



Report to Congress:

Department of Defense Progress on Design and Implementation of the New DoD Personnel Management System and Appointment Procedures

As Authorized by
Section 9902(a) and (b) of
Title 5, United States Code,
As Amended by

Section 1101(a) and (b) of the
National Defense Authorization Act
for Fiscal Year 2012

(Public Law 112-81, December 31, 2011)

June 2014

The estimated cost of this report for the Department of Defense (DoD) is approximately \$7,990 for the 2014 Fiscal Year. This includes \$0 in expenses and \$7,990 in DoD labor.

Generated on May 30, 2014 RefID: F-9C61F6

Introduction

The National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2010, Public Law 111-84, enacted on October 28, 2009, repealed the statutory authority for the Department of Defense (DoD) National Security Personnel System and amended section 9902 of title 5, U.S. Code, to provide the Secretary of Defense authority to:

- Promulgate agency rules and regulations, in coordination with the Director of the Office of Personnel Management, providing for:
 - A new performance appraisal system that is fair, credible, and transparent; and
 - Redesigned procedures for use within DoD to make appointments to positions within the competitive service in a way that supports the mission, managers, and applicants; and
- Establish, at the Secretary's discretion, a fund to be known as the DoD Civilian Workforce Incentive Fund to incentivize DoD employees based on team or individual performance and to attract or retain employees with particular or superior qualifications or abilities.

Section 1102(b) of NDAA FY 2012, Public Law 112-81, enacted on December 31, 2011, required the Secretary of Defense to submit plans for a new performance management system and workforce incentives, as authorized by section 9902(a)¹ of title 5, U.S. Code, and for flexibilities relating to appointments, as authorized by section 9902(b)² of title 5, to the "covered committees" as defined in section 1101(b)(3)³. Section 1102(b) also requires the Secretary to report semiannually, beginning the end of June 2013, until the personnel authorities are fully implemented, on the progress on the implementation of the authorities.

The Department submitted its plans for the new personnel authorities by letter dated March 29, 2013. Subsequent progress reports were submitted by letter on June 28, 2013, and December 12, 2013. This is the third progress report on the implementation of the authorities.

¹ Section 9902(a) of title 5, U.S. Code, as amended by section 1101(a) of NDAA FY2012, requires the Secretary of Defense, in coordination with the Director of the Office of Personnel Management (OPM), to promulgate DoD regulations providing for a fair, credible, and transparent performance appraisal system for linking performance bonuses and other performance-based actions to employee performance appraisals, a process for ensuring on-going performance feedback throughout the appraisal period, development of attractive career paths, and development of performance assistance plans, referred to in this report as the new DoD performance management system and workforce incentives.

² Section 9902(b) of title 5, U.S. Code, as amended by section 1101(b) of NDAA FY2012, requires the Secretary of Defense, in coordination with the Director of OPM, to promulgate DoD regulations to redesign the procedures used in DoD for making appointments to positions in the competitive civil service in order to better meet mission requirements, respond to selecting official and applicant needs, produce high-quality candidates, reduce fill-time, produce and promote competition in conformance with the merit system principles, referred to in this report as flexibilities relating to appointments.

³ The term "covered committees" means the Committees on Armed Services of the Senate and House of Representatives, the Committee on Homeland Security and Governmental Affairs of the Senate, and the Committee on Oversight and Government Reform of the House of Representatives.

Progress Summary

The Department continues to make considerable progress on the personnel authorities. DoD representatives met with unions holding national consultation rights (NCR) in November 2013 on the implementation of the personnel authorities required by Section 1113(b) of NDAA for FY2010, Public Law 111-84. As a result, a joint labor-management Personnel Authorities Implementation Working Group was established to provide input in support of the implementation requirements associated with all of the approved personnel authorities. This Working Group met in January, March and May, 2014, along with Department subject matter experts to discuss implementation of the Department's decisions, in particular the DoD-wide performance management system, and to engage the unions in the development of key initiatives to promote cultural changes essential to successful implementation. The Department's progress on implementation of the personnel authorities is discussed in more detail on the following pages.

