3.23%				
				\$ 28,495.00	\$ 1,424.75	\$ 29,919.75
GS7 STEP 1	\$ 43,612.00					
GS8 STEP 1	\$ 48,300.00	10.75%				
GS9 STEP 1	\$ 53,347.00	10.45%				
GS10 STEP 1	\$ 58,748.00	10.12%	\$ 224,940.00	1-Grade Interval		
GS11 STEP 1	\$ 64,545.00	9.87%				
100	\$ 2,991,975.00					
250	\$ 7,479,937.50					
1000	\$ 29,919,750.00					

4 Year Constructive Savings Summary:

Savings from 2-grade to 1-grade salary	\$28,495
5% matching TSP per employee	\$1,424.75
Total 4-year savings per 250 employees	\$7,479,937.50

The difference between the total 4-year salary sum under the current 2-grade interval and the 4-year salary sum for the proposed 1-grade interval provides the per employee savings (\$253,435 – \$224,940 = \$28,495). Consequently, since the employee is earning less wages over the 4-year period under the proposed 1-grade interval, the employee would then receive less money from the 5% matching funds that go into their Thrift Savings Program (TSP). Thus, an employee under this locality pay scale would receive \$1,424.75 less than the current 2-grade interval method (\$28,495 * .05 = \$1,424.75). Therefore, the total 4-year savings for 250 employees would be \$7,479,937.50 (\$28,495 + \$1,424.75 * 250 = \$7,479,937.50).

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5) No Locality Pay

No Locality	Annual Salary	Percent Increased	4-Year Salary Sum	4-Year Savings	5% TSP Matching	Total Savings
GS7 STEP 1	\$ 37,301.00					
GS9 STEP 1	\$ 45,627.00	22.32%				
GS11 STEP 1	\$ 55,204.00	20.99%				
GS11 STEP 2	\$ 57,044.00	3.33%	\$ 216,759.00	2-Grade	Interval	
GS11 STEP 3	\$ 58,884.00	3.23%				
				\$ 24,372.00	\$ 1,218.60	\$ 25,590.60
GS7 STEP 1	\$ 37,301.00					
GS8 STEP 1	\$ 41,310.00	10.75%				
GS9 STEP 1	\$ 45,627.00	10.45%				
GS10 STEP 1	\$ 50,246.00	10.12%	\$ 192,387.00	1-Grade	Interval	
GS11 STEP 1	\$ 55,204.00	9.87%				
100	\$ 2,559,060.00					
250	\$ 6,397,650.00					
1000	\$ 25,590,600.00					
1000000	\$ 25,590,600,000.00					

4 Year Constructive Savings Summary:

Savings from 2-grade to 1-grade salary	\$24,372
5% matching TSP per employee	\$1,218.60
Total 4-year savings per 250 employees	\$6,397,650

The difference between the total 4-year salary sum under the current 2-grade interval and the 4-year salary sum for the proposed 1-grade interval provides the per employee savings (\$216,759 – \$192,387 = \$24,372). Consequently, since the employee is earning less wages over the 4-year period under the proposed 1-grade interval, the employee would then receive less money from the 5% matching funds that go into their Thrift Savings Program (TSP). Thus, an employee under this locality pay scale would receive \$1,218.60 less than the current 2-grade interval method (\$24,372 * .05 = \$1,218.60). Therefore, the total 4-year savings for 250 employees would be \$6,397,650 (\$24,372 + \$1,218.60 * 250 = \$6,397,650).

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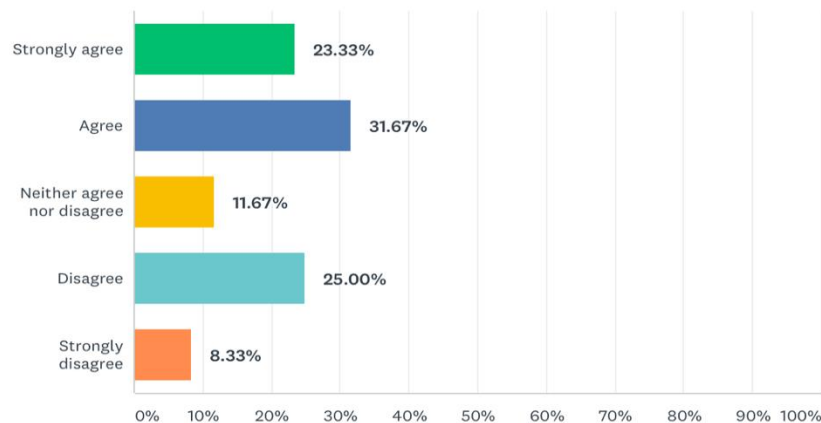
Additional Quantitative Results (Survey Data)

Additional primary data was collected online, via Survey Monkey, and was sent to 105 current and/or former U.S. federal employees that the researcher worked with throughout the past decade. Statements were formulated with intent of using a Likert scale to determine a level of support or dissent towards the assumptions made relating to the elimination of the two-grade promotion interval. Two questions in the survey are not discussed, as one question was worded incorrectly, thus negating any respondent data that was provided. The other question was a precursor to the following question, which was only answered by respondents who were previously in the military.

Statement 1:

As a taxpayer, I feel a 22% annual salary increase is excessive for a federal employee promotion.

