



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)

December 2014

The estimated cost of this report or study for the Department of Defense is approximately \$8,420 in Fiscal Years 2014 - 2015. This includes \$0 in expenses and \$8,420 in DoD labor.

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## **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National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2010, Public Law 111-84, enacted on October 28, 2009, repealed the statutory authority for the Department of Defense (DoD) National Security Personnel System and amended section 9902 of title 5, U.S. Code, to provide the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)<sup>1</sup> of title 5, U.S. Code, and for flexibilities relating to appointments, as authorized by section 9902(b)<sup>2</sup> of title 5, to the "covered committees" as defined in section 1101(b)(3)<sup>3</sup>. 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, December 12, 2013, and July 24, 2014. This is the fourth progress report on the implementation of the authorities.

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<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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 progress on implementation of the personnel authorities. Department representatives met with union officials holding national consultation rights at the DoD Labor-Management Roundtable in August 2014 on the implementation of the personnel authorities. The joint labor-management Personnel Authorities Implementation Working Group met in August, September and October 2014, along with Department subject matter experts, to discuss issues related to implementation of initiatives, to include the DoD-wide performance management system, hiring flexibilities relating to appointments, workforce incentives, training and development, and automation. The DoD Personnel Authorities Integrated Product Team continues to develop action plans, monitor progress toward implementation, and ensure achievement of the intent of the authorities.

The Department's progress on implementation of the personnel authorities is discussed in detail on the following pages.

## **Progress on the New DoD Performance Management System**

The Department continues to engage with key stakeholders on the implementation of the DoD-wide performance management system through meetings with the DoD Component representatives and the joint labor-management working group. This engagement allows us to gather input for the performance management and appraisal program, and to identify cultural changes that are key to successful implementation. This collaborative process has provided the Department with significant perspectives of those most directly affected by the Department's personnel policies and practices - the employees. Collaboration on work products and pre-decisional labor union involvement in the implementation planning will contribute to the development of a fair, credible and transparent DoD-wide performance management system that contributes to a culture of high performance.

In support of the implementation of the DoD-wide system, the Department is developing an implementation strategy that will include training and communication plans to ensure our key stakeholders are fully engaged and supportive of their employees during the transition. The holistic approach to training will provide relevant training to supervisors, HR professionals, and employees in areas such as improved communications, successful feedback exchange, and the mechanics of the new system. In our view, the engagement of the unions and a strategy focused on linking employee performance to organization goals promotes the culture of change that is essential to successful implementation of a new performance management system. The Department tentatively plans to initiate a phased implementation of the new performance appraisal system in April 2016.

## **Progress on Flexibilities Relating to Appointments**

The Department is making good progress on many of the hiring authorities designed to facilitate ease of hiring across the Department. One of the key initiatives is the development of a DoD Hiring Manager's Tool Kit. The Department restructured the existing DoD Hiring Reform Tool Kit to bring together a variety of hiring tools and information sources, and support the tenets of the design team initiative to serve as a one-stop-shop resource and centralized access to hiring guidance. The content of the DoD Hiring Manager's Tool Kit is in the final stages of evaluation, and is expected to be completed by Spring 2015. Many DoD issuances are under development to support new policies and processes, with several documents in the final stages of approval. The Department continues to move forward to improve the DoD hiring process and provide tools to assist managers.

Additionally, the Department submitted its latest Strategic Workforce Plan (SWP) to Congress on September 29, 2014. This plan, covering the period FY 2014-2019, supports the ongoing development of competency assessments, the identification of workforce skill and competency gaps, and recruitment and retention strategies to close gaps. Since the report was published, the functional community construct within the SWP has been expanded to fully integrate all occupational series, to include trade and apprenticeship occupations.

## **Progress on Training and Development**

The Department is improving the general tenets of supervisory training by developing a holistic training program focused on supervisory and managerial competencies. Through a comprehensive review of the Component curricula, we will identify the prevalence of human resource and other

supervisory-unique training to discern where additional emphasis is needed. The Department is assessing an online situational judgment tool which, when implemented, will provide useful feedback to employees considering a future supervisory assignment. The automated tool's feedback will address both aptitude and motivational factors. Together, these efforts support the Department's imperative to effectively manage employee performance.

The Department is expanding training opportunities and increasing functional competency through a variety of means to include the OPM's Human Resources University (HRU), knowledge transfer programs, and an increased focus on Human Resources (HR) functional training. The Department continues to promote enrollment in HRU as a means to enhance and improve the skills, proficiency, and advisory capabilities of the HR practitioner workforce. Consistent with its strategy to close HR workforce skill gaps, the Department mandates yearly functional training. Human resources professionals receive training on an array of human resources competencies such as performance management, performance-based adverse actions, and a variety of appointment authorities, including authorities supporting veterans hiring and individuals with disabilities.

HRU provides a uniform platform with cross-Component access which allows individualized course completion tracking. Through continuous DoD-wide efforts, enrollment exceeded our established goal of having 80 percent of the HR practitioner workforce enrolled by September 30, 2014. At the end of FY 2014, nearly 93 percent of the HR workforce had enrolled. Additionally, nearly 77 percent of the enrolled HR Staffing and Employee Relations Specialists have completed a HRU course. This represents a 17 percent increase since the last reporting cycle.

To maximize knowledge transfer among senior and junior HR Specialists, the Department recently launched a pilot program, targeting GS-13 HR Specialists for further development. The program requires completion of a rotational/developmental assignment. Upon successful completion of the pilot, the program will be evaluated for possible expansion within the Department to serve as a venue for mentoring and knowledge sharing within the HR community.

### **Progress on Workforce Incentives**

The Department is making progress towards increasing communication, promoting transparency, and streamlining and standardizing processes related to DoD reward and recognition programs. Emphasis is being placed on ensuring achievements and/or contributions are significant in nature and related to organization missions and goals. Policies and procedures are under review to ensure they are clearly defined, consistent, and readily available to the workforce.

### **Progress on Automation**

Many of the hiring authority initiatives require expanded automated system capabilities. The Department is working closely with OPM to fully research and exploit technology to provide user-friendly systems that offer the latest technological advances. OPM is currently conducting an analysis of their existing system capabilities and identifying areas for improvement to enhance the overall job seeking experience for all employees, to include trade and apprenticeship occupations in the Wage Grade System.

The new performance appraisal automated tool is under development and designed to capture the mechanical aspects of a fair, creditable, and transparent performance management system. The tool will also facilitate improved communication by engaging the employee in the performance management process through increased opportunities for input and supervisory feedback during the performance appraisal cycle. Additionally, the performance appraisal tool is portable across the Department and provides a structure to support regular and reoccurring assessments throughout the performance management cycle. This new tool will help drive change in behavior and culture across the DoD.

### **Conclusion**

As the Department moves forward with the implementation of the personnel authorities, it 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 of the implementation of the Department's personnel authorities, due at the end of June 2015, will cover progress through April 2015.