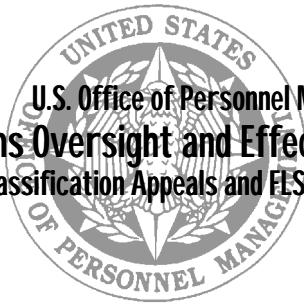


U.S. Office of Personnel Management
Office of Merit Systems Oversight and Effectiveness
Classification Appeals and ELSA Programs



Philadelphia Oversight Division
600 Arch Street, Room 3400
Philadelphia, PA 19106-1596

Classification Appeal Decision
Under Section 5112 of Title 5, United States Code

Appellant: [appellant's name]

Agency classification: Loan Specialist (General)
GS-1165-11

Organization: U.S. Department of Agriculture
Rural Development
Office of the [name]
Director
Region A
[name] Area Office
[location]

OPM decision: Loan Specialist (General)
GS-1165-11

OPM decision number: C-1165-11-01

Robert D. Hendler
Classification Appeals Officer

/s/ 5-15-98

Date

As provided in section 511.612 of title 5, Code of Federal Regulations (CFR), this decision constitutes a certificate that is mandatory and binding on all administrative, certifying, payroll, disbursing, and accounting officials of the government. The agency is responsible for reviewing its classification decisions for identical, similar, or related positions to ensure consistency with this decision. There is no right of further appeal. This decision is subject to discretionary review only under conditions and time limits specified in the Introduction to the Position Classification Standards, appendix 4, section G (address provided in appendix 4, section H).

Decision sent to:

[appellant's name]
[address]

Human Resources Manager
U.S. Department of Agriculture
Rural Development
The Galleries of [name]
[address]

Director of Personnel
U.S. Department of Agriculture
Washington, DC 20250

Introduction

On December 10, 1997, the Philadelphia Oversight Division of the U.S. Office of Personnel Management (OPM) accepted a classification appeal from [appellant's name]. Her position is classified currently as Loan Specialist (General), GS-1165-11, position description (PD) #[name]4480. Its organizational title is Community Development Manager (CDM) and functions as head of the [location] Area Office (AO). The PD is the product of a statement of difference to a Loan Specialist (General), GS-1165-12 PD used throughout the State. Information provided by the agency revealed a draft PD for the appellant's position proposes to change the title to Loan Specialist (Realty), because the appellant is not assigned responsibility for non-realty loans. The appellant did not specifically challenge the agency titling decision, but believes the classification should be Loan Specialist (General), GS-1165-12 because she sees no substantial difference between her duties and responsibilities and those vested in the GS-12 PD. The position is in the U.S. Department of Agriculture (USDA), Rural Development, Office of the [name] Director, Region A, [name] AO, [location].

The appeal was filed pursuant to a settlement agreement with USDA in a reduction in force (RIF) appeal filed with the Merit Systems Protection Board (MSPB). That agreement states, in part, that the appellant was to file a classification appeal with OPM within 30 days, and that the agency would "join the appellant in requesting that OPM conduct a 'desk audit' or review to determine the appropriate grade of the appellant's position. . . . If this OPM review determines the position is at the GS-12 level, then the RIF action of August 3, 1997, will be canceled." We have accepted and decided her appeal under section 5112 of title 5, United States Code (U.S.C.).

General issues

In her November 29, 1997, appeal letter, she stated "my position is the only position in this classification series to be downgraded in [name of] State. Additionally, my position description at the GS-11 is substantially the same as other GS-12 employees of USDA, Rural Development in [name of] State. Further, contracting duties were added to my position description." In her letter of January 4, 1998, the appellant claimed the statement of differences between her PD at the GS-11 grade level and the Loan Specialist (General), GS-1165-12 standard PD, occupied by 14 of the other 15 [name of] State USDA Rural Development Area Office heads "are inconsequential." The appellant claimed her supervisor declined to sign off on the PD because it did not reflect her Contracting Officer (CO) duties "for two thirds of the state as well as the State Office." In response, the agency added the designation of CO to the PD, but "the addition of these responsibilities was not reflected in the points of the Factor Evaluation System. . . ." She stated that she:

recently received a courtesy copy of a new GS-11 job description which has been sent to my supervisor for review and comments. This was not the position description originally used to justify the RIF downgrade and should not be considered in this Classification Appeal. My supervisor has yet to review this with me and there are additional duties in my Performance Plan (see attachment #4) which are not included in this new job description."

The appellant designated [name] as her representative in her letter of December 29, 1997. In his letter of February 6, 1998, the appellant's representative claimed the "desk audit/review" agreed to as part of the settlement "was to focus on [appellant's name]'s position description as it existed in August 1997 and not the 'new' position description manufactured by the Agency for this review." [representative's name] asked "can the Agency manufacture and submit in January and February 1998 a 'new' job description for [appellant's name] to justify the questionable actions they took in August of 1997?" He also claimed the appellant was the only employee downgraded, while "all other employees in the same title [who also had the same duties removed from their job description] remained in their former grade and title."

These submissions have raised procedural issues warranting clarification. The appellant has stressed that her PD is not classified correctly. A PD is the official record of the major duties and responsibilities assigned to a position by a responsible management official, i.e., a person with authority to assign work to a position. A **position** is the combined duties and responsibilities that make up the work performed by an employee. Title 5, U.S.C., section 5106 prescribes the use of these duties and responsibilities, and the qualifications required by these duties and responsibilities, as the basis for determining the classification of a position. The Introduction to the Position Classification Standards (PCS's) further provides that "As a rule, a position is classified on the basis of the duties actually performed." Additionally, 5 CFR 511.607(a)(1), in discussing PD accuracy issues, provides that OPM will decide classification appeals based on the actual duties and responsibilities assigned by management **and** performed by the employee. The point here is that it is a real operating position that is classified, and not simply the PD.