Answered: 60 Skipped: 0



ANSWER CHOICES	RESPONSES	
Strongly agree	23.33%	14
Agree	31.67%	19
Neither agree nor disagree	11.67%	7
Disagree	25.00%	15
Strongly disagree	8.33%	5
TOTAL		60

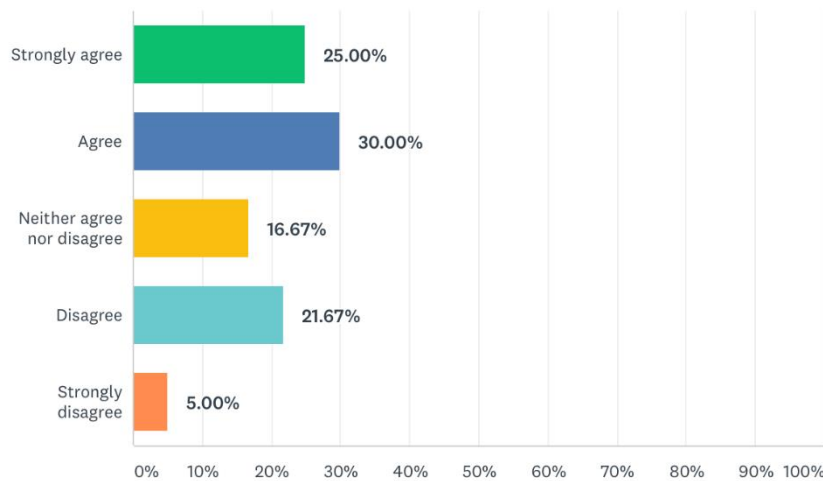
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Respondents were asked their opinion if they felt a 22% annual salary increase was considered to be excessive for a federal employee. Hayes, (2020), indicates even that some businesses plan to pay their best employees a 4.6% pay raise, while the average is 3.1%. This and other similar reports support claims that U.S. federal government employees earn an excessive annual salary increase under the current two-grade interval promotion, which respondents supported more than disagreed.

Statement 2:

I feel that government employees should receive a pay raise that is more equivalent to the average private sector promotion, which is approximately a 3%-4% pay raise.

Answered: 60 Skipped: 0



ANSWER CHOICES	RESPONSES
Strongly agree	25.00% 15
Agree	30.00% 18
Neither agree nor disagree	16.67% 10
Disagree	21.67% 13
Strongly disagree	5.00% 3
TOTAL	60

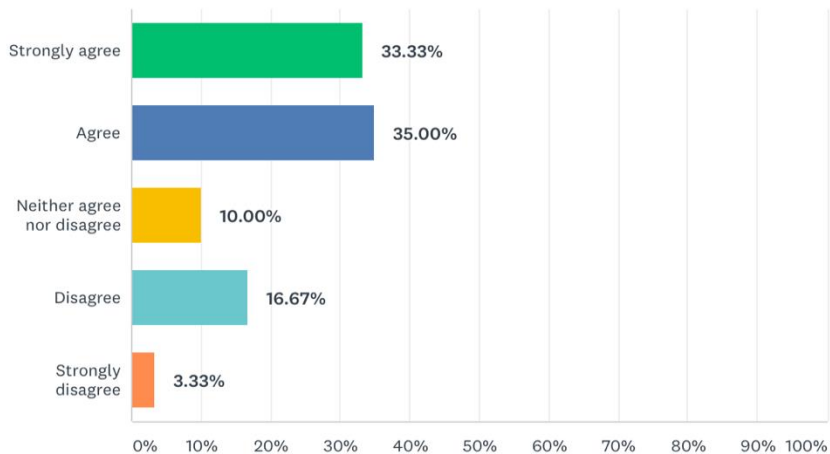
ELIMINATING TWO-GRADE INTERVAL CAN SAVE OVER \$7,000,000

Respondents were asked their opinion if they felt government employees should receive an annual salary increase more comparable to the private-sector, being 3%-4%. The opinion of respondents was much like that of the previous statement. Respondents were in agreeance, almost 2-1 compared to disagreeing, that U.S. federal government employees should receive between a 3% to 4% annual pay raise, which is more in line with private-sector employees. The feedback from respondents for these two statements indicate that the majority of current/former government employees may feel that a change needs to be made to reduce the salary percentage that is received for advancements to the next the pay grade.

Statement 3:

If the two-grade interval promotion is eliminated, I think current employees should be exempt.

Answered: 60 Skipped: 0



ANSWER CHOICES	RESPONSES	
Strongly agree	33.33%	20
Agree	35.00%	21
Neither agree nor disagree	10.00%	6
Disagree	16.67%	10
Strongly disagree	3.33%	2
TOTAL		60

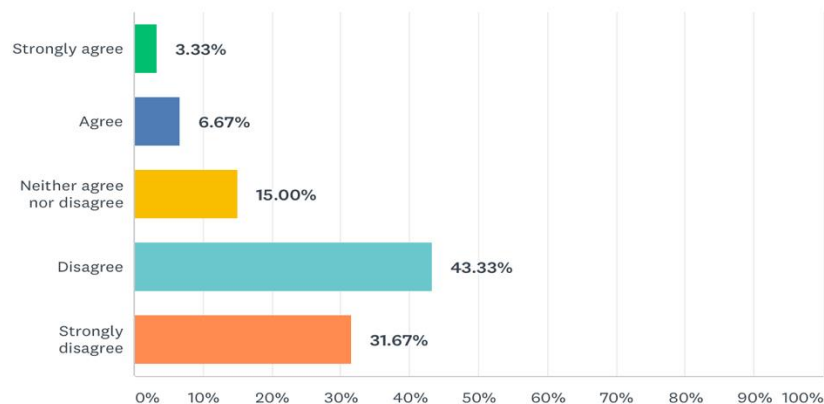
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Respondents were asked their opinion if they felt current government employees should be exempt if the two-grade interval promotion is eliminated. Almost 70% agreeance from the respondents that they should be exempt. This result was expected, as many government employees have come to presume established policies/regulations to have as so-called “Grandfathered” clause; therefore, the current employee would be able to receive a two-grade interval promotion as long as they remain a U.S. federal government employee.

