



Department of Defense



***National Security  
Personnel System***

## NSPS Leadership Workshop

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August 5, 2008



## Agenda

- **Welcome to My World...**
- **NSPS Today**
- **System Modifications**
- **What We are Doing**
- **Strategic HR Role**
- **What's Ahead?**



*Like being the  
captain of a  
javelin team that  
has elected to  
receive.*



## Why a “leadership” workshop?

- **For NSPS to be effective in an organization, line management (leaders) must “own” it**
- **NSPS is not an HR rulebook**
  - **Moving from prescriptive personnel administration to flexibility and discretion in managing workforce**
- **Purpose of Conference:**
  - **Increase your understanding of NSPS**
  - **Help you figure out how to tailor NSPS to your organization**
  - **Show importance of leadership in implementing and operating NSPS**



## NSPS HUMAN RESOURCES SYSTEM

<b>Classification</b>	<ul style="list-style-type: none"><li>■ Jobs in broad “pay bands” based on work nature and competencies (eliminates “grades and steps”)</li><li>■ Simple and flexible</li></ul>
<b>Compensation</b>	<ul style="list-style-type: none"><li>■ Market-sensitive</li><li>■ Pay directly linked to performance and mission accomplishment</li></ul>
<b>Performance Management</b>	<ul style="list-style-type: none"><li>■ Linked to mission</li><li>■ Job objectives and contributing factors influence rating</li><li>■ Meaningful distinctions in performance</li><li>■ Employee development with ongoing feedback and dialogue</li></ul>



## NSPS Today

- **Over 184,500 employees under NSPS**
  - 110K employees received performance-based payouts in Jan 2008
  - Job objectives aligned with mission
  - 974 pay pools and growing
- **Training continues**
  - Over 595,500 training instances completed
- **Evaluation continues**
  - Making minor system adjustments and training enhancements

*We continually assess to improve the system.*



# System Modifications

## ■ Externally Driven:

- NDAA 2008
- Proposed Regulations

## ■ Internally Driven:

- Formal Assessments
- Surveys
- Feedback
- Payout Results
- Data Analysis

***Maintain – Sustain – Incrementally Improve***



- **Preserves NSPS core**
  - Classification architecture
  - Compensation flexibilities
  - Performance-based pay
- **Excludes Federal Wage System**
- **Brings under government-wide rules:**
  - Adverse Actions and Appeals
  - Labor-Management Relations
  - Workforce Reshaping

- **Annual General Pay Increase (GPI)**
  - 60% to across-the-board raises (above unacceptable)
  - 40% of GPI to pay pools for performance-based salary increases
  
- **Local market supplements increased in “same manner and extent” as GS locality pay**
  
- **Eliminates statutory collaboration process**
  - Subject to chapter 71 collective bargaining
  - “Rate of Pay” is non-negotiable
  - NSPS enabling regulations treated as government-wide rule



- **Published May 22 in Federal Register**
- **Comments accepted through July 7**
  - 9 of 10 unions submitted comments
  - In progress – reviewing comments and recommendations
- **Projected Final Regulations – Fall 08; sixty day Congressional notice period**
- **Updated Implementing Issuances (to be issued as final regulations “go live”)**

- **Positive comments expressed regarding employees being compensated for strong performance**
  
- **Negative comments**
  - Performance evaluations subject to cronyism, favoritism, limited rating scale, detached pay pool managers and limited transparency
  - Pay raises less than GS increases and limited by control points
  - Different pay for similar work/ratings
  - Excessive administrative burden



***“I disagree that management should have the right to set pay for everyone. This should be the discretion of HR or another outside impartial source.”***



## On a Positive Note...

*“I know a lot of negative comments are made about NSPS, but wanted to say that I had a very demanding and challenging work year in 2007. Due to staff shortages, I had to work extra hours to meet the demand. It was rewarding, but not expected, to find out for once at the end of the appraisal period that all the long hours and extra effort were recognized and resulted in a meaningful change in pay. The pay for performance system really made a difference. I think, given appropriate safeguards NSPS can really work.”*



