



Department of Defense

Air & Space
Conference and
Technology
Exposition 2006

September 25, 2006



***National Security
Personnel System***

Mrs. Mary Lacey
Program Executive Officer (PEO)



Why NSPS?

- Advance DoD's critical national security mission
- Respond swiftly and decisively to national security threats and other missions
- Accelerate DoD's efforts to create a Total Force
- Retain and attract talented and motivated employees committed to excellence
- Compensate and reward employees based on performance and mission contribution
- Expand DoD's ability to hire more quickly and offer competitive salaries



What is NSPS?

DoD's Flexible and Responsive Civilian Personnel System

- **Performance management system that:**
 - Values performance and contribution
 - Encourages communication
 - Supports broader skill development
 - Promotes excellence
- **Streamlined, more responsive hiring process**
- **Flexibility in assigning work**
- **Preservation of employee benefits, rights, and protections**
- **Preservation of rights to join a union**
- **Tools for a more effective and efficient workforce**

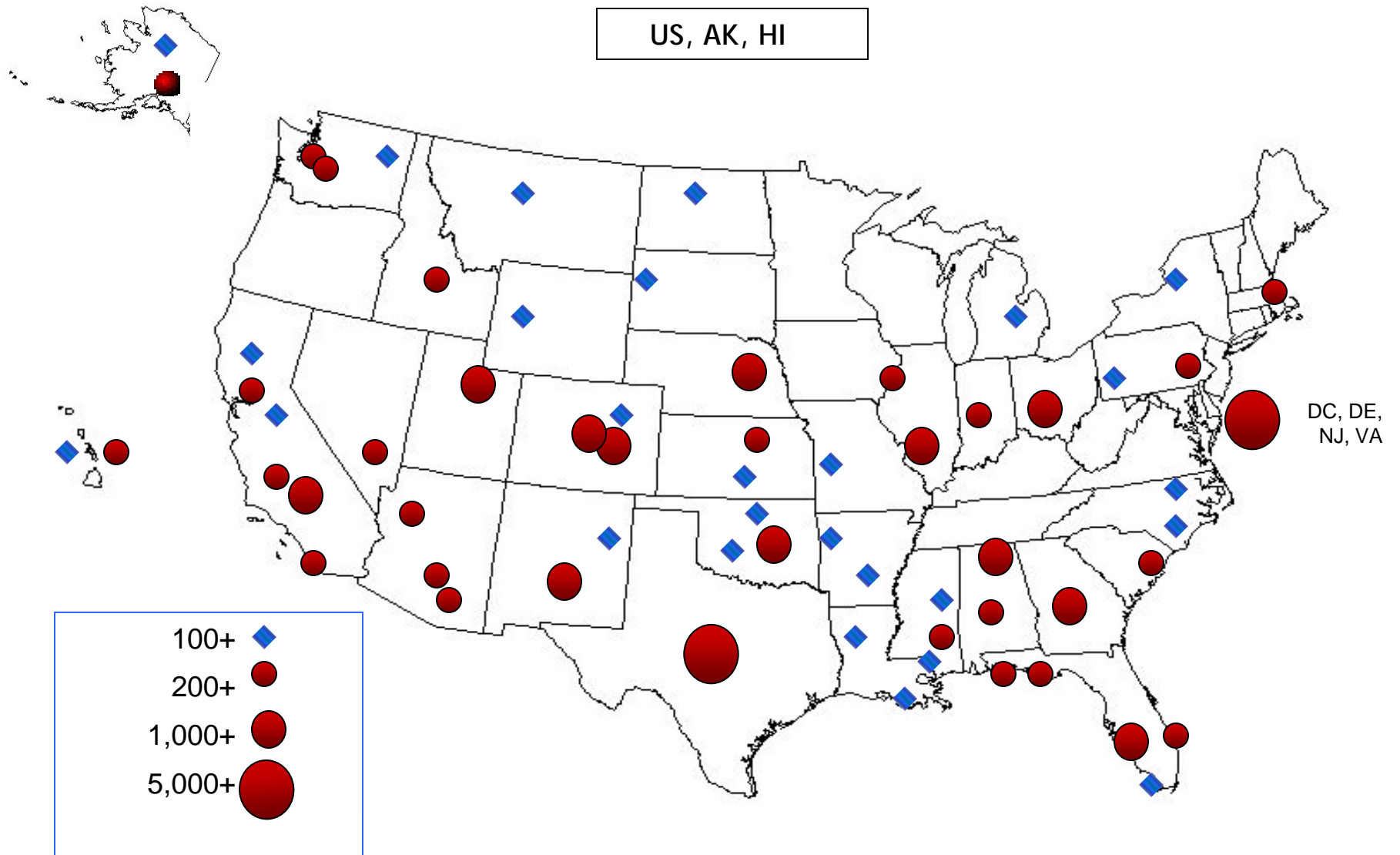


Where We Are

- **2½ years of joint design and development**
- **Spiral 1.1 implemented on 30 April 2006**
 - Human Resources provisions
 - Over 11,000 CONUS GS employees in 12 organizations across the Department
 - Successful IT conversion and payroll interface
- **Performance Management**
 - Workforce trained in HR Elements and Performance Management
 - Performance plans linked to organizational goals and objectives
 - Rating cycle through October 2006
 - Performance payout in January 2007
- **Lessons Learned Workshop, June 21-22 2006**
- **Announced Spiral 1.2 – over 66,000 employees**
 - Human Resources provisions
 - CONUS and OCONUS – two pay schedules (GS and APS)
 - Conversion October 2006 – Jan 2007
 - Rating Cycle through September 2007
 - Performance payout in January 2008