Statement 4:

If you were a GS-9 and had to stay a full 2 years to receive your GS-11, instead of the current 1 year, you would resign from the federal government.

Answered: 60 Skipped: 0



ANSWER CHOICES	RESPONSES
Strongly agree	3.33% 2
Agree	6.67% 4
Neither agree nor disagree	15.00% 9
Disagree	43.33% 26
Strongly disagree	31.67% 19
TOTAL	60

Respondents were asked their opinion if they would remain a federal government employee if they had to stay two years to receive a promotion from GS-9 to GS-11, versus the current one-year timeline under the two-grade interval promotion. Respondent overwhelming indicated that they would remain with government employment. Only 10% of respondents

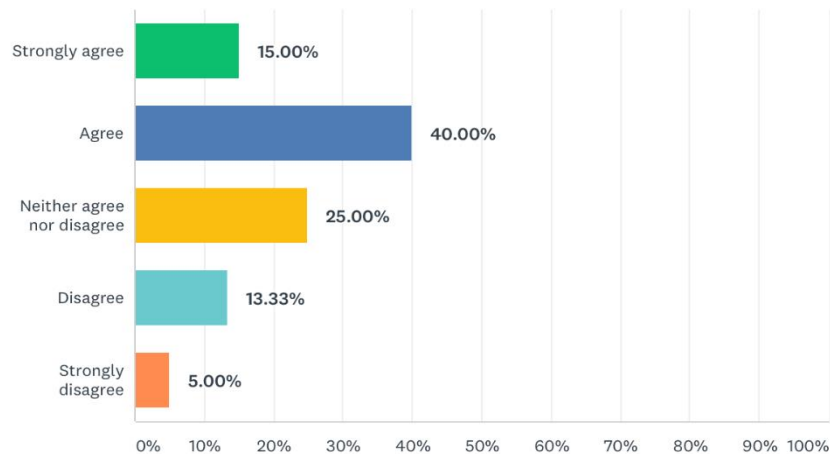
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indicated they would seek employment elsewhere. This a very solid indicator that if the two-grade interval promotion were eliminated, that the U.S. government would experience very little turnover. Thus, it would take an employee 2 years vs 1 year for GS-11, meaning they would remain in their current job at least one year more. Cardy contends that businesses should consider their employees as internal customers of management (2011), which could be conveyed that keeping customers in your agency longer leads to customer loyalty and they will have a higher propensity to remain with your agency. Therefore, it is a solid assumption that eliminating the two-grade interval promotion would increase employee retention.

Statement 5:

I would support the elimination of the two-grade interval promotion if it meant that I would not be furloughed, as was the case in 2013.

Answered: 60 Skipped: 0



ANSWER CHOICES	RESPONSES	
Strongly agree	15.00%	9
Agree	40.00%	24
Neither agree nor disagree	25.00%	15
Disagree	13.33%	8
Strongly disagree	5.00%	3
TOTAL		60

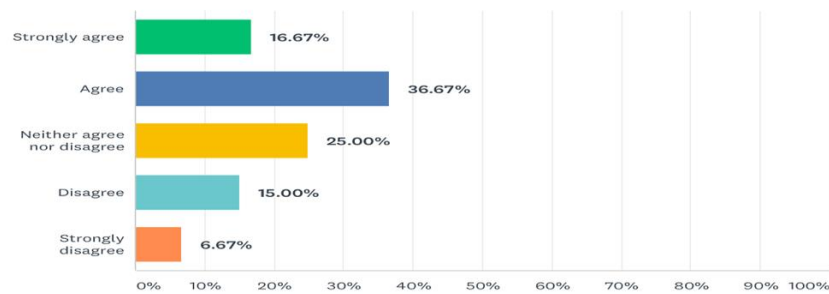
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Respondents were asked their opinion if they would support the elimination of the two-grade interval promotion if it meant they would not be furloughed. 55% of the respondent indicated they would be in support if furlough would not be a factor. This indicates a desire for job security, as most government employees have to jump through many hoops if they have an extended furlough period and do not have the appropriate savings to offset the loss of income.

Statement 6 and Statement 7:

I feel that revising the classification act of 1949 to eliminate the two-grade interval promotion would save money.

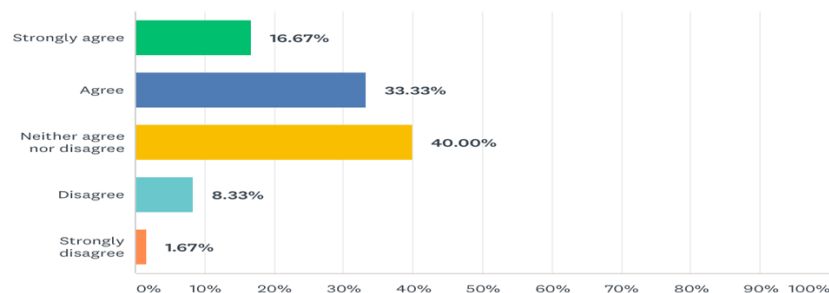
Answered: 60 Skipped: 0



ANSWER CHOICES	RESPONSES	
Strongly agree	16.67%	10
Agree	36.67%	22
Neither agree nor disagree	25.00%	15
Disagree	15.00%	9
Strongly disagree	6.67%	4
TOTAL		60

I feel that it is time for an overall revision of the classification act of 1949.