## System Modifications

### ■ Externally Driven:

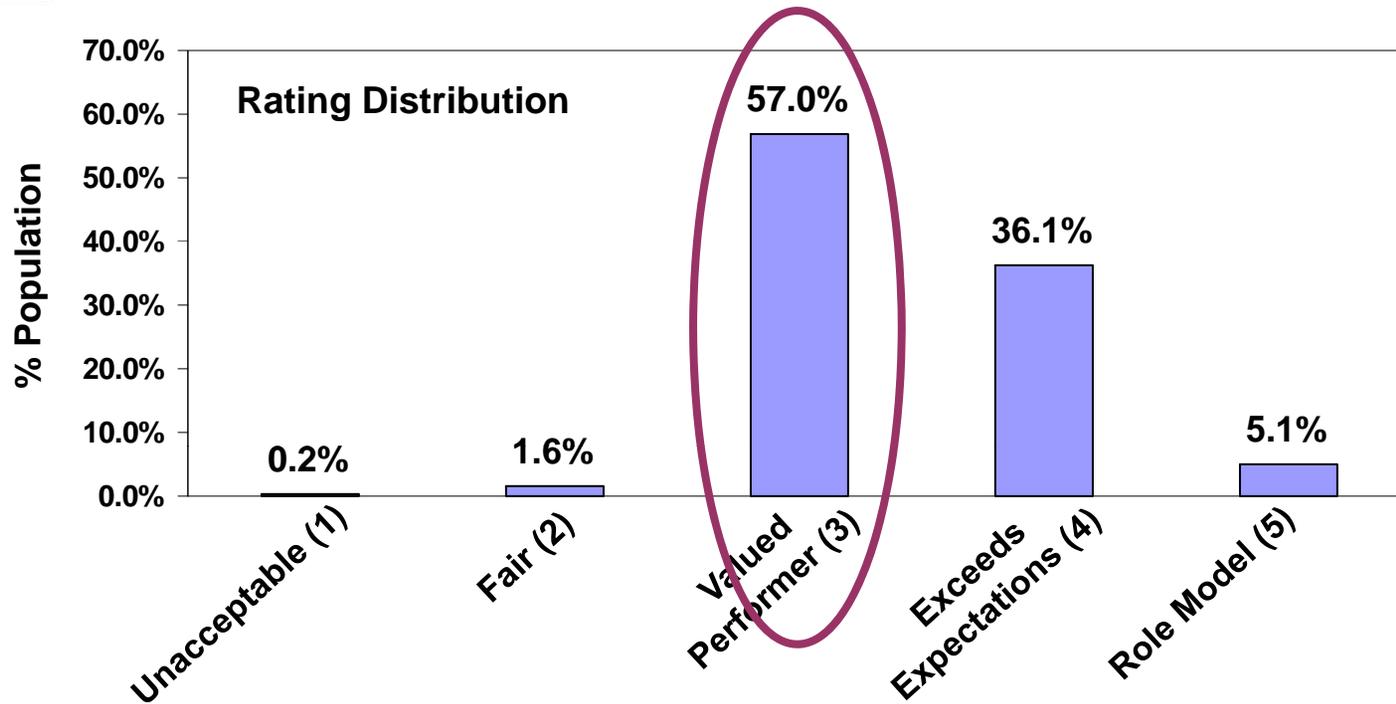
- NDAA 2008
- NSPS Proposed Regulations

### ■ Internally Driven:

- Payout Results
- Feedback
- Formal Assessments
- Surveys
- Data Analysis



# 2008 Payout Results



	Salary	Bonus	Total
Performance Increase	3.4%	1.7%	5.1%
Pay Band Adjustment	1.5%	-	1.5%
Locality Pay	1.0%	-	1.0%
<b>Total Average Increase</b>	<b>5.9%</b>	<b>1.7%</b>	<b>7.6%</b>

Ratings and performance increase results are as of January 23, 2008. Data source is DCPDS Compensation Workbench staging tables; Actual locality adjustments vary by location; Employees who received rating of 1 do not receive pay band adjustment or change to locality pay



## Average Payout by Rating

Rating of Record	% of Total Rated	Salary Increase				Performance Bonus	Total
		Pay Band Adjustment	Average Locality Pay	Performance Increase	Total Salary		
1	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2	1.6%	1.5%	1.0%	0.0%	2.5%	0.0%	2.5%
3	57%	1.5%	1.0%	2.5%	5.0%	1.3%	6.3%
4	36.1%	1.5%	1.0%	4.5%	7.0%	2.3%	9.3%
5	5.1%	1.5%	1.0%	6.7%	9.2%	3.7%	12.8%
<b>Overall</b>	<b>100%</b>	<b>1.5%</b>	<b>1.0%</b>	<b>3.4%</b>	<b>5.9%</b>	<b>1.7%</b>	<b>7.6%</b>

### ■ Performance

- Employees struggling with “valued performer” rating
- Effective job objectives, assessments and evaluations are difficult to write

### ■ Pay Pools

- Concern with fairness – perceptions
  - ✓ Employee – Pay Pool Manager not my supervisor; doesn’t know what I do; OR, I have a poor supervisor; lack of trust
  - ✓ Rating Official – Pay pool process may change my recommended rating; loss of control; marginalized
- Lack of shared understanding within the pay pool panel