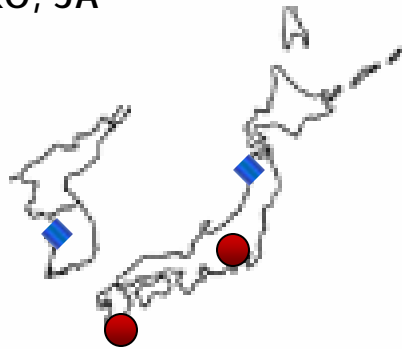


Spiral 1.1 and 1.2 Workforce Concentrations

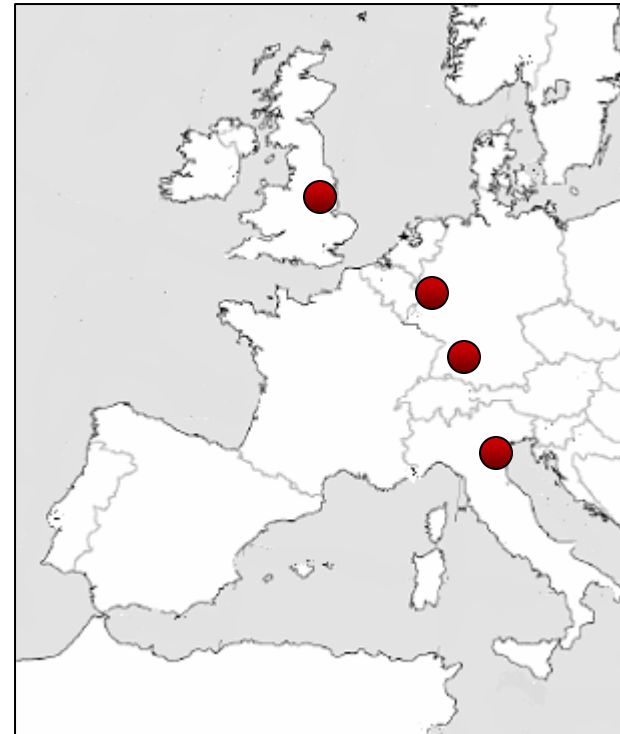


Source of chart data throughout: Unless otherwise noted, DCPDS, as of 11 May 2006, start of Spiral 1.1.
September 2006

KO, JA



UK, GE, IT



- 100+ ◆
- 200+ ●
- 1,000+ ●

Source of chart data throughout: Unless otherwise noted, DCPDS, as of 11 May 2006, start of Spiral 1.1.
September 2006



Major Design Elements

- **Classification**
 - Jobs in broad “pay bands” based on work nature and competencies
- **Compensation**
 - Pay directly linked to performance and mission accomplishment
- **Performance Management**
 - Linked to agency mission
 - Job objectives and contributing factors influence rating
 - Meaningful distinctions in employee performance
 - Employee development with ongoing feedback and dialogue
- **Staffing**
 - Flexibility to respond to mission changes
 - The right person, in right place, at the right time
- **Workforce Shaping**
 - Emphasis on performance

- **Feb 27, 2006, District Court concluded that:**
 - DoD and OPM satisfied their statutory obligation to collaborate in developing the system
 - DoD lawfully had the authority to depart from Chapter 71 in establishing a new labor relations system
 - New rule fails to ensure that employees can bargain collectively
 - National Security Labor Relations Board does not meet Congress' requirement for "independent third party review" of labor relations decisions
 - Process for appealing adverse actions fails to provide employees with "fair treatment" as required by Congress
- **District Court permanently enjoined adverse actions, appeals, and labor relations**
- **Department of Justice filed Notice of Appeal on April 17th**



Classification Terminology

Four NSPS career groups.

Career Group

- Establish new groups as needed
- Add, combine, eliminate, and/or move occupations

Nine possible pay schedules within those groups.

Pay Schedule

- Stratify occupations within career groups
- Sunset special salary rates
- Reflect distinctions in occupations

One to four pay bands under each pay schedule.

Pay Band

- ✓ Types of work
- ✓ Education requirements
- ✓ Career progression
- ✓ Pay practices



- **Performance based - market sensitive**
 - Allows adjustments to market – be competitive
 - Salary increases tie to performance – not time on job
 - Largely sunset special rate supplements

- **Move to market sensitive pay over time**
 - Adjust career group, pay schedule, occupation, and/or pay band local market supplement pay differently than rest of government by exception for now
 - Establish analysis capacity this FY