Answered: 60 Skipped: 0



ANSWER CHOICES	RESPONSES	
Strongly agree	16.67%	10
Agree	33.33%	20
Neither agree nor disagree	40.00%	24
Disagree	8.33%	5
Strongly disagree	1.67%	1
TOTAL		60

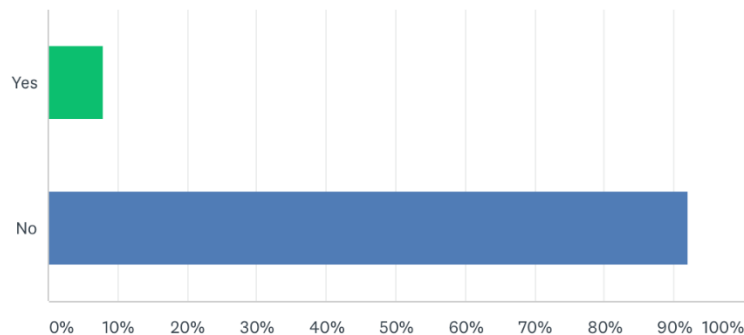
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Respondents answered similarly in regard to their opinions about the Classification Act of 1949 and how that impacts government savings and the need for an updated version.

Statement 8:

If yes, were you allowed to skip a pay grade for a promotion after you were in the service?

Answered: 57 Skipped: 3



ANSWER CHOICES	RESPONSES
Yes	8.00% 2
No	92.00% 23
TOTAL	25

Almost no prior military respondents indicated they were allowed to skip a pay grade once they were already in the service. Those that did respond yes indicated in their comments that they came in at a higher grade due to college or their technical specialty, so they did not answer the question properly, as it stated after they were in the service. This was included in the survey to provide evidence that other federal pay systems do not get to skip pay grades once they have entered into the specific pay system that is applicable (military or civilian). Therefore, if the military does not allow it under the federal government, why should it be allowed under the civilian pay systems.

Summary of Key Findings of Quantitative Survey Data

Of the five locality areas used for projected salary and compensation savings, there is an aggregate average savings of over \$7.9 million per 250 employees. This data confirms the assumption that operational and overall budget savings can be met. The overall results for the survey showed that there is a concern that government employees are receiving excessive pay raises and/or promotion percentages compared to those in the private sector. Also, it appears that retention for government employees would not suffer if the two-grade interval promotion were eliminated. Additionally, there is a concern that the Classification Act of 1949 needs to be revised.

Summary of Key Findings of Qualitative Survey Data

The average age of respondent was 46; average time as a government employee was 11.5 years; and average time with current agency 9.5 years. This coincides with almost half of the respondents indicating they were prior military, thus causing a higher average age with less time in service as a civilian government employee. Also, the fact that there is only a 2 year difference between how long an employee has been with their current employer to how long they have total service time with the government could lend credibility to retention within an agency once the employee spends a considerable amount of time with that specific agency.

When asked if respondents felt 22% was an excessive amount to receive for a pay raise, about 30% provided additional comments or thoughts. The majority of those comments related to circumstances surrounding being a government employee and that they felt this was deserved,

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they felt government employees were underpaid compared to private sector employees, and that if the employee is a productive that he/she deserves that level of a pay raise.

When asked if the respondents were willing to serve an extra year in order to be promoted from GS-9 to GS-11, two years instead of the current one year, they overwhelming (75%) indicated they would remain with the government. Comments for this question were minimal; however, one respondent indicated the promotion to GS-11 should be dependent on receiving an exceeds on their annual appraisal.

When asked if the respondent felt revising the Classification Act of 1949 would save the government money, only 21% responded negatively. Those few who did comment mainly indicated they felt employees would start at higher pay grades, thus not saving money, and that it would cost more money for the government to have OPM revise the regulations, which would offset any possible savings.

Chapter 5: Conclusions and Recommendations

Conclusions

The Classification Act of 1949 is the key component that allows federal employers to receive a two-grade interval promotion. Without this Act being revised for a more modern area focused on cost efficiencies, the U.S. government will continue to operate as it does now and will continue to pay excessive promotion rates for mid-grade employees.

Additionally, the cost savings data make it very apparent that the U.S. government could in fact save money by eliminating the two-grade interval promotion and changing it to a one-

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grade interval for mid-grade employees. This then would lead to operational cost savings and overall budget savings.

Furthermore, based on the survey data, the majority of respondents concurred that they would remain with the U.S. government if the two-grade interval promotion system were to be changed. With less than 10% indicating they would look for other employment, this would be a minor negative impact for departments and agencies to deal with. Once a replacement was hired for those few that left, the new-hire personnel would likely not have any negative attitude towards a one-step interval promotion rate, or they would not have applied for and accepted the new job offer.

Lastly, the U.S. government would not want a repeat of having a new pay system repealed, only to return to the General Schedule pay scale, which happened in 2009. This was the case when many agencies converted their employees from the General Schedule pay scale to the National Security Pay System (NSPS), which was a pay for performance-based system. Consequently, due to many complaints, agencies that converted to NSPS were mandated in 2009 to return back to the GS pay system, which then costs millions of dollars in operational costs for human resource departments.

Recommendation #1

From the outside looking in, it would appear the easiest solution to the problem would be to recommend the Classification Act of 1949 be updated to a more modern version. However, a full-blown update to this Act would likely end up costing billions of dollars, as the government has a difficult time doing something like this efficiently. This would require coordination with

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multiple agencies for their input, unions, and political representatives, which would also mean it would not be something that happens quickly. Therefore, recommend the U.S. Executive Department's Office of Personnel Management work with the U.S. Congress to design and approve a legislation to amend the Classification Act of 1949, specifically relating to the removal of the two-grade interval promotion would be the initial step. If the amendment is focused only on the removal of the two-grade interval promotion, and nothing else other than information and reasoning for the change, it may make the process somewhat less convoluted. This change would allow for the U.S. government to implement the one-grade interval promotion for all of its mid-grade employees.