### ■ Process

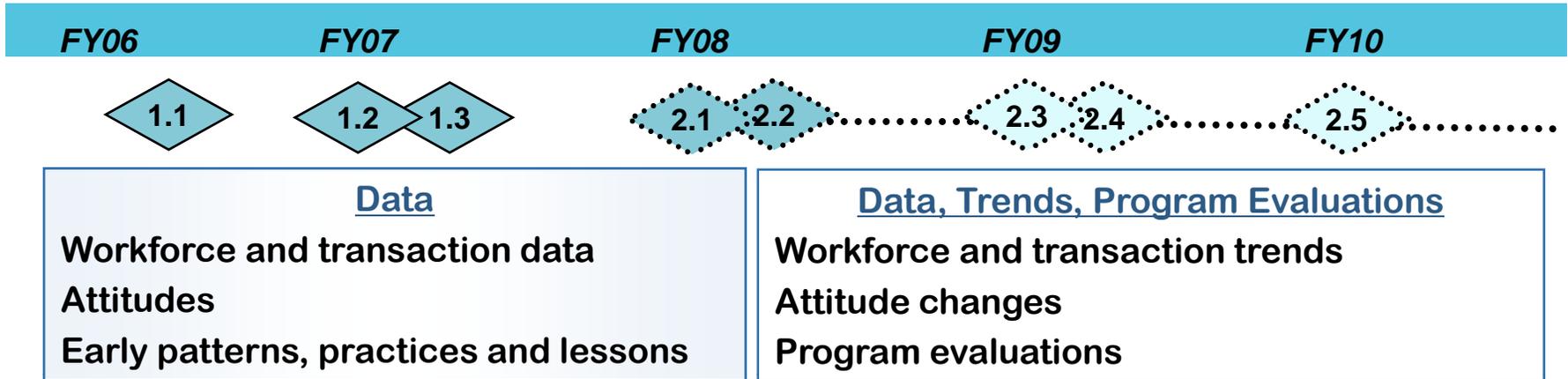
- Workload increases for supervisors and employees
- PAA is not easy