The classification appeal process is a de novo review that includes a determination as to the duties and responsibilities assigned to the appellant's position and performed by the appellant, and constitutes the proper application of PCS's to those duties and responsibilities. Based on the appellant's claim that the PD of record was not fully accurate, we contacted the servicing personnel office and requested that action be taken to include the contracting duties cited by the appellant in her appeal letters that the agency acknowledged were assigned to her position. This action was taken in developing the draft PD discussed above to avoid directing the appellant to resolve the PD accuracy issue through grievance procedures as provided for in 5 CFR 511.607(a)(1) that would have delayed the processing of this appeal.

All positions subject to the Classification Law contained in title 5, U.S.C. must be classified in conformance with published PCS's of OPM or, if there are no directly applicable PCS's, consistently with PCS's for related kinds of work. Therefore, other methods or factors of evaluation, such as comparison to other positions that may or may not be classified correctly, such as the appellant's position before the reduction in force (RIF) action was processed, or the classification of the standard GS-12 PD occupied by 14 of the 15 other CDM's, are not authorized for use in determining the classification of a position.

OPM PCS's must be applied within the confines of the position classification theories, principles, and practices established by OPM. The Introduction states that:

Some positions involve performing different kinds and levels of work which, when separately evaluated in terms of duties, responsibilities, and qualifications required, are at different grade levels. . . .

In most instances, the highest level of work assigned to and performed by the employee for the majority of time [emphasis added] is grade-determining. When the highest level of work is a smaller portion of the job, it may be grade controlling only if:

- The work is officially assigned to the position on a regular and recurring basis;
- It is a significant and substantial part of the overall position (i.e., occupying at least 25 percent of the employee's time); and
- The higher level of knowledge and skills needed to perform the work would be required in recruiting for the position if it became vacant.

Our analysis of the position is based on information obtained during an on-site audit with the appellant on February 11 and 12, 1998, subsequent telephone conversations on February 23 and March 26, 1998, and additional information provided by her at our request, a telephone interview with her immediate supervisor, [name], on February 23, 1998, a telephone interview with [name], Assistant to the [name of] State Director, Rural Development, on March 2, 1998, and our independent review and analysis of the entire appeal record. Our fact finding confirmed that the PD of record, with the addition of contracting officer (CO) duties, contains the major duties and responsibilities performed by the appellant. We find, however, that the draft PD more accurately describes the appellant's actual work assignment as discussed below.

In her appeal rationale, the appellant questioned whether her position was classified consistently with what she believes are similar positions. Like OPM, the appellant's agency must classify positions based on comparison to OPM standards and guidelines. Section 511.612 of title 5, Code of Federal Regulations, requires that agencies review their own classification decisions for identical, similar, or related positions to insure consistency with OPM certificates. Thus, the agency has the primary responsibility for ensuring that its positions are classified consistently with OPM appeal decisions.

Our analysis of the appellant's position is based on the specific characteristics of the loan program managed by her. If the appellant considers her position identical to, so similar to, or related to others that they warrant the same series, title, and grade as assigned her position by this decision, she may pursue this matter by writing to the cognizant agency personnel office. In so doing, she should specify the precise organizational location, series, title, grade, duties, and responsibilities of the

positions in question. The agency should explain to her the differences between her position and the others, or classify those positions in accordance with this appeal decision.

Position information

The PD of record states that the appellant serves as Team Leader for a multi-county area within New York State responsible for the overall management and delivery of loans and grants under the Rural Housing (single and multiple family), Community Facility, Business and Cooperative Development and Rural Utility Services programs. The appellant makes and services “complex and difficult loans and grants under various programs and provides credit and technical assistance to rural people, business concerns, and communities within the assigned area.” The draft PD more accurately describes the actual work assignment, i.e., “Manages an extremely large single family housing caseload (1200-1250), and a small number (1-5) of complex and difficult multi-family housing loans and provides credit and technical assistance to rural people, business concerns, and communities.” Her current caseload includes approximately 1,200 to 1,250 single family loans and 3 multiple family loans. The latter are complexes ranging from 16 to 48 rental units. Non-single family housing loan programs also are referred to as Group Loan Programs.

The Single Family Housing Program provides primarily low and very low income persons living in rural areas with an opportunity to own adequate, but modest, decent, safe and sanitary dwellings. Community Facility Loans cover community facilities for health care, public safety, and public services in rural areas and towns of not more than 20,000 people. Those funds also can be used to purchase fire trucks, ambulances, or emergency communications equipment; to buy or build fire and rescue multi service centers, police stations, and jails; and, to pay costs for these facilities. Public service facilities include community buildings, courthouses, public maintenance buildings, libraries, schools, industrial parks, roads, bridges, airports, fairgrounds, utilities, including land acquisition, leasing, or rights-of-way, and equipment necessary for the operation of these facilities. Water and waste disposal grants and loans are for rural areas and towns up to 10,000 people, with priority given to areas smaller than 5,500 people to restore deteriorating water supply or to improve, enlarge, or modify a water facility or an inadequate waste facility. Rural Rental Housing Loans are to provide living units for persons with low and moderate incomes and for those age 62 and over in open country and communities up to 20,000 people and, potentially, applicants in towns of 10,000 to 20,000 people.

The Business and Industry Guaranteed Loan Program guarantees loans by local lenders, and typically guarantees losses of up to 80 percent of the original loan amount. The purpose is to create and maintain employment and improve the economic and environmental climate in rural communities by expanding the existing private credit structure capability to make and service quality loans to provide lasting community benefits. Labor Housing Loans and Grants are to provide decent, safe and sanitary housing for domestic farm labor to be located in areas where a need for farm labor exists. The Intermediary Lending Program is to provide financial assistance to business and community development projects in rural areas by providing loans to community development organizations (intermediaries) who will establish a program to relend the funds to rural business and community

development projects. The Housing Preservation Grant Program is to provide qualified public agencies, private nonprofit organizations and other eligible entities grant funds to assist very low and low income homeowners repair and rehabilitate their homes in rural areas, and to assist rental property owners and cooperative housing complexes to repair and rehabilitate their units if they agree to make such units available to low and very low income persons.