Recommendation #2

The U.S. Office of Personnel Management should utilize one of the other U.S. government pay scales that has already been established and are being used. One example would be to use the Department of Defense Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo), which is a project designed to show that the DOD Acquisition, Technology, and Logistics workforce can be improved by providing civilian employees with a flexible, responsive personnel system that rewards employee contribution and provides managers with greater authority over personnel actions (Air Force Materiel Command, 2020).

Since 1978, specific pay for performance programs have been in place for mid- and upper-level federal managers. There is general agreement that these programs have not attained the desired objectives; their troubled history has included a series of adjustments and changes, differing levels of financial support, and little evidence of success (National Research Council,

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1991, p. 11); therefore, a cautious approach should be taken when considering a change to a more performance based pay system.

Utilizing a different pay scales could lead to similar savings projected by the elimination of the two-grade interval promotion. Considering that implementing this or any pay system change may lead to complaints and only to return to the General Schedule pay scale, which happened in 2009. Steps must be taken to create management and employee stakeholder teams to forge collaborative solutions:

1. OPM transition team to collaborate with major agency human resources teams.
2. Focus teams from each agency that include employees, management, and union.
3. Legal team buy-in with focus groups for legality of changes.
4. Develop business case analysis and present to leadership of each agency for concurrence.
5. Senior leaders from each agency brief Senate and Congress on findings and new pay scale.
6. Implement new pay scale with DFAS as a pilot program for 1 year, starting with a smaller agency, evaluate, and continue implementation or start over.

Areas for Further Research

A main area for further research would be to take a closer look into the AcqDemo pay system and examine the pros and cons. Take an in-depth study to get the employee perspective with this as a future pay scale, along with any possible cost savings that would take place.

Consider having legal experts review the Classification Act of 1949 and determine if the language written is definitive or if it is left open to interpretation, as many government regulations are. If legal experts opine it is open to interpretation, then agencies utilizing the

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General Schedule pay scale may be able to stop the practice of using a two-grade interval promotion. OPM legal would initiate this process and get concurrence from other major agency legal subject matter experts.

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Appendix B: Survey

Hello,

I appreciate your help in my final thesis. My name is Darius Wallace and I am an Executive Master of Public Administration candidate at Golden Gate University. My research study explores the possibility of eliminating two-grade interval promotions to reduce Government labor expenses. Your responses will be kept confidential, anonymous, and secure. Thank you for your time and participation.

1. Gender
 - ☐ Female
 - ☐ Male
 - ☐ Decline to answer
2. Age
 - 18 – 70 (Sliding Scale for Age)
3. What city do you work in?
4. How many years have you worked in the government as a civilian?
 - 0 – 40 (Sliding Scale for Years in Service)
5. How many years have you worked for your current employer?
 - 0 – 40 (Sliding Scale for Current Employer length of service)
6. As a taxpayer, I feel a 22% annual salary increase is excessive for a federal employee promotion.
 - ☐ Strongly Agree
 - ☐ Agree
 - ☐ Neither agree nor disagree
 - ☐ Disagree
 - ☐ Strongly disagree

Comment or Thoughts (Optional)
7. I feel that government employees should receive a pay raise that is more equivalent to the average private sector promotion, which is approximately a 3%-4% pay raise.
 - ☐ Strongly Agree
 - ☐ Agree
 - ☐ Neither agree nor disagree
 - ☐ Disagree
 - ☐ Strongly disagree

Comment or Thoughts (Optional)

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8. If the two-grade interval promotion is eliminated, I think current employees should be exempt.

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neither agree nor disagree
- ☐ Disagree
- ☐ Strongly disagree

Comment or Thoughts (Optional)

9. If you were a GS-9 and had to stay a full 2 years to receive your GS-11, instead of the current 1 year, you would resign from the federal government.

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neither agree nor disagree
- ☐ Disagree
- ☐ Strongly disagree

Comment or Thoughts (Optional)

10. I would support the elimination of the two-grade interval promotion if it meant that I would not be furloughed, as was the case in 2013.

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neither agree nor disagree
- ☐ Disagree
- ☐ Strongly disagree

Comment or Thoughts (Optional)

11. I would remain a federal government employee if the union supports the two-grade interval promotion.

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neither agree nor disagree
- ☐ Disagree
- ☐ Strongly disagree

Comment or Thoughts (Optional)

12. I feel that revising the classification act of 1949 to eliminate the two-grade interval promotion would save money.

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neither agree nor disagree
- ☐ Disagree

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- ☐ Strongly disagree

Comment or Thoughts (Optional)

13. I feel that it is time for an overall revision of the classification act of 1949.

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neither agree nor disagree
- ☐ Disagree
- ☐ Strongly disagree

Comment or Thoughts (Optional)

14. Did you serve more than 3 years in any military branch?

- ☐ Yes
- ☐ No

15. If yes, were you allowed to skip a pay grade for promotion after you were in the service?

- ☐ Yes
- ☐ No

16. Comments, Suggestion, or Thoughts (Optional)

Appendix C: Verbatim Written Remarks on Questionnaires

Question 1: Gender

Male = 38
Female = 22
Total Responses = 60

Question 2: Age

Average Age = 45.87
Total Responses = 60

Question 3: What city do you work in?