Civilian Personnel Funding Allocations

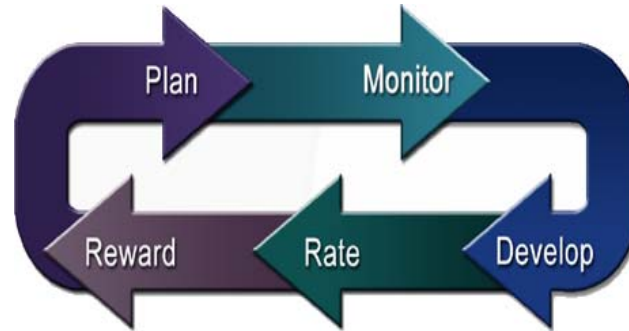


**Current
(Title 5)**

NSPS

- Within-Grade Increases
- Quality-Step Increases
- Promotions Between Grades
- Chapter 45 Incentive Awards

- Performance-Based Payouts (Pay Pool)
 - Salary Increases
 - Bonuses
- Promotions Between Bands
- Reassignments
- Accelerated Compensation for Developmental Positions (ACDP)
- Extraordinary Pay Increases (EPI)
- Organizational Achievement Recognition (OAR)
- Chapter 45 Awards



- **Direct link between mission accomplishment, performance, and pay**
 - **Job objectives** – the **“What”** – primary focus
 - **Manner of performance** – the **“How”** – contributing factors that influence the objective rating
- **Meaningful distinctions in performance**



Communication Process



Topics for supervisor/employee discussion:

- Drafting job objectives
- Reviewing organizational goals
- Writing a self-assessment
- Accomplishments
- Contributing Factors
- Development goals
- Areas for improvement
- Performance plan
- Written appraisal
- Recommended rating
- Recommended payout



Performance Appraisal Application

- **Automated tool that will aid in:**
 - Creating performance plans
 - Capturing the recommended rating levels
 - Capturing the overall rating of each employee
 - Open, ongoing communication
- **Part of the Defense Civilian Personnel Data System (DCPDS)**
 - Accessible to employees and supervisors
 - Accessed via *My Workplace* (supervisor/manager) or *My Biz* (employee)





■ Staffing

- Right person –right place – right time
 - ✓ Develop capabilities to meet tomorrow's threats
- Appointing authority for DoD
- Easily hire for critical needs
- Pay flexibility
 - ✓ Obtain and keep talent for mission needs
 - ✓ Be competitive

■ Work Force Shaping

- Streamlined, mission responsive
- Performance based
- Less disruptive to employees and mission

■ Honor Veterans' Preference



What's Next?

- **Design and implement NSPS for other populations**
- **Continue spiral approach**
 - **Train**
 - ✓ **NSPS Basics**
 - Human Resources Elements
 - Performance Management
 - ✓ **Pay pool managers**
 - **Communicate**
 - ✓ **Make communication a priority - be inclusive**
 - ✓ **Open and frank discussions are critical to the process**
 - ✓ **Let people talk about how the change affects them**
 - ✓ **Calibrate expectations**
- **Evaluate program**
 - **Short term: system adjustments, course corrections, best practices to share**
 - **Long term: continuous improvement**



Summary

- **A modern, flexible, and agile human resources system**
 - Responsive to the national security environment
 - Preserves employee protections and benefits

- **Stimulates an environment where employees are encouraged to excel, challenged with meaningful work, and recognized for contributions**
 - Transitions to a culture where feedback and coaching is essential
 - Encourages employees to take ownership of their performance and successes

“NSPS is a win-win-win system... a win for our employees, a win for our military and a win for our Nation.”

Honorable Gordon R. England
NSPS Senior Executive



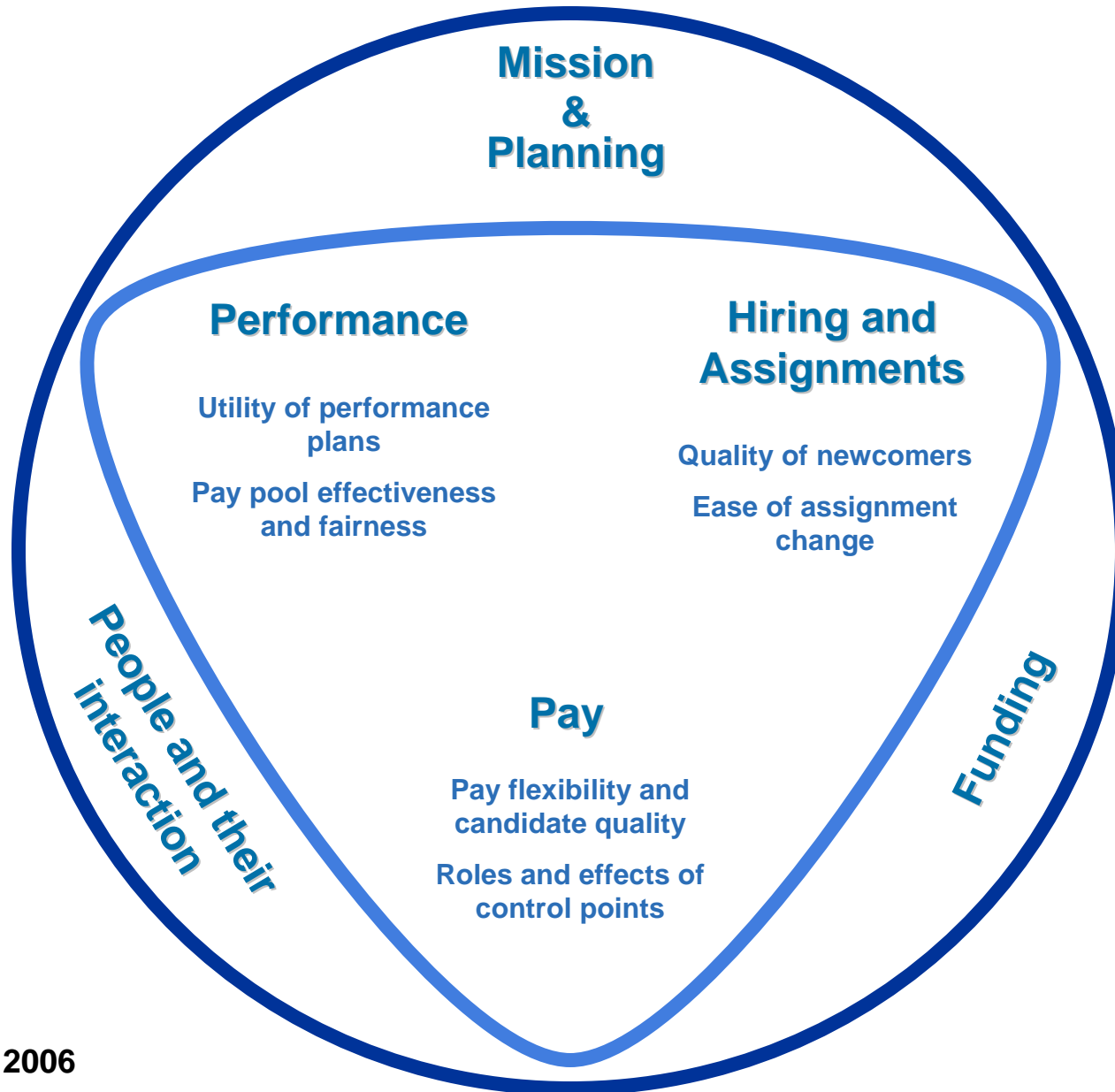
QUESTIONS?