***But ... employees agree they have a better understanding of expected performance***





# DoD-wide Evaluation Activities

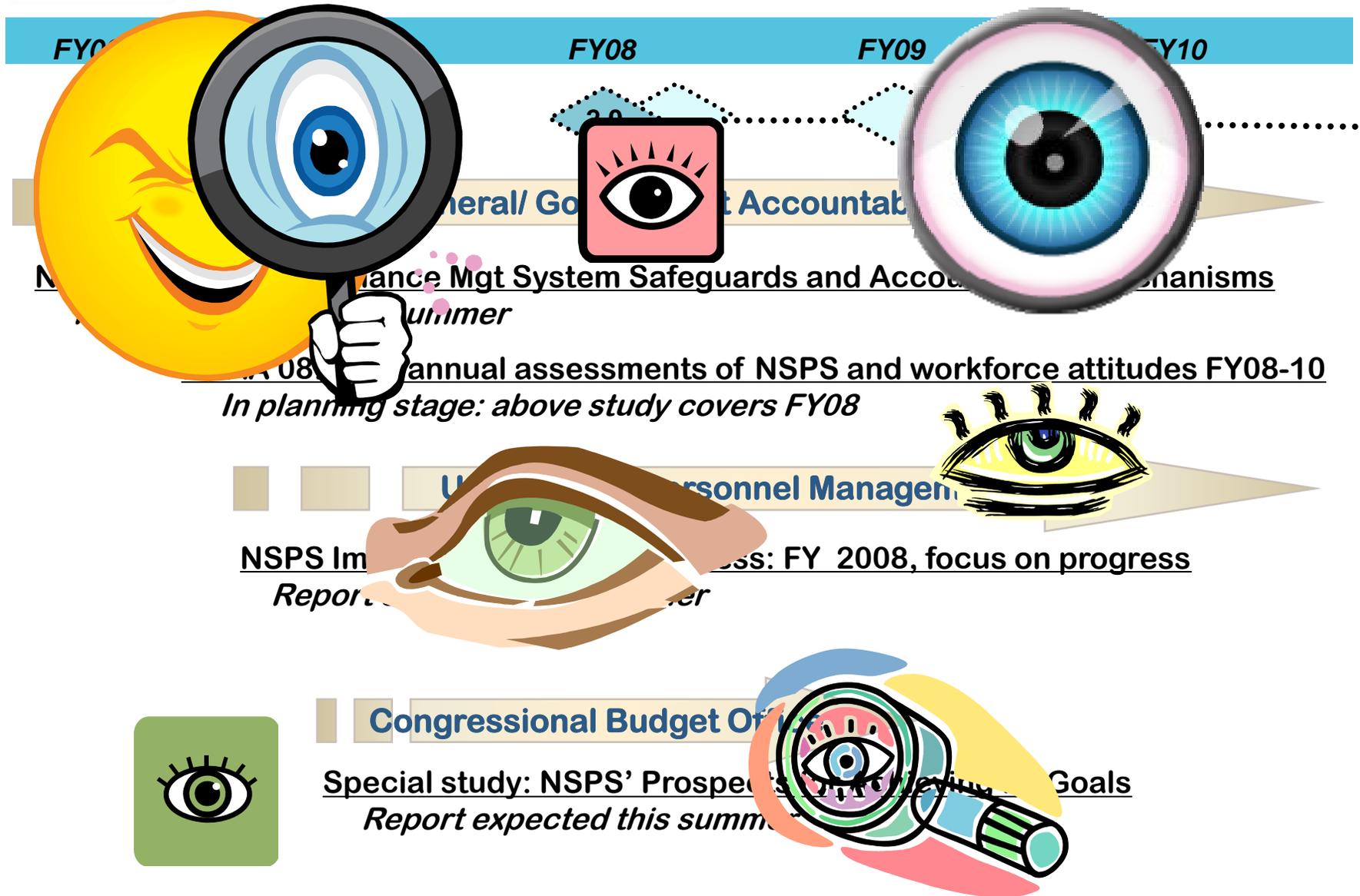


## Major Activities

- Annual Status of Forces Surveys of DoD Civilians, with Spiral sampling
  - ✓ 2006 and 2007 Tab Volumes: <http://www.dmdc.osd.mil>  
(Select DoD Community, then General DoD Info, then Personnel Surveys)
  - ✓ 2008 survey closed end March
- Data mining from the Defense Civilian Personnel Data System
  - ✓ FY 2007 cycle pay pool ratings and payout data
  - ✓ Workforce and personnel action data
- Program evaluation: NSPS as implemented in Spiral One organizations
- Special analysis of 1,000 performance plans (OPM tool)



# External Evaluation Activities



## ■ Leadership

- Reinforce ownership and commitment
- Give more attention to the pay pool process

## ■ Supervisors

- Re-engage

## ■ All audiences

- Communications
- Performance
- Results

*Responsibility – Accountability*



## What We are Doing

### ■ PAA v3.0

- A new look and feel
- Assessment by Job Objective
- Improved copy and paste functionality
- An improved character counter
- An enhanced Email notification process
- Easy and standardized approvals and acknowledgement processes
- The ability to copy plans from year to year
- A Track Progress page

*You Told Us...We Listened...  
Introducing PAA v3.0  
August 2008*

### ■ New 2906 Form

- Available for use 24 Aug
- Hear all about it in Carla Barnes' session



## What We are Doing

- **Revised existing Implementing Issuances – June 10, 2008**
  - Corrects pay setting anomalies
  - WGI Buy-in outside conversion process
  - Hear all about it in Bobbi Key's breakout session
- **Continuing to evaluate NSPS and make system modifications**
  - Enhanced training products
  - Encouraged leadership engagement, particularly around performance management and pay pool process



## What's Ahead for NSPS?

- Finalize enabling regulations
- Revise Implementing Issuances consistent with final enabling regulations
- Focus on transitioning from design and implementation to sustainment
- Continue to monitor, analyze, and make minor system adjustments and training enhancements

*Driving to a performance culture...*

*focused on mission outcomes*



## How You Can Help...

- **Maintain your focus**
- **Prepare for upcoming pay pool panel deliberations**
- **Refresh your skills**
  - Review business rules
  - Revisit the processes
  - Ensure sufficient time and staff availability



### ■ The focus is on communication

- **Plenary sessions**
  - ✓ Compensation Under NSPS
  - ✓ Performance Perspectives with Harvey Coleman
  - ✓ Performance Appraisal Application (PAA) v3.0
- **Hands-on workshops and learning opportunities**
  - ✓ Writing Effective Job Objectives
  - ✓ NSPS Business Rules and Practices
  - ✓ IT tools (Compensation workbench, Pay Pool Analysis tool, etc. )
  - ✓ Labor and Employee Relations
- **Case Studies**
  - ✓ Supervising Under NSPS
- **Panel Discussions**
  - ✓ Lessons Learned from Pay Pool Managers
  - ✓ NSPS Assessment



**QUESTIONS?**