Alameda, CA = 1
Chicago, IL = 1
Columbia, SC = 2
Fusso, Tokyo = 1
Harmon = 1
Indianapolis, IN = 31
Japan = 1
Kaiserslautern, Germany = 9
Las Vegas, NV = 1
McCordsville, IN = 1
Open-Ended Response = 1
Point Reyes Station, CA = 1
San Francisco, CA = 1
Sunnyvale, CA = 1
Blank = 7

Question 4: How many years have you worked in the government as a civilian?

Average Time in Service = 11.57 years
Total Responses = 60

Question 5: How many years have you worked for your current employer?

Average Time with Current Employer = 9.6 years
Total Responses = 60

Question 6: As a taxpayer, I feel a 22% annual salary increase is excessive for a federal employee promotion.

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1. A promotion based on merit rewards strong employees.
2. I surmise I delved deeper into the issue being raised to eliminate the grade interval promotions...and with My knowledge & skillset, I honestly can state I do not feel as if such tis beneficial for the employee/perspective employee...they are being ask'd/required to take on additional responsibilities with no additional pay
3. I believe the pay rate for federal employees is under the pay rate of that compared to private sector in the same position.
4. Federal employees are subject to gov't shutdowns, furloughs, and 8-day pay periods. Cost of living increases are rare and when they do occur are barely over 1%. Federal employees are typically paid 2/3 of private sector counterparts.
5. I asked once why they skipped and the only thing someone could tell me was 8's and 10's were for special areas, but they couldn't why exactly.
6. Salary increase isn't a pay raise. Typically slide positions are to bring people on at a lower grade than the full performance level and have time to train and keep employees longer.
7. There are many situations where individuals with college degrees (i.e bachelors, masters, etc.) start at a very low GS level just to get in the system. If those individuals prove that they are worth and increase of 22% annual salary, then I see no issues with the government trying to hold on to worthwhile employees with a salary increase.
8. This would depend on several factors, so questionable...
9. I think you need a strong annual increase to keep people wanting to stay working for the government and to keep up with normal inflation.
10. Slide positions are typical written to have a fully successful person at the highest level to fill the position. Therefor after a year of training to do the job you will now get paid at the salary of the job you were training for. However a slide position could be 9/10/11 instead of 9/11.
11. I would state it is not excessive if the employee well deserved it. Problem is it is difficult to hold back promotions when employees are not meeting their performance plans.
12. If the 22% is referring to moving up a grade interval due to a slide position, then I disagree. If it is refering to something like a COLA increase, then agree.
13. If the annual salary increase is due to a promotion to a higher grade based on increased responsibilities, I disagree that 22% is excessive. Government salaries must be competitive with the private sector.
14. Many of our government positions are high stress, thankless jobs and a good salary bump is a must
15. I don't think that is excessive because we end up paying more in taxes, medical, dental and optical insurance goes up so we really don't see a 22% annual salary increase.
16. Federal budget constraints
17. As a general rule, agree that is a large amount, but also do believe it depends on the job you're being promoted from/to.

Question 7: I feel that government employees should receive a pay raise that is more equivalent to the average private sector promotion, which is approximately a 3%-4% pay raise.

1. The 3-4 percent you mention is not for highly skilled trades or jobs that require highly needed technical skills

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2. Agree as long as the pay structure is equivalent to the private sector. Many times it is less for the same type of work.
3. I surmise I delved deeper into the issue being raised to eliminate the grade interval promotions...and with My knowledge & skillset, I honestly can state I do not feel as if such is beneficial for the employee/perspective employee...they are being ask'd/required to take on additional responsibilities with no additional pay
4. My disagreement is with a caveat - is this pay raise after federal employees are paid as highly as private sector employees?
5. Assuming my math is correct, a person starting federal employment at a salary of \$24 K, would only earn \$35.5 K (without COLA) after receiving a promotion every year for 10 years. Certainly, the work of a GS 14 is worth much more than \$10.5K than that of a GS 4.
6. Referring to Q#6, I do not believe the variance compare equivalently private to public pay rates.
7. 5% Would be the correct pay raise percentage.
8. Most employees in the private sector aren't guaranteed a raise every year or two. Government employees enjoy that benefit.
9. A pay raise tied to the cost of inflation +.5% and never a negative adjustment
10. Again, slide positions are not used to be a "pay raise." There are a lot of other considerations as to why they are used, and private sector has similar "management training" slide positions.
11. Federal jobs are known to be lucrative and this is attractive to potential candidates that are highly qualified. It could be possible that changes in pay would affect future candidates.
12. There should be no such comparison. Pay bands are supposed to be based on that. The bonus is based on responsibilities and complexity. I do not believe this question gets to the intent of the project
13. Pay raises should be based on how well an employee is performing. For example if they receive exceeds in their appraisals then they should get the pay raise.
14. Again, if this is referring to a slide position then disagree...it is not a guaranteed salary increase as you infer on your questions.
15. I agree only if you are talking the step increase. Promotions based on increased responsibility (a higher grade) should be higher than 3-4%.
16. Stressful jobs need higher pay
17. I believe it should be the same or close to it only if our taxes, medical, dental and optical insurance doesn't get raised.
18. Must consider benefit package (Defined Benefit Plan or Defined Compensation Plan)
19. Again, it depends on the job. Being more in line with private sector makes sense, but 3-4% may be low in some instances (example, going from GS-14, non-supervisory to a GS-15 Director of a large organization or SES).

Question 8: If the two-grade interval promotion is eliminated, I think current employees should be exempt.