Department of Defense Personnel Authorities Integrated Product Team (IPT)

The Department established a multi-functional Integrated Product Team (IPT) charged with developing action plans, milestones, and progress reports. During the reporting period, the IPT was augmented with additional members who were dedicated full-time to developing the integrated plans. Additionally, the IPT serves as a central point of integration and collaboration to support the joint development of an implementation plan and strategy for the Department. This IPT has assisted the Department in focusing on the overarching goals required to meet its objectives, while retaining visibility over each of the initiatives and identifying the steps needed to achieve the intent of the authorities.

Progress on the New DoD Performance Management System

As reported in the Department's plan for the DoD-wide performance management system and workforce incentives, the system will have a multi-level rating pattern characterized by a uniform appraisal period for covered employees, linkage between mission and organizational goals and individual performance plans, regular feedback during the appraisal cycle between employees and rating officials, and the ability to make meaningful distinctions in levels of performance. The appraisal process will be supported by an integrated, automated tool that will facilitate performance planning, communication, and the appraisal cycle processes.

The Department has notified key stakeholders, including the NCR unions, of the decision to implement a 3-level rating pattern that will support a fair, credible, and transparent system for linking employee bonuses and other performance-based actions to performance appraisals of employees. The Department made significant progress in planning for the implementation of the performance management system with the establishment of the joint Labor-Management Personnel Authorities Implementation Working Group. This Working Group convened for two week-long sessions during the months of January, March and May 2014, to discuss strategies related to changing the performance culture across the Department to support a high-performing organization, and will continue this engagement to further the implementation of the system.

Training is an additional requirement stipulated by legislation. The DoD Managerial and Supervisor (M&S) Training Program responds to the legislative (NDAA FY 2010, Section 1113(b)) and regulatory (5 CFR Part 412) requirements for the Department. This program provides current, relevant, and applicable training to supervisors and managers. The Department devised an implementation strategy, convened an intra-agency working group, and established dedicated resources to manage the training and programmatic aspects of this holistic undertaking.

The Department's approach for complying with the legislative and regulatory mandates commenced with a focus on new supervisors, who, under the Department's definition, have less than two years of experience supervising Federal government civilian employees. The Department held a cross-Component working group to establish corporate topics and affiliated learning standards for training new supervisors. This comprehensive curriculum included, but also far exceeded, the requirements codified in the 2010 NDAA and 5 CFR 412. Training categories

encompassed critical transitions, hiring talent, developing talent, managing performance, and managing the workplace.

During calendar years 2011 through 2013, the Department conducted a pilot and then implemented training events with supervisors, subject matter experts, and Human Resource (HR) professionals. The feedback received on the quality of content and the effectiveness of training delivery methods were evaluated and revised, as appropriate. The revised training delivery has transitioned to the DoD Components, which were required to use the enterprise training topics and learning standards but were also afforded flexibility to develop and customize content (e.g., local procedures) and to determine the most appropriate training delivery vehicle(s). The Department focused attention on fine-tuning the refresher supervisory training course, which was piloted in 2013.

Progress on Flexibilities Relating to Appointments

The Department has made significant developmental efforts in preparing and promoting a better skilled human resources workforce. These efforts will be instrumental in meeting mission needs and enhance responsiveness to the needs of managers and applicants.

The Department continues to promote enrollment in OPM's Human Resources University (HRU) as a means to enhance and improve the skills, proficiency, and advisory capability of the HR practitioner workforce. Steady progress is being made towards having 80% of the HR Practitioner workforce enrolled by September 30, 2014. At the end of FY2013, nearly 51% of the workforce had enrolled. The numbers continue to increase, and as of April 2014, nearly 67% of the workforce has enrolled. Additionally, roughly 60% of the registered Staffing and Employee Relations Specialists have completed a HRU course.

The continued growth in enrollment and course completion supports the ongoing efforts to close skills and competencies gaps as well as address the recruitment and retention concerns of the HR workforce. This upward progress is an encouraging indicator and a direct result of the aggressive promotion of HRU and its potential as a platform to enhance the capability of the workforce and ultimately the quality of current and future HR products and services provided.

Conclusion

As the Department moves forward with the implementation of the personnel authorities, we will continue to involve employees through their labor representatives at the DoD Labor-Management Roundtable and coordinate with OPM.

The next semiannual report on the progress on the implementation of the Department's personnel authorities, due at the end of December 2014, will cover progress through October 2014.