These programs provide grants and loans to applicants who are unable to find funding from other sources. For example, Rural Rental Housing Loan borrowers must be unable to finance the housing with personal resources and, with the exception of State or local public agencies, be unable to obtain credit from other sources on conditions that would permit them to rent units to eligible families. Community Facility Loans are available to public entities that are unable to obtain needed funds from other sources at reasonable rates, have the authority to borrow and repay loans, are financially sound, and can manage the facility effectively. Similar conditions pertain to Water and Waste Disposal Loans and Grants. The appellant's loan making area covers a major portion of [name] County, [State name]; it does not cover a "multi-county area." However, she provides loan support services to loans made outside the current area that, through population growth, are no longer eligible for rural development loans.

The appellant claimed she devotes approximately 30 percent of her time to single family housing, including home ownership "502" loans and "504" repair loans and grants (to senior citizens). She spends approximately 20 percent of her time on "team leader" functions over a staff of three employees (one Loan Specialist (Realty), GS-1165-9, one Community Development Loan Technician (OA), GS-1101-6, and one Community Development Assistant (OA), GS-1101-5). The appellant estimated she spends 20 percent of her time on outreach to customers, applicants, representatives of other Federal, State and local agencies, banks, commercial and educational institutions, and rural community development groups, providing information and guidance on rules and regulations concerning single family and group loan and grant programs. She spends approximately 10 percent of her time servicing three multi-family housing loans, and approximately 20 percent of her time on contracting officer duties including serving as a member of the State Senior Management Team for procurement, e.g., reviewing contracting records and practices in the [name of] State office, the 3 regional offices, and their 16 area offices. The appellant's supervisor estimated the appellant spends 30 percent of her time on "team leader" and contracting officer duties, and 70 percent on program work. He estimated that she devotes 60 percent of her program time to single family housing (36 percent of total time), 20 percent to multi-family housing (12 percent of total time), and 20 percent to community outreach (12 percent of total time).

The appellant has direct delegated authority to approve single family loans up to \$170,000 (recently raised from \$160,000). Approximately 75 percent of these loans are for detached dwellings. Modular homes account for approximately 20 percent, and attached homes (townhouses) approximately 5 percent. First mortgages account for approximately 99 percent of loan security, with approximately 10 to 15 percent of them having some sort of leveraged financing. Given the limited funds available, all loans in recent years have been restricted to low and very low income borrowers

who receive payment assistance (recently changed from “interest credit”). Each town has its own zoning requirements that must be factored into each loan action.

The statement of difference to the GS-12 PD of record pertains to Factor 3, Guidelines, and Factor 5, Scope and Effect. Guidelines are described as available, but not completely applicable to the work. Because of the general nature of guidelines, the employee interprets, selects and adjusts agency program criteria and standards to accommodate specific local cases. In contrast, the GS-12 PD states guidelines “often are only partially applicable to local conditions or specific cases,” and the “volume of program loans are such that the employee must continually use considerable initiative and resourcefulness in deviating from standard agency methods in order to accomplish the work.” The draft PD replicates the language in the GS-12 PD, and adds that contracting work “requires researching appropriate procurement procedures relating to the specific contract phase and using legal precedents to make decisions.” During the audit, the appellant stressed the general nature of guidance, e.g., what constitutes an “acceptable site” for a house, and what records (proof) need to be reviewed to make a decision on claimed income.

The statement of difference for Factor 5 described the work as “treating a variety of conventional problems, questions, or situations in conformance with established criteria.” The purpose is to “manage supervised loan and grant programs which affect a variety of customers, individual rural residents, and developer.” The work “affects the quality of the agency’s services rendered” in these programs, and “the economic well-being of rural residents and has a significant effect on the quality and availability of adequate rural housing in the service area.” In contrast, the GS-12 PD states the purpose of the work “is to personally perform a wide variety of technical and administrative tasks as well as formulating projects of significant scope and complexity.” The work “affects a wide range of agency programs which, in turn, have a major impact on the economy of the serviced area.” The draft PD states the appellant treats “a variety of complex problems, questions or situations in conformance with established criteria.” The purpose of the work “affects a wide variety of customers, including individual rural residents, community leaders, non-profit organizations, business establishments and contractors. The work product or service provides technical and administrative assistance in formulating projects of significant scope and complexity which would affect a wide range of agency programs which, in turn, have a major impact on the economy of the serviced area.” The appellant stressed the potential impact of her Group Loan Program outreach program, and the impact of the 504 program on the quality of rural senior citizen life.

The appellant’s work has been affected substantially by management directed mission and workload changes. In 1995, USDA reorganized the former Farmer’s Home Administration (FmHA), moving the appellant’s limited farm loan workload (the staff included one Agricultural Management Specialist, GS-475-9 position) to the Farm Service Agency. New York State single family loan servicing functions were transferred to the St. Louis, MO Servicing Center in July 1997, although residual servicing functions remain, e.g., all property inspections. Group loans previously handled by the disestablished district offices were transferred to area offices. As a result, the appellant was assigned her current multi-family project workload.

The appellant's CO functions previously were performed by FmHA County Supervisors (now Area Office CDM's). A \$2,500 warrant was given after completing 40 hours of training. The appellant subsequently assumed CO authority for 2 of the 3 [name of] State regions and their 11 AO's and her warrant was increased to \$10,000. Typically, oral bids are solicited by AO's from local vendors for boarding up property, maintenance, winterization, security and similar requirements. The AO's then send their recommendations to the appellant for action. Several years ago each AO ran local advertisements seeking State certified appraisers for appraisal services. Each AO developed a list of certified appraisers that they now use on a rotational basis. Most solicitations are covered by oral small purchase procedures for purchases less than \$2,500 and for construction up to \$2,000. Written requests for quotations (RFQ) are used occasionally, e.g., regular grass cutting for a block of properties. The last time the appellant used formal contracting procedures was in 1995 or 1996. The request for proposal (RFP) was for multi-family audit and analysis contracts because of contractor qualification requirements (education, experience, and certification). Advertising was local for each AO. RFP's are used occasionally for contracts less than \$2,500, as was the case for many of the audit and analysis contracts. The appellant stated rural development CO's share boiler plate solicitation language with each other, checking Federal Acquisition Regulations (FAR) for obsolete or new language.