1. Agree because it is common practice in the private sector also
2. I surmise I delved deeper into the issue being raised to eliminate the grade interval promotions...and with My knowledge & skillset, I honestly can state I do not feel as if such

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tis beneficial for the employee/perspective employee...they are being ask'd/required to take on additional responsibilities with no additional pay

3. Only exempt if currently in a two-grade interval promotion position
4. Agree, but only if they are currently in a slide position.
5. Changes happen all the time, even if we don't like them, moving from a 9 to a 10 is still a pretty nice increase.
6. I would hope so, but who knows.
7. If a two-grade interval promotion is eliminated it should be eliminated for everyone.
8. Only if they accepted a position with a slide before the change was made.
9. This gets to decisions before even having data available. Not appropriate question to determine if it should be done.
10. Current employees in the interval promotion should not be exempt as they would be "grandfathered" in.
11. Recent graduates are typically in the professional job series that has a two grade interval promotion. You need to compare salaries of employees three to five years out of college, and without the two step grade interval, I believe salaries will be far lacking to the private sector. If recent grads aren't hired in at 7 target 11 positions- they should be hired in at straight 11s. This will actually cost the government more money.
12. I need more information to form an opinion.
13. For those already in positions that were promised to be 2-grade interval...such as LIM program.
14. Biased -I am a current employee

Question 9: If you were a GS-9 and had to stay a full 2 years to receive your GS-11, instead of the current 1 year, you would resign from the federal government.

1. But I would be looking for a job at the next grade level outside of my organization if there were none available within
2. I surmise I delved deeper into the issue being raised to eliminate the grade interval promotions...and with My knowledge & skillset, I honestly can state I do not feel as if such tis beneficial for the employee/perspective employee...they are being ask'd/required to take on additional responsibilities with no additional pay.
3. The 52 weeks (1 year) is only a minimal requirement, not a guarantee or automatic promotion into a two-grade interval position.
4. Depends on the situation. It's no one's right to jump two pay grades or even get promoted solely on time spent in a job. I don't agree with that type of promotion in general. Either you're doing a good enough work to be promoted or you're not, shouldn't matter if it's been two months or two years in a particular position.
5. This would leave the government top heavy...
6. 1 year is too quick to assess a employees work ethic. With 2 years invested, you may evaluate their work ethics and it helps them gain knowledge to be able to perform at the next GS level. This 2 year gap will ensure that the US Government is promoting employees that are most capable to answer questions and make decisions without supervision from someone

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else. Although, there should be a waiver for employers to still grant the 1 year step. Some employees might have that work ethic to take the program to the next level.

7. Again, do not see without data or more information one could answer this question. If money is the only driver there would be little incentive but what is the goal, what is the expectation you are giving me as an employee? Would waiting the two years still give me the 22% or the 4%? would I have other benefits or opportunities for awards. Are there conditions associated??
8. Also the employee should earn that promotion too. Receiving exceeds on their performance plan would be a requirement for the promotion.
9. I do think it would be hard to keep people when I believe the private sector pays more to recent graduates to start with. Both of my children graduated from IU Kelley School of Business and didn't even consider working for the government, as they were offered so much higher salaries in the private sector.
10. My thoughts on employment differ from most. I believe a federal job outweighs the time required for promotion
11. No, I would still stay for that reason.
12. Depends on opportunities

Question 10: I would support the elimination of the two-grade interval promotion if it meant that I would not be furloughed, as was the case in 2013.

1. However, that doesn't mean employees won't be furloughed. In absence of funding agencies have no other option but to furlough employees in their agencies
2. If the intent is to become more in line with private sector, this question would not be an option. So why would the employee be given that option?
3. I surmise I delved deeper into the issue being raised to eliminate the grade interval promotions...and with My knowledge & skillset, I honestly can state I do not feel as if such tis beneficial for the employee/perspective employee...they are being ask'd/required to take on additional responsibilities with no additional pay
4. Furlough didn't lose as much as not having a 22% pay raise each year would
5. Mismanagement of funds by OBM or OPM should be a referendum on the employees.
6. Eliminating wouldn't impact furlough. The cost isn't material enough to save all employees from furlough.
7. This question is set up to be one of duress and not an appropriate survey question
8. I would not eliminate as when I was looking for jobs out of college, having that two-grade interval in the professional series was a plus in signing up with DFAS. Even though we were furloughed, I was able to withstand the lost in pay temporarily.
9. I don't beleive this is the best way to prevent furlough.
10. This comment, it would have to be put in law for me to support it.
11. Congressional policy change will be needed

Question 11: I would remain a federal government employee if the union supports the two-grade interval promotion.

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1. The union decisions would have no bearing on any decision I make on this subject.
2. I surmise I delved deeper into the issue being raised to eliminate the grade interval promotions...and with My knowledge & skillset, I honestly can state I do not feel as if such tis beneficial for the employee/perspective employee...they are being ask'd/required to take on additional responsibilities with no additional pay
3. I don't understand the question - I assumed the union already supported the current 2grade interval promotion.
4. What the union supports would not influence my decision.
5. I will probably remain a federal govt employee until i retire....
6. not a union member
7. Not sure what the union has to do with the situation. Interval promotions are a hiring tool to gain and retain qualified people. Think the better opportunity is to restructure how DFAS uses interval hiring, i.e. not rotating all over the place, so the hiring organization has the full benefit.
8. Is this question if the union supports then you stay an employee?
9. This doesn't apply to me. I am already beyond the two grade interval promotions (as I GS-13).
10. I would need more information to make a sound judgement.

Question 12: I feel that revising the classification act of 1949 to eliminate the two-grade interval promotion would save money.

