



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,

December 2015

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## **Introduction**

The National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2010, Public Law 111-84, repealed the statutory authority for the Department of Defense (DoD) National Security Personnel System and amended section 9902 of title 5, U.S. Code, to provide the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 the NDAA for FY 2012, Public Law 112-81, requires 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>, 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, July 24, 2014, December 31, 2014, and June 29, 2015. This is the sixth progress report on the implementation of the authorities. This progress report covers the period of May through November 2015.

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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 has made significant strides toward full implementation of the New Beginnings initiatives, as well as preparations for the transition to the new Department-wide performance management program. Opportunities for employee input continue at the Department-level with DoD national-level labor representatives via established labor-management forums. This level of cooperation provides the Department with valuable insight on employee perspectives, implementation and training methods, and key cultural changes essential for program success, all contributing to a Department-wide culture of high performance.

As stated in the last report to Congress, the Hiring Manager's Toolkit was launched in May 2015, as an evolving resource to be continuously improved as more guidance, tip sheets, and checklists are created. Since May, many new tools have been added and the Toolkit has become a very useful resource for hiring managers and human resources (HR) professionals. Additionally, several workforce incentive initiatives have been addressed through the development of new guidance and policy.

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

A major element of New Beginnings is the development and implementation of the DoD Performance Management and Appraisal Program, which will cover the vast majority of our civilian workforce. As the Department makes final preparations toward the phased implementation in April 2016, significant efforts have taken place in order to prepare the Components and our workforce for the transition. A comprehensive implementation strategy which includes policy, training, communications, and readiness has been developed to guide the Components through this process.

To codify the DoD Performance Management and Appraisal Program, the Department has developed a DoD Instruction (DoDI) to implement the new DoD Performance Management and Appraisal Program. This DoDI will be published prior to implementation, and will establish and implement policy and procedures, delegate authority, and assign responsibilities regarding implementation of the enterprise-wide civilian performance management program within DoD. This policy includes requirements related to the 3-level rating pattern linking mission, organizational goals and individual performance plans; offers enhanced tools, processes, and training to assist supervisors in performing critical supervisory duties; and supports regular and recurring feedback between employees and rating officials during the uniform appraisal period of April 1 through March 31, for covered employees. The associated MyPerformance tool supports the DoD Performance Management and Appraisal Program by facilitating performance planning, affirming supervisory commitment, leveraging communication, and automating the appraisal processes.

In April 2016, the Department will begin phased implementation of the new DoD Performance Management and Appraisal Program. To ensure the first phase of implementation is successful, the Department has been engaged in efforts to fully prepare the workforce for transition to the new DoD performance management program. To that end, the Department's implementation strategy includes training for supervisors, HR professionals, and employees on improved communications and continuous feedback, as well as the actual mechanics of the new program. To adequately implement the new program, the Defense Civilian Personnel Advisory Service (DCPAS) has spearheaded the

development and implementation of a Train-the-Trainer course that will be launched in January 2016. DoD will pair training solutions with other proven developmental performance management practices for promoting performance and engagement impact. The training will also convey information resources available regarding performance management, organizational effectiveness, and effective supervisor/employee communication. This value-added information allows individuals the ability to expand their knowledge beyond the initial implementation training.

In July 2015, DoD released a communication resource that includes talking points, frequently asked questions and an introductory briefing on New Beginnings. These communication resources are enabling DoD to prepare the workforce for and communicate the new personnel authorities and the DoD Performance Management and Appraisal Program.

The Department has prepared a Readiness Checklist and Guide to assist each Component in a thorough review of elements that will contribute to successful deployment of the new performance management program. The checklist and guide assist DoD in ensuring that actions are taken to prepare for the April 2016 deployment of the new Performance Management and Appraisal Program. It includes preparation efforts addressing bargaining agreements, performance management mechanics, and personnel record coding.

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

As part of DoD's progression toward full implementation of the Hiring Flexibility initiatives, the Department continues to add new tools and products to further enhance the Hiring Manager's Toolkit. Since June 2015, several new features have been added to the Toolkit in order to meet the intent of many hiring initiatives. The Toolkit now includes a "Guide to Workforce Planning" booklet, developed through Component coordination, which provides an outline of the common business practices for workforce planning to assist commands and activities in hiring the staff they need to support their mission. Suitability Procedural Guidance was developed and added to the Toolkit to assist hiring managers and HR professionals in initiating suitability reviews prior to establishing an entrance on duty date. Designed to educate HR professionals on the appropriate new hire security and suitability investigation requirements, a Security and Suitability Information Tip Sheet was added to the Toolkit as well.

Finally, the existing Hiring Manager's Checklist, a feature within the Toolkit, was enhanced through the addition of new checklist items designed to improve the Job Opportunity Announcement development and review processes, manager and human resource practitioner engagement, and the integration of hiring resources and tools into the overall recruitment planning and execution process.