Series, title, and guide determination

The agency determined the appellant's position is covered by the Loan Specialist Series, GS-1165 and is titled Loan Specialist (General). The position is graded using the Loan Specialist Series, GS-1165 PCS; the Housing Management Series, GS-1173 PCS to evaluate the position's program management duties; the Work Leader Grade-Evaluation Guide (WLGE) to evaluate the position's staff oversight and administration duties; and, the Contracting Series, GS-1102 PCS to evaluate the appellant's contracting officer duties. The appellant did not disagree with these determinations.

In the position evaluation statement of December 19, 1997, for the draft PD, the only evaluation statement provided in the appeal administrative report, the agency stated: "Since the GS-1165 standard covers only operational loan specialist work and does not incorporate aspects of loan program management, the GS-1173 Housing Management standard, is cross-referenced for grade determination." Section 5107 of 5 U.S.C. requires that positions be classified by application of directly applicable published PCS's. Because the incumbent's position is classified to the Loan Specialist Series, GS-1165, we must use the GS-1165 PCS for grade determination purposes. The GS-1165 PCS recognizes that the grading criteria are to be used for the full range of GS-1165 positions:

The grade-level guides do not describe criteria for the evaluation of positions that operate in a staff capacity by providing policy direction, guidance, and review to those at lower organizational levels who are carrying out operating loan examining and servicing functions. Criteria covering these types of positions were not included in this standard because of the relatively small number of such positions and because of the individualized nature of most of them. The criteria provided in the standard for the

“operating” types of functions will serve as general classification guides for such positions.

The GS-1173 PCS states positions that primarily direct or personally perform work requiring GS-1165 knowledge are excluded from the GS-1173 series. Therefore, cross-series comparison to the GS-1173 is neither necessary nor appropriate.

The agency evaluation also stated the appellant leading three positions “up to and including grade GS-9” required application of the WLGE, resulting in evaluation at the GS-11 grade level, one grade over the highest level of nonsupervisory work led. The first paragraph of the WLGE stated that it is used to classify leading “clerical or other one-grade interval work.” Therefore, the WLGE precluded using the GS-1165-9 two-grade interval position in the Riverhead as the level of work led in applying the WLGE.

In April 1998, OPM issued the General Schedule Leader Grade Evaluation Guide (GSLGE). Part I, replaced the WLGE and covers leading three or more employees in clerical or other one-grade interval occupations. Part II of the GSLGE covers positions whose primary purpose is, as a regular and recurring part of their assignment and at least 25 percent of their duty time, leading a team of GS employees in accomplishing two-grade interval work that meets the minimum requirements defined in Part II. Therefore, we will address the grade level worth of the appellant’s team leader work by appropriate application of GSLGE in the grade level determination section of this decision.

The agency’s evaluation applied the Contract Specialist Series, GS-1102 PCS to the appellant’s CO functions. The GS-1102 series covers professional procurement work using formal advertising or negotiating; the evaluation of contract price proposals; and the administration or termination and closeout of contracts. The work requires knowledge of the legislation, regulations, and methods used in contracting; business and industry practices, sources of supply, cost factors, and requirements characteristics. The GS-1102 PCS recognizes the depth of formal advertising and negotiating procedures typically is not evident in low dollar purchases, defined in 1983 dollars as less than \$10,000 in some agencies and less than \$25,000 in other agencies. Some agencies have raised the small purchase threshold to \$100,000. Our fact-finding revealed that the appellant’s agency has established a \$50,000 threshold.

As discussed in the Purchasing Series, GS-1105 PCS, contracting work differs from purchasing work in the nature and level of knowledge required. Contracting work typically entails many detailed, statutory and regulatory requirements that apply rarely or never to small purchases and delivery orders. Contracting work usually involves nonrepetitive or more sophisticated requirements, more complex regulations and reviews, extensive price/cost analysis, complex negotiations over long contractual periods, and high level impact on the industry. Based on the repetitive nature of purchases, the limited dollar amount and scope of contracts, the use of pre-approved appraiser lists, simplified certification procedures for the reasonableness and fairness of single bids, and adequate sources of supply in the local area, we find the appellant’s procurement functions are excluded from

the GS-1102 series. Therefore, these functions are covered and evaluated by application of the GS-1105 PCS.

The GS-1165 PCS requires using parenthetical titles for positions at and above the GS-9 grade level. The draft PD proposes to change the appellant's position title from Loan Specialist (General) to Loan Specialist (Realty), recognizing the preponderant realty portfolio and realty nature of the appellant's program. Our fact-finding revealed that although other types of group loans are viewed as unlikely to be developed by the appellant in the near future, community outreach on those programs has been assigned to the appellant, and she has and continues to receive training on those programs as part of Rural Development devolution of group loans program responsibility to AO's. Based on the grade level analysis that follows, these functions are critical to the classification of the appellant's position and, therefore, must be recognized in its title. Therefore, the position is allocated properly as Loan Specialist (General), GS-1165.

Grade determination

Evaluation using the GS-1165 PCS

The published Loan Specialist Series, GS-1165 PCS is written in narrative format. The most significant classification factors are: Nature of Loans and Nature of Supervision Received. These factors must be applied within the context of Federal loan programs discussed in the GS-1165 PCS. Government loan programs serve purposes such as encouraging home and farm ownership and improvement; providing assistance to business to purchase equipment and materials, to expand and modernize, or for working capital; assisting people affected by flood, drought, or other forms of distress or disaster; providing assistance to the secondary market for home mortgages; and, assisting in industrial development activities. The basic objective is to grant loans to eligible borrowers under terms and conditions that will insure minimum risk to the Government. The work entails making judgments as to whether the prospective borrower has or does not have the ability to repay the loan; and, that a proposed course of action will or will not enable the borrower to repay the loan, or enable the loaner or the Government to recover the loan without loss, or with the least amount of loss. Business loans are made directly or in participation with commercial lending institutions when capital at prevailing rates is not otherwise available. Loans to Native Americans and Native American organizations are made for any purpose that will promote their economic growth.