www.cpms.osd.mil/nsps



NSPS Courses

- **Practitioner Courses**
 - Human Resources Elements
 - Adverse Actions and Appeals
 - Labor Relations
- **Manager/Supervisor Courses**
 - HR Elements
 - Performance Management
 - Pay Pool Management
- **Employee Courses**
 - HR Elements
 - Performance Management
- **All Audiences**
 - NSPS 101 Web Training Course





Spiral 1.1

- Started April 2006 – about 11,000 employees, 12 organizations
- Over 2500 trainers trained
- Successful conversion routine and payroll interface
- Pay pool management course deployed
- Conducting mock payouts
- Rating cycle through October 2006
- Performance payouts in January 2007
- Employees with a performance rating above unacceptable will receive the equivalent of the January 2007 pay increase received by General Schedule employees



Spiral 1.2

- **Conversion window October 2006 to January 2007**
- **Organizations announced by DoD**
- **66,000+ employees**
- **Rating cycle through September 30, 2007**
- **Performance payouts in January 2008**



Guiding Principles

- **Put mission first – support National Security goals and strategic objectives;**
- **Respect the individual – protect rights guaranteed by law;**
- **Value talent, performance, leadership and commitment to public service;**
- **Be flexible, understandable, credible, responsive, and executable;**
- **Ensure accountability at all levels;**
- **Balance HR interoperability with unique mission requirements; and**
- **Be competitive and cost effective.**



What Does Not Change?

- **Merit System Principles**
- **Veterans' Preference Principles**
- **Whistleblower protections**
- **Rules against prohibited personnel practices**
- **Anti-discrimination laws**
- **Fundamental due process**
- **Benefit laws on retirement, health, life, etc.**
- **Allowances and travel/subsistence expenses**
- **Training**



Alignment Matters

■ The Core

- Align work with mission and/or organizational goals
- Communicate and understand how employee contributions tie to mission and organizational goals
- Acknowledge and reward performance
- Distinguish levels of performance so that those who are contributing are rewarded appropriately

■ The Keys

- Relationships are clear and transparent
- Responsibility is understood and accepted
- Results are demonstrated and measurable

■ The Experience – over 25 years of DoD

- Communication and training are critical
- Evaluation assures accountability
- Transformational change must happen at every level



What's In It For Employees?

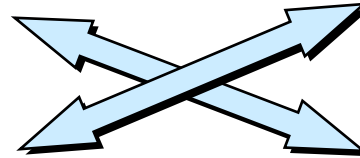
- **Recognizes and rewards employees based on personal contributions to mission**
- **Opens communication between supervisors and employees: all know expectations**
- **Encourages employees to take ownership of their performance and success**
- **Promotes broader skill development and advancement opportunities in pay bands**



Retention Factors

General Schedule

- Tenure
- Veterans' Preference
- Creditable Service
- Performance Rating



NSPS

- Tenure
- Veterans' Preference
- Performance Credit
- Creditable Service

A Cultural Change



Conversion to NSPS

- **Employees will not lose pay upon conversion**
- **Conversion based on current position of record**
- **Employees eligible for a within-grade increase (WGI) will receive a pro-rated increase in salary**
- **Vast majority of DoD employees eligible for coverage**
 - **Initially applies to selected GS/GM and Acquisition Demo employees**
 - **Employees in special pay/classification systems (e.g., wage grade) phased in later**
 - **Certain categories excluded (e.g. intelligence personnel, Defense Labs listed in NSPS law)**