To address concerns that automated applicant self-assessments may be contributing to the referral and/or certification of lower-quality or unqualified candidates, the Department has developed tools and processes to create uniform guidelines for qualifications, rating, and ranking throughout the hiring process. For example, in addition to the Department providing guidance which stipulates the mandatory collaboration that needs to occur between hiring managers and their servicing HR specialists prior to the initiation of a Request for Personnel Action, i.e., the strategic recruitment discussion, Components are now asked to use new rating schedules developed by the Office of

Personnel Management (OPM) industrial-organizational psychologists, a library of standardized USA Staffing assessment questionnaire templates, and mandatory assessment certification statements.

In accordance with the Department's intention to incorporate quality of candidate goals into HR organizational objectives, DoD has continued to leverage existing guidance, including Presidential Memoranda directing the use of new performance requirements for our workforce. These memoranda direct the use of elevated performance standards for hiring managers/supervisors as well as members of the Senior Executive Service to promote high performance that fits with the Department's overall mission. The Chief Human Capital Officer survey continues to be utilized as a valuable tool in measuring the Department's success on this initiative.

Ensuring accountability in the hiring process continues to be a key focus area for the HR community. On March 31, 2014, the Department issued a DoD Human Capital Assessment and Accountability Framework (HCAAF) plan for fiscal years 2014-2020. The plan addresses OPM government-wide accountability requirements under title 5, Code of Federal Regulations § 250.203.

The HR workforce has been actively engaged in institutionalizing the HCAAF plan. Human Capital account program managers within DCPAS are partnering with Component Human Capital oversight offices and agency stakeholders to further integrate self-assessment accountability programs and activities that meet OPM's requirements. DCPAS has oversight responsibility to ensure that competitive service positions are filled in accordance with applicable laws and regulatory requirements. The HCAAF plan describes the enterprise-wide approach to assess all aspects of human capital management policies, programs, and activities across the DoD. The plan was developed using lessons learned and best practices from prior staff assistance visits. This is an inclusive process in which employees and union representatives have participated as interviewees.

### **Progress on Training and Development**

Training, education, and professional development are important for DoD organizations, leaders, and employees. The Department continues to emphasize improving our training and mentoring opportunities to develop and sustain a dynamic workforce. Work continues on several initiatives to better support our military and civilian supervisors, reinforce the need for on-boarding and coaching, and increasing overall knowledge of the civilian personnel system, hiring processes, and performance culture. DoD prides itself on being a learning organization, and places high value on employee engagement and knowledge management to support mission readiness. To that end, we continue to make progress on reviewing and ensuring the Components are delivering effective training curricula to their employee population that is consistent with overarching and required DoD training.

Additionally, the Department continues to foster multiple approaches specific to improving HR practitioner skill and competence. One of the key approaches continues to be training and development through the OPM's Human Resources University. The DoD participant registration rate remains steady at 98 percent. The focus has narrowed to concentrate on metrics for HR functional training. To date, 75 percent of all HR professionals have completed training on the Uniformed Services Employment and Reemployment Rights Act in support of the Guard and Reserve.

Other training and development initiatives continue to move forward through discussions with the national-level labor representatives, as well as use of the following Component representative organizations: Component Functional Community Managers, DoD Chief Learning Officer Council, Component HR Functional Community of Practice, and Managerial and Supervisory Training Working Group.

### **Progress on Workforce Incentives**

The Department has successfully implemented other design team recommendations regarding workforce incentives. Language was added to DoDI 1400.25, Volume 550 on April 14, 2015, to permit advance pay to new hires. Guidance on advance pay for new hires was also added to the Hiring Manager's Toolkit.

Additionally, as a part of the workforce planning process, Office of the Secretary of Defense Functional Community Managers (OFCM), in collaboration with Components and workforce planning staffs, are initiating plans to incorporate an inventory of current Federal Wage System (FWS) trade school and apprentice programs and funding sources into the review of workforce data trends and gap closure strategy processes. Once the inventory is completed, it will provide a baseline that can be used by the OFCMs and may influence the review and analysis of recruitment and retention trends. This inventory will also aid in the review of staffing skills gaps and competencies for the development of strategies to close these gaps, which may include training funding solutions. Ultimately, it is anticipated that the incorporation of the FWS training and funding inventory into the Department's strategic workforce planning process will provide greater visibility into FWS workforce shaping, sizing and development decisions.

### **Conclusion**

Our workforce is our most important asset, and critical to accomplishing the Department's mission. Therefore, recruiting, developing, and retaining the best talent in our civilian workforce is a key element of the Department's ability to build a strong future workforce and to maintain our superiority well into the 21st century. Through continued work toward full implementation of New Beginnings initiatives and phased transition to the DoD Performance Management and Appraisal Program beginning in April 2016, the Department is capitalizing on the opportunities to build upon the strengths of our civilian workforce.