Nature of Loans

This factor measures the difficulty involved in: (1) assessing the ability of prospective borrowers to repay loans and to comply with necessary terms, conditions, and covenants governing the loan, e.g., to make tax payments and maintain adequate insurance coverage on property or to operate under efficient financial management policies; (2) determining appropriate action necessary to resolve borrower's difficulties in meeting loan terms; and, (3) developing sound courses of action in liquidating loans to insure the least amount of loss to the Government or damage to the borrower.

At the GS-9 grade level, employees typically examine applications for and servicing of current and delinquent loans for small (one to four family) residential dwellings, very small loans for working capital, purchase of equipment and machinery, repairs of stores destroyed by hurricane, or loans of equivalent financial and credit analysis difficulty and complexity. Analyses are based on well developed facts readily evaluated under the criteria established by the agency for approval or disapproval. There is little difficulty in determining the amount and stability of the present and future income of the applicant or borrower because it is based on salary, wages, or the operation of a relatively stable business and there is little difficulty in determining the financial and management ability of the applicant or borrower to repay the loan.

Typical GS-9 functions include: (1) interviewing applicants for small commercial loans to determine their eligibility for a loan, to develop factual information, and to provide financial counseling (many of the loans are limited participation loans where a bank has already performed a credit analysis and is willing to participate by lending more than a set minimum part) following established procedures and guides; as necessary, inspecting the applicant's property, plant and equipment, and records, and possibly making inquiries to determine the applicant's rating with local lending institutions, integrity, management ability, etc.; obtaining a formal appraisal if substantial collateral is being offered, and a commercial credit report that is considered in conjunction with the information in the loan application and supporting financial statements (balance sheets and profit and loss statements); analyzing these statements and comparing the various ratios revealed in them as well as the condition of working capital, net profit, and other items, and proposing any terms or conditions if approval is recommended; (2) reviewing applications for the guarantee or insurance of loans for the purchase or construction of one-to-four family residential dwellings; making phone or personal contacts with lenders and borrowers and others concerned to obtain information, to clarify statements, or to discuss alternative terms; analyzing information in the application and supporting papers (such as mortgagor's statement, employment record verification, credit rating, appraisal report, etc.); ascertaining the applicant's net effective income, current and prospective shelter expenses and mortgage payments, other debts and obligations, and past credit record, and analyzing these for an indication of their effect on the ability of the applicant to repay the loan; and, (3) assisting a loan specialist of higher grade who has responsibility for servicing a large variety of business loans in an assigned geographical area; independently conducting investigations, making analyses, and preparing recommendations on servicing actions with respect to selected less difficult loan cases assigned; reviewing current loan files to become acquainted with the characteristics and the terms of the loans, visiting the borrower periodically, and reviewing periodic financial reports to ascertain the financial status and trend of the business; reviewing and recommending appropriate action to be taken on requests of the borrower for modification or exception to the terms of the loan agreement, and taking the necessary action when the recommendation is approved. On delinquent loans, the employee attempts to bring the loan back to a current status; recommending assignment of the case to a higher grade loan specialist for resolution or recommends steps to be taken to liquidate the loan if serious problems arise; closing out the less complex liquidation cases; and assisting a higher grade employee in the more complex cases, especially those involving auction sales, foreclosures, receiverships, bankruptcies, and other litigation matters.

Other GS-9 functions include: (1) working on a wide variety of problems that arise during the life of realty loans covering one-to-four family residential dwellings when the lenders and/or borrowers are unable to resolve them, such as disposition of escrow funds, taxes and insurance funds, release of liability when property is sold, acceptability of substitute mortgagor, etc.; working with lending institutions and borrowers to determine the current status of the account, the financial ability of the borrowers, and the extent to which the lenders have exhausted various measures to prevent the accounts from becoming delinquent; exploring with the lenders and borrowers the possibility of such actions as granting forbearance to the borrower, temporarily rescheduling loan payments to bring the loan current within several months, or reamortizing the loan payments; and, in more serious cases, recommending that the borrower sell the property, or in instances where no alternative is possible, he may recommend foreclosure or acceptance of a deed in lieu of foreclosure; and, (2) on agency-owned (direct, vendee, or acquired) loan accounts for similar types of real estate loans, the loan specialist performs functions similar to those discussed in the preceding example in working with borrowers when their accounts are delinquent or on the verge of becoming delinquent; periodically inspecting security property to determine physical condition, and to insure that action is taken to make necessary repairs and for the prompt elimination of fire and other hazards, if any; arranging for payment from tax and insurance account funds of taxes, special assessments, etc., and for the renewal of hazard insurance; and making periodic review of tax and insurance accounts to determine adequacy of accruals, and directs such adjustments of the accounts as are necessary.

In contrast, GS-11 grade level assignments in the realty field are of the complexity represented by analysis of the financial capacity of mortgagors, builders or sponsors who apply for loans or for guarantee or insurance of their commitments in connection with large-scale housing transactions (large multi-family rental projects, operative-builders projects, nursing homes, and the like). In the commercial field, GS-11 employees are assigned loan actions covering varied kinds of business operations representing all types of ownership (single owner, partnerships, and corporations). In contrast to the GS-9 grade level, the determination of the financial capacity of the borrower is complicated by the fact that the income is based on the operations of business firms, sometimes with varied activities, or the rental of multi-family housing, rather than on relatively stable salaries, wages, etc. The income is, at best, an estimate based on the anticipated trend of the particular business operation, the local economy, and the management ability of the principal owners of the business or the sponsors of the multi-family dwellings or other equivalent housing project. The source of this estimate comes from analysis of financial statements for several years, commercial credit reports, discussions with local bankers, economic and industry reports of the agency, and reports from such other agencies as the U.S. Department of Commerce, Federal Reserve Board, and Federal Home Loan Bank Board.