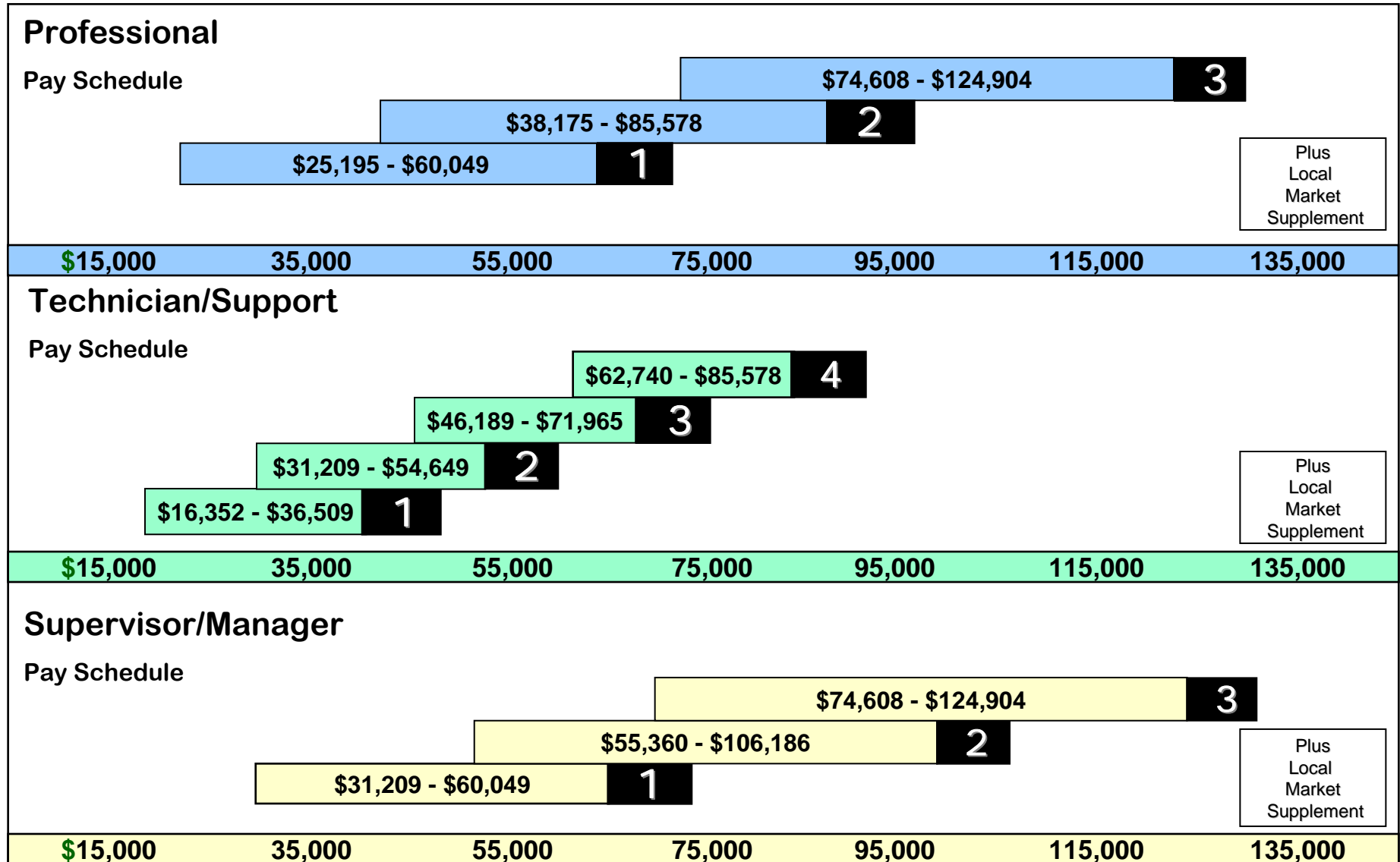


Standard Career Group

Professional/Analytical							
Pay Schedule	<div style="text-align: right; margin-right: 20px;">\$74,608 - \$124,904</div> <div style="text-align: right; margin-right: 20px;">3</div>						Plus Local Market Supplement
	<div style="text-align: right; margin-right: 20px;">\$38,175 - \$85,578</div> <div style="text-align: right; margin-right: 20px;">2</div>						
	<div style="text-align: right; margin-right: 20px;">\$25,195 - \$60,049</div> <div style="text-align: right; margin-right: 20px;">1</div>						
	\$15,000	35,000	55,000	75,000	95,000	115,000	135,000
Technician/Support							
Pay Schedule	<div style="text-align: right; margin-right: 20px;">\$46,189 - \$71,965</div> <div style="text-align: right; margin-right: 20px;">3</div>						Plus Local Market Supplement
	<div style="text-align: right; margin-right: 20px;">\$31,209 - \$54,649</div> <div style="text-align: right; margin-right: 20px;">2</div>						
	<div style="text-align: right; margin-right: 20px;">\$16,352 - \$36,509</div> <div style="text-align: right; margin-right: 20px;">1</div>						
	\$15,000	35,000	55,000	75,000	95,000	115,000	135,000
Supervisor/Manager							
Pay Schedule	<div style="text-align: right; margin-right: 20px;">\$77,793 - \$124,904</div> <div style="text-align: right; margin-right: 20px;">3</div>						Plus Local Market Supplement
	<div style="text-align: right; margin-right: 20px;">\$55,360 - \$106,186</div> <div style="text-align: right; margin-right: 20px;">2</div>						
	<div style="text-align: right; margin-right: 20px;">\$31,209 - \$60,049</div> <div style="text-align: right; margin-right: 20px;">1</div>						
	\$15,000	35,000	55,000	75,000	95,000	115,000	135,000
Student							
Pay Schedule	<div style="text-align: right; margin-right: 20px;">\$16,352 - \$60,049</div> <div style="text-align: right; margin-right: 20px;">1</div>						Plus Local Market Supplement
	\$15,000	35,000	55,000	75,000	95,000	115,000	135,000