1. On the surface it may save money but if employees can make more money in the private sector vs sitting and waiting for a promotion. The money will talk I imagine.
2. I surmise I delved deeper into the issue being raised to eliminate the grade interval promotions...and with My knowledge & skillset, I honestly can state I do not feel as if such tis beneficial for the employee/perspective employee...they are being ask'd/required to take on additional responsibilities with no additional pay
3. People who should not be promoted would not be, often the 2 grade interval positions are challenging for supervisors to prevent auto-promotion
4. Saving money or wasteful spending goes beyond federal employees pay rates.
5. 2-grade intervals save money. The position would be recruited at the HIGHER grade and would pay at the higher rate from the start if 2-grade intervals are gone.
6. I don't think a two-grade interval promotion is the government's biggest issue with it's employees. There are employees that have been in "working" for years that do next to nothing and you can't get rid of them. That's a problem. In the private sector you cut the fat, but in the government the fat get fatter.
7. I "feel" classification act should be revised regardless. First revised, then talk/propose effect.
8. It would save money but I would also caution we could lose candidates from the outside if that is not an option.
9. I believe it would cost money. I think we would have to pay employees a straight 11 to start with to be competitive with the private sector.

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10. I would need to read the classification act of 1949 to make a sound judgement.
11. I'm not well-versed enough to have an opinion.

Question 13: I feel that it is time for an overall revision of the classification act of 1949.

1. I surmise I delved deeper into the issue being raised to eliminate the grade interval promotions...and with My knowledge & skillset, I honestly can state I do not feel as if such tis beneficial for the employee/perspective employee...they are being ask'd/required to take on additional responsibilities with no additional pay
2. Not enough info. to support a full revision, but should at least be evaluated
3. Don't know what this act states as I'm sure it isn't limited to just two-grade internal hiring practices.
4. I am not that familiar with the classification act of 1949 but I don't agree with the elimination of two grade interval promotions.
5. I would need to read the classification act of 1949 to make a sound judgement.
6. Don't know enough about it
7. I'm not well-versed enough to have an opinion.

Question 14: Did you serve more than 3 years in any military branch?

- ☐ Yes = 26
- ☐ No = 33
- ☐ Blank = 1

Question 15: If yes, were you allowed to skip a pay grade for a promotion after you were in the service?

- ☐ Yes = 2
- ☐ No = 23
- ☐ N/A = 33
- ☐ Blank = 2

Question 16: Comments, Suggestions, or Thoughts (Optional)

1. All enlisted soldiers have the option to get educated and go to either Officer Candidate School or Warrant Officer Candidate School which leads to jumping over several grades and getting paid much more. When you promote a person they are going to be expected to take on more responsibility and should be compensated for their work.
2. Question 15 is an issue for me. In the current civilian government ex-military employees are given many means to skip at least two or more grades. This circumstance becomes a bias issue, money issue, and a moral issue. It is a situation I don't agree with.
3. I surmise I delved deeper into the issue being raised to eliminate the grade interval promotions...and with My knowledge & skillset, I honestly can state I do not feel as if such tis beneficial for the employee/perspective employee...they are being ask'd/required to take

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on additional responsibilities with no additional pay...this seems to be drafted and/or constructed to align with the Military structure; however, have to keep in mind that individuals are Civilians

4. I work in Indianapolis. At larger installations, I do not foresee any significant issues. At smaller installations care would need to be taken to ensure that those deserving of promotion have opportunities to advance. For instance, how would one move to GS 7, if there are few to no GS 6 positions at their current duty station?
5. Answer Q#3: Indianapolis.
6. Good luck, Darius! And congratulations on achieving this monumental goal!
7. One aspect I believe this may be overlooking is that if I have a vacant GS11 position and I hire a GS7-9-11 or a GS9-11 into the vacancy, I'm actually saving the government money initially, versus hiring a full target GS11 right out of the gate.
8. Interesting topic...i'd like to know what happens... i am sure i will ask you in the future. I know this is for your college course, but will you then submit this recommendation/revision to DoD?
9. I support the 2 grade interval; I benefited from it in the Leaders in Motion Program and would not want the next group behind me to lose the benefit of it.
10. interval hiring, whether GS-7/9/11 or any other interval, is primarily used to higher, train, and retain employees and cheaper than eliminating the interval program as the positions would be recruited at the highest grade if it isn't an option. This program isn't the problem, how it is used is the problem. Ultimately revising federal hiring practices and authorities would be required to change this practice and would reduce hiring manager flexibility and make the government less attractive to top talent.
11. Might be beneficial to explain exactly what the classification act of 1949 is.
12. The pay grade system is flawed. It works for some but not for most of the federal workforce made up of technicians. Some Supervisors and analysts at the GS-07 grade or GS-08 (The few that are left), have lost out on opportunities due to "not being qualified on experience or education. The system needs to work to keep more employees in house and progressing in their career.
13. My current pay/promotion is Acqdemo and as I understand it, it does eliminate the 2 grade interval. promotion and pay raises are more performance based now rather than just handed to you
14. No additional comments
15. 15 is a loaded question. So is the survey. All of the questions are skewed to your point of view, which is obvious. Where I work, with mostly professional jobs (i.e. GS-11 and over), having a two grade interval system allows us to hire talent cheaply and directly from college. Many of these recruits could work in the private sector for much more than we can offer...and many end up leaving. The only way to keep an employee in a position for a few years and hire true talent competitively is through the two grade interval system. I cannot hire GS 5s and 6s to program when the average salary is well over 6 figures in the private sector. College kids or those with a recent degree (even a masters) only qualify for a GS 6 or 7

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without TIG. Why would they ever work for the government? If I can't hire GS employees, I end up needing contractors (this happens frequently) and that costs even more money.

16. It may be time to implement a new promotion structure. Those who see the benefit of a federal job will ride it out to retirement.

17. I always wondered why there was the skip in grade