Typical GS-11 functions include: (1) conducting interviews with loan applicants to ascertain if applicants are eligible for the loans to develop factual information, and to provide financial counseling for a variety of businesses where credit analyses must take into consideration many more factors than the GS-9 grade level in the financial statements, collateral appraisals, inventories, credit policies, financial and operating management, trends of the business, etc., in arriving at a conclusion as to the ability of the applicant to repay the loan. If the profit trend is marginal, and collateral is limited, the

GS-11 loan specialist must establish additional controls as a condition of approval. Some typical conditions which may be imposed are fixed asset limitations, net earnings distribution limitations, salary limitations, standby agreements with other creditors, personal guarantees by the principal owners, life insurance on principal owners, etc.; and, (2) performing difficult and complex credit analyses in connection with the processing of mortgage insurance applications for multi-family projects under various sections of the National Housing Act, where a finding of economic soundness must be made and an analysis made of the sponsors' character, reputation, and ability to develop, build, operate, and manage a project of the type proposed; evaluating the financial capacity of the sponsors to complete a project of the size contemplated, by analyzing (and consolidating if necessary) balance sheets and profit and loss statements, and determines whether they have the necessary financial requirements over and above the amount to be borrowed by a mortgage on the proposed construction.

Other GS-11 functions include: (1) servicing loans of all types and amounts to small businesses in an assigned geographical area; visiting borrowers to determine compliance with terms and conditions of the loan and to detect violations or adverse trends in borrower's financial condition, either on a periodic basis or as influenced by review of periodic financial statements provided by borrower; reviewing and making recommendations on requests from the borrower and/or participating bank for a variety of actions within the terms and conditions of the loan, e.g., exchange, substitution, or release of collateral; deferment of premium installments; and requested changes in salaries of company officials. These are evaluated in the light of their effect on the financial condition of the borrower and his continuing ability to repay the loan as the loan specialist knows the borrower's condition from visits, financial statement review, etc. On delinquent loans, when all preventive steps have been exhausted, taking the actions necessary to liquidate a loan, such as taking inventory of collateral, arranging for security of the collateral, determining methods of sales, arranging for or conducting the auction sale, etc.; and, (2) servicing a variety of loans (guaranteed or insured home, farm or business loans, direct loans, vendee accounts, and acquired loans); reviewing loan accounts to determine the status of particular loans, studies economic trends and business conditions in the geographic area, determining whether defaulted loans are concentrated in any particular geographic area, and considering the effect that forced sales of properties securing loans might have on the value of the securities supporting other loans made, guaranteed, or insured by the Government in the same or nearby geographic areas.

The preponderance of the appellant's work assignment involves dealing with the analytical issues and circumstances of single-family loans typical of the GS-9 grade level within the Government program context of the GS-1165 PCS. However, there are aspects of the position that clearly exceed the GS-9 grade level. These conditions include program responsibility for an assigned geographic area including a large portfolio of single-family loans many of which are held by borrowers unable to obtain conventional loans. For the past few years all loans have been given to low and very low income borrowers whose financial capacity limits their access to conventional loans, and who qualify for subsidized interest rates for both mortgage loans and home improvement loans as low as 1 percent, and for grants. Continuous attention must be paid to borrower income, changes in which can affect eligibility for and level of payment assistance. Graduating borrowers to conventional credit

sources increases availability of credit in the service area, further leveraging the use of program funds to improve the local economy and living conditions. Similar caution must be exercised in determining borrower repayment ability since borrowers tend to wish to leverage the maximum amount possible from low cost loans. These programmatic and analytical demands are comparable to the third example discussed above at the GS-11 grade level, albeit for single family loans rather than small commercial loans. We find the complicating conditions of the appellant's single family program discussed above constitute equivalent loan analysis and oversight demands as discussed in that work example.

Program responsibility also involves developing local lender interest in refinancing Rural Housing loans, and requires annual verification that borrowers have attempted to obtain conventional refinancing if available. Although primary loan servicing responsibility has been centralized, the appellant retains significant responsibility for functions that must be performed locally, e.g., housing inspection and security, and must deal directly with the U.S. Attorney on foreclosures. The appellant's portfolio typically has 80 accounts in default. Financing individual properties in subdivisions requires attention to whether subdivision development requirements, e.g., roads, have been constructed or that action is bonded. These programmatic responsibilities are enhanced by assigned responsibility for overseeing three multi-family projects that minimally meet the scope and complexity of rental projects typified at the GS-11 grade level, and continuing responsibility for community outreach in multi-family housing, community development, and other programs discussed previously equivalent to the impact of large-scale multi-family rental projects and nursing homes discussed at the GS-11 grade level in the GS-1165 PCS.

In contrast to the GS-11 grade level, the GS-12 grade level is characterized by the requirement of broad experience and seasoned judgment in providing financial management guidance to borrowers, in ascertaining and analyzing the many and often obscure facts regarding the borrower's financial capacity, and in evaluating the general economic and financial conditions that affect the Government's risk in granting, guaranteeing, or insuring the loan. The GS-12 loan specialist is expected to determine the areas and sources of information to explore, and the approach to take in obtaining needed facts about proposed loan actions, and furnishing guidance to borrowers. Typical GS-12 assignments include: (1) investigating circumstances prior to recommending approval of, and servicing loans when such conditions as the following are present as: the applicant is a corporation with a number of subsidiaries, enterprises, and interlocking financial relationships. This situation makes it difficult to determine assets, liabilities, working capital and profits as well as to control the use of the assets and collateral; the weakness of borrower's financial condition and management requires extended guidance to the borrower to correct deficiencies and to assure that he realizes maximum benefit from Government financing; arrangement of standby agreements with the borrower's creditors may also be required to permit him to get back on his feet; and, the borrower is located in an area of substantial or persistent unemployment, and his operation is a major factor in the economic status of the community, requiring consideration of other than usual conditions or terms relating to credit, collateral, repayment schedules, and the like; (2) authorizing and administering loans to an industrial concern whose performance of Government contracts calls for extensive contract financing or "loans" to provide working capital. Authorization is based upon analysis in

breadth and depth of the borrower's financial soundness, in terms of net worth in relation to total debt, size and condition of accounts receivable, inventory, taxes, sales volume, and profit percentage trends. It usually is necessary to specify restrictive conditions in the granting of the loan regarding management salaries, future loans by the borrower, mergers, disposition of assets, and similar matters, in order to protect the Government's interest. In the case of default, the GS-12, loan specialists may develop and recommend various courses such as refinancing or mergers in order to keep the firm in production; and, (3) counseling operative-builders or sponsors, whose commitments in construction of very large cooperative or rental apartment projects the Government has insured, concerning financing arrangements, sales or rental plans and methods, and other matters affecting financial soundness of the project. To determine preventive or liquidation action required in case of possible or actual default, the employee must consider the economic or environmental conditions that may have adversely affected the project; the extent of the agency's exposure in the area with respect to loans; number of properties in the community to which the agency already holds title; the values and salability of properties in the community, and the nature of collateral securing the loan. Action taken in such cases usually has significant effect on the realty market in the area, and on the agency's ability to operate at a sound financial level.