Scientific & Engineering Career Group





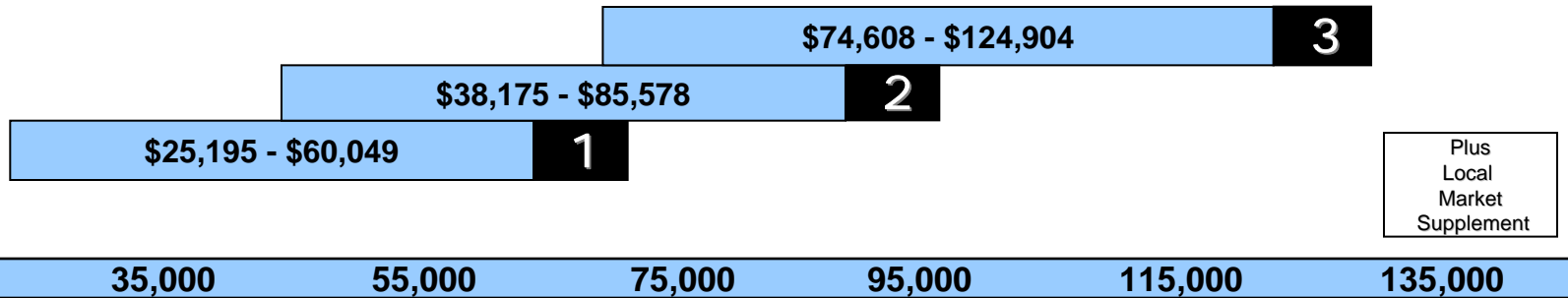
Medical Career Group

Physician/Dentist	\$110,000 - \$225,000							3	Plus Local Market Supplement
Pay Schedule	\$85,000 - \$175,000							2	
\$25,000	60,000	95,000	130,000	165,000	200,000	225,000			
Professional	\$74,608 - \$124,904							3	Plus Local Market Supplement
Pay Schedule	\$38,175 - \$101,130							2	
	\$25,195 - \$60,049							1	
\$15,000	35,000	55,000	75,000	95,000	115,000	135,000			
Technician/Support	\$46,189 - \$71,965							3	Plus Local Market Supplement
Pay Schedule	\$31,209 - \$54,649							2	
	\$16,352 - \$36,509							1	
\$15,000	35,000	55,000	75,000	95,000	115,000	135,000			
Supervisor/Manager	\$100,000 - \$200,000							4	Plus Local Market Supplement
Pay Schedule	\$77,793 - \$124,904							3	
	\$55,360 - \$106,186							2	
	\$31,209 - \$60,049							1	
\$25,000	60,000	95,000	130,000	165,000	200,000	225,000			