The appellant does not deal with the scope, depth, and breadth of financial analysis on projects or loan programs found at the GS-12 grade level. Although the population served primarily consists of individuals who are unable to obtain loans from conventional sources, the loans are limited in amount (typically \$150,000 to \$170,000) and are based on an analysis of typical income sources, (e.g., wages, income from small businesses, child support, and social security payments), and expenses, (e.g., utility payment records, credit card accounts, bank statements), over a sufficient time period (typically three years) to determine both financial capability and eligibility. The relatively small multi-family loans serviced by the appellant (a maximum of 48 rental units) are not comparable to the very large cooperative or rental apartment projects envisioned at the GS-12 level. The loans and loan program managed by the appellant also do not expose the Government to the greater financial risk generated by the extensive and intensive impact on the affected real estate market found at the GS-12 grade level. Information provided by the appellant revealed that less than 1 percent of funding for single family housing is provided through the programs she manages. Although the 103 rental units serviced by the appellant constitute almost one third of the 321 elderly or family subsidized units in the assigned lending area, the limited multi-family housing component of the lending area realty market does not reflect the area realty market economic impact, or the extensive Government risk contemplated at the GS-12 grade level. While the appellant's outreach for community development programs may have the potential to develop other significant projects, these projects are prioritized and controlled at the State program level. The programmatic analysis for decisions on the leveraging of agency funds and program initiatives, comparable to the economic impact and analysis at the GS-12 grade level, is neither vested in the appellant's position nor performed by her. We find the appellant's program management, multi-family housing, and community development and related program outreach and development work is performed a sufficient portion of the work time to warrant evaluation of this factor at the GS-11 grade level.

Nature of Supervision Received

This factor measures the level of responsibility, including the responsibility assigned to the employee by the supervisor and the kind and degree of supervision exercised over the work; i.e., whether cases of one or several types and levels usually are assigned; and, whether work is segregated with respect to problems and complexities likely to be encountered.

At the GS-9 grade level, employees are assigned full responsibility for analyzing applications, and recommending action on loans or loan portfolios. Completed work is reviewed by the supervisor for compliance with agency policies, regulations, and procedures. Commercial loans are reviewed to determine whether the recommendations made are the best solution to the problem or whether other approaches may resolve the problem in a more efficient and economical manner. Complex matters involving original, new, or novel issues are discussed with the supervisor and a course of action is laid down that the employee is expected to follow. Decisions made based on established regulations and instructions are generally unreviewed. Recommendations on extension agreements, reamortizations, foreclosures, deed in lieu of foreclosure and similar actions are reviewed by the supervisor.

In contrast, GS-11 loan specialists are expected to accomplish the normal day-to-day actions pertaining to loan examining and servicing without supervisory direction. Any actions not covered by regulations or precedents are discussed with the supervisor prior to formulation of recommendations as to approval or disapproval. Completed work is reviewed for compliance with agency policies, regulations, and procedures and to determine whether the recommendation is the best solution to the problem, or whether other approaches may be utilized to resolve the problem in a more efficient and economical manner. When all preventive steps on delinquent loans have been exhausted, the loan specialist takes the actions necessary to liquidate the loan, such as taking inventory of collateral, determining methods of sale, arranging for or conducting the auction sale, etc. Plans for liquidation normally are discussed with, and approved, by the supervisor or higher authority prior to execution. Mortgage recommendations for multi-family projects are reviewed by the supervisor for technical adequacy and compliance with policies, regulations, and procedures.

The appellant functions with the freedom from direct supervision comparable to the GS-11 grade level. As office head, she accomplishes her day-to-day work independently on the full range of loans and program actions within her geographic area of responsibility. Her loan servicing functions in support of the St. Louis centralized program compare closely to on-site loan liquidation responsibilities typical of the GS-11 grade level. The appellant's position exceeds the authority typical of the GS-11 grade level in that she is delegated single-family home loan approval authority. In contrast, both the GS-9 and GS-11 grade levels of the GS-1165 describe recommendation rather than approval authority.

This authority, however, must be viewed within the occupational context discussed on pages seven and eight of the GS-1165 PCS. The PCS recognizes that reviews, or several reviews, may be required prior to final approval. It is the evaluation and conclusions reached, and the recommendations made by the employee responsible for the loan examining or servicing in a

particular case and the employee's immediate supervisor that form the basis for the final decision. In addition, the level credited to a position is conditioned by the nature and complexity of the work assigned as well as the level of responsibility delegated.

At the GS-12 grade level, the GS-1165 PCS states that the employee is expected to determine the areas and sources of information to explore, the approach to take in obtaining needed facts about proposed loan actions, and guiding borrowers. Although agency delegations of authority normally do not permit the specialist to approve or disapprove loan actions, the employee's judgment concerning the technical aspects of assigned cases is accepted as authoritative. The loan actions contemplated at the GS-12 grade level, however, are those for loan assignments of greater difficulty and complexity than those vested in the appellant's position as discussed above. It is an established classification principle that determining the intent of a narrative standard requires consideration of the interrelationship of nature of assignment and level of responsibility. Neither increased independence nor increased difficulty of assignments is meaningful unless each is viewed concomitantly. Thus, the authority delegated to the appellant for approving single-family loans does not change the position's responsibility for loans and a loan program that does not meet the GS-12 grade level in difficulty and complexity of assignment. Therefore, this factor may not be evaluated above the GS-11 grade level.