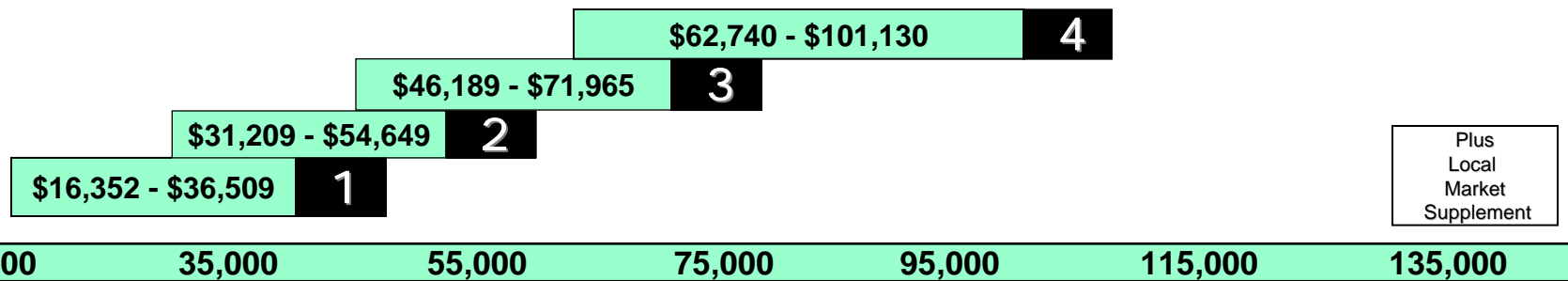
Investigative

Pay Schedule



Fire Protection

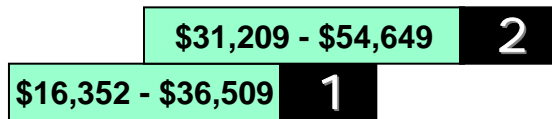
Pay Schedule





Police/Security Guard

Pay Schedule

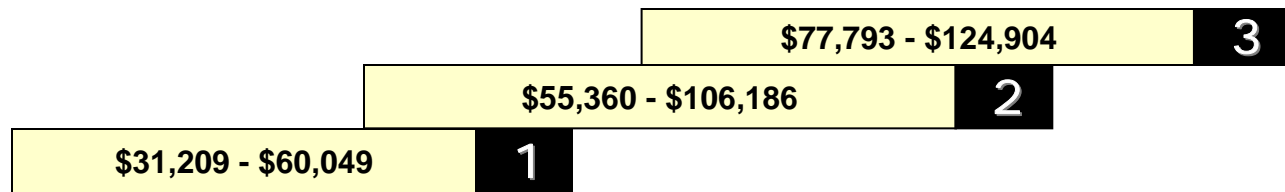


Plus
Local
Market
Supplement

\$15,000	35,000	55,000	75,000	95,000	115,000	135,000
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Supervisor/Manager

Pay Schedule



Plus
Local
Market
Supplement

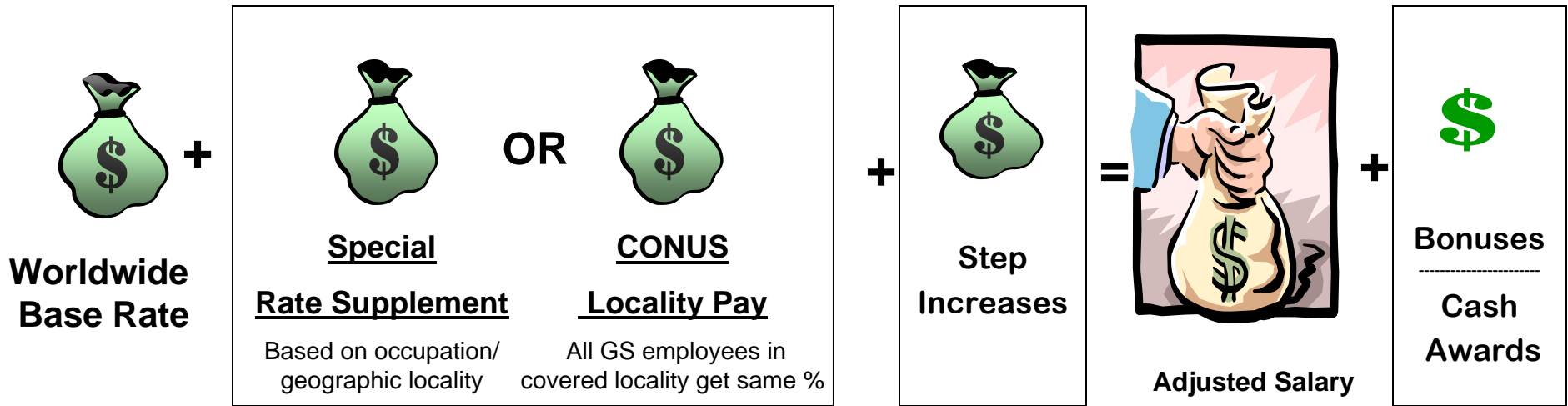
\$15,000	35,000	55,000	75,000	95,000	115,000	135,000
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Performance Expectations

- **A broader definition of performance**
- **Performance expectations are communicated to employees and may include:**
 - **Goals or objectives that set general or specific performance targets at individual, team, and organization level**
 - **Organizational, occupational, or other work requirements**
 - ✓ **Standard operating procedures, operating instructions**
 - ✓ **Manuals, internal rules and directives, or other instructions that are generally applicable and available to the employee**
 - **Competencies and/or contributions an employee is expected to demonstrate on the job**
 - **Performance expectations will be communicated to the employee prior to holding the employee accountable**
- **Performance expectations will be communicated to the employee prior to holding the employee accountable**
- **Expectations will be promptly adjusted as changes occur**

General Schedule

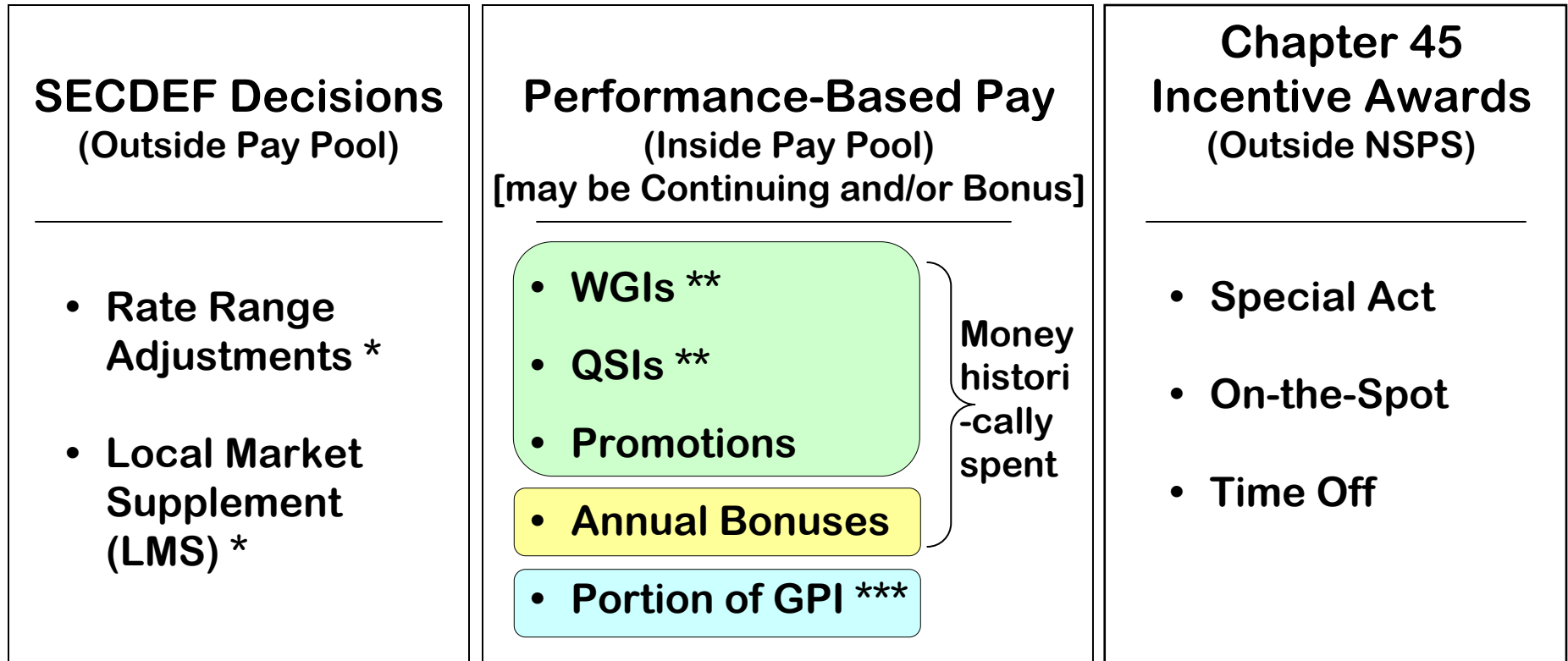


NSPS





Pay Overview



Element 1 2 3

* Funded by annual January pay increase

** Does not exist under NSPS

*** Portion remaining after funding Rate Range Adjustments and LMS

NOTE: - Organizations can add additional dollars for either salary increases, bonuses or both
- Extraordinary Pay Increases (EPIs) and Organizational/Team Achievement Recognitions (OARs) are funded from other sources (NOT from pay pool)



Pay Pool Terminology

- **Pay pool**
 - Group of 50 to 300 employees working in an organization who share performance payout funds
 - Term designates group of employees or shared funding
- **Pay pool process**
 - Is integral and integrated part of performance management cycle
 - Allows organizations to recognize and reward individual/team accomplishments
 - Ensures managers/supervisors apply standards equitably when rating employees and providing rewards/incentives
- **Pay pool panel**
 - Group of managers/supervisors that review employee evaluations
 - Panel ensures consistency of standards and ratings
- **Pay pool manager**
 - Oversees rating reconciliation process and reward decisions
 - Resolves discrepancies



Why Pay Pools are Important

- Provides mechanism for ensuring multi-level accountability and responsibility
- Ensures decisions regarding compensation and rewards receive higher level review
- Provides transparency
- Validates decisions made at the individual level within the context of organization and mission
- Preserves the integrity of the performance management system



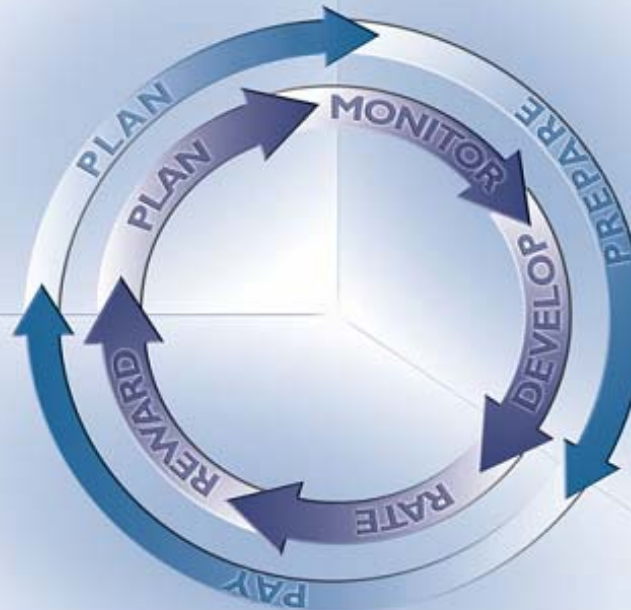
How the Pay Pool Process Works

1. Plan Phase:

Setup or revise the structure.

Publish relevant information.

Establish timelines.



2. Prepare Phase:

Build a shared understanding of the performance levels.

Revise the process.

Conduct a mock pay pool.

3. Pay Phase:

Reconcile ratings and payout decisions.

Communicate the decisions.

Ensure that pay is allocated appropriately.