Evaluation using the GSLGEG

Part I of the GSLGEG is used to classify positions that, as a regular and recurring part of their assignment, lead three or more employees *in accomplishing clerical or other one-grade interval occupations* in the General Schedule. Work leaders also perform nonsupervisory work that usually is of the same kind and level as that done by the group led. Because the appellant leads only two covered employees, we may not apply Part I directly to the appealed position or use it for titling purposes. Since leader work occupies less than 25 percent of the appellant's work time, these duties also are not grade controlling. Part II also is not applicable to the appellant's position in that she does not spend 25 percent or more of her time leading GS employees in accomplishing two-grade interval work. Only one of the three subordinate positions would be covered by Part II.

The record shows that the appellant performs a full range of leader functions, including distributing and balancing work load; assuring work is accomplished timely and correctly; reviewing work, and amending or rejecting work not meeting established standards; identifying training needs, and training employees in accordance with established procedures, policies, practices, and regulations; resolving informal complaints; reporting on performance or disciplinary problems; and, providing input on promotions, reassignments, and awards.

Although not directly applicable, Part I provides the most appropriate criteria for evaluating the appellant's leader functions since two of the three subordinate positions would be covered by that portion of the GSLGEG. Part I provides for classifying leader positions one grade over the highest level of work nonsupervisory work led; i.e., nonsupervisory one-grade interval work. The GS-1165-9 work, therefore, may not be used as the level of work led. Applying established classification

principles and practices, we find that the level of work led would not exceed a constructed GS-8 grade level and, therefore, the leader functions performed by the appellant would not exceed the GS-9 grade level.

Evaluation Using the Purchasing Series, GS-1105 PCS

The GS-1105 PCS is written in factor evaluation system (FES) format. Positions graded under the FES format are compared to nine factors. Levels are assigned for each factor and the points associated with the assigned levels are totaled and converted to a grade level by application of the Grade Conversion Table contained in the PCS. Under the FES, factor level descriptions mark the lower end; i.e., the floor, of the ranges for the indicated factor level. If a position fails in any significant aspect to meet a particular level in the standard, the next lower level and its lower point value must be assigned unless the deficiency is balanced by an equally important aspect that meets a higher level.

Because these single grade interval duties do not control the classification of the appellant's position, we will address them in an abbreviated fashion. We find the appellant's CO functions do not exceed Level 1-4. This level covers work involving specialized requirements and/or commercial requirements that have unstable prices or product characteristics, hard-to-locate sources, many critical characteristics, or similar complicating factors. Illustrative of such work is purchasing a variety of scientific testing services, reviewing the specifications outlined by the customer, making suggestions to improve the purchase description, discussing requirements and questions with interested vendors, attempting to determine reasons for lack of vendor response and brainstorming solutions for amendments to purchase descriptions that may involve changing specifications, delivery procedures, reporting formats or timeframes. The appellant's RFP's for multi-family audit and analyzing professional services contracts, assuring Federal Acquisition Regulation clauses are applicable and current, requiring submission of qualifications and professional certification, do not exceed the depth and breadth of purchasing methods and procedural knowledge found at Level 1-4.

These purchases do not reflect application of the specialized technical purchasing methods found at Level 1-5, e.g., developing and selecting criteria/technical ranking factors for purchases of a variety of detailed commercial services. Illustrative of such work is a service project using many different kinds of equipment and trades personnel for which factors (e.g., age and kind of equipment, skill of the operator, reliability of the service) in addition to price, delivery, and transportation terms, will be essential to determining the best offer. They consider the capability and reliability of the various equipment that will be used, the background and skill level of the trades personnel employed by the vendor, and the firm's reputation for performing quality work and providing follow-up service. Awards are based on an evaluation of which offer represents the greatest or best value. Frequently, the evaluation involves difficult decisions because the competing vendors have different strengths, and various tradeoffs must be analyzed and considered.

As described in the GS-1105 PCS, commercial service and commercial construction products typically are described in industry terminology, are well-advertised, and are available from many local

suppliers. Commercial services include most custodial and maintenance work, equipment repairs, packing and crating, cleaning, and laundry. This also may include off-the-shelf training courses or seminars. Commercial construction projects include routine repairs and alterations, such as installing doors or windows. Specialized services or construction products typically are described in formal Government specifications or detailed purchase descriptions and are available from a limited number of potential suppliers. Specialized services include scientific or medical studies and testing. Specialized construction projects include engineering design studies and alterations and repairs to roads and buildings.

We do not find the qualifications and certification requirements enumerated in the multi-family audit and analysis contracts, or the most complex RFQ's for building security, maintenance, winterization reflect the specialized terms, or depth of analysis for greatest or best value envisioned at Level 1-5. In addition, many of the services contracted for are of limited technical complexity, are available from a variety of local sources, e.g., lawn mowing, and would not exceed Level 1-3. Reviewing purchasing records in other offices as part of the State financial review team requires the application of the same level of skill, knowledge, and responsibility as performing these CO functions for two-thirds of the New York State Rural Development Area Offices.

While recognizing the appellant's freedom from supervision for this function, and the delegation of CO signatory authority, the nature and complexity of the purchasing work are restricted. We find the GS-1105 work performed by the appellant does not exceed the following:

Factor	Level	Points
1. Knowledge required by the position	1-4	550
2. Supervisory controls	2-3	275
3. Guidelines	3-2	125
4. Complexity	4-2	75
5. Scope and effect	5-2	75
6. Personal contacts and	2	
7. Purpose of contacts	b	75
8. Physical demands	8-1	5
9. Work environment	9-1	5
Total points		1,185

A total of 1,185 points falls within the GS-6 grade level point range of 1,105-1,350 points on the Grade Conversion Table in the GS-1105 PCS.

Summary

In summary, we find the highest level of work performed by the appellant sufficient to control the classification of her position is GS-11.

Decision

The appellant's position is classified properly as Loan Specialist (General), GS-1165-11.