

NATIONAL SECURITY PERSONNEL SYSTEM (NSPS)

EVALUATION PLAN

30 June 2007

The Final Rule for NSPS, 5 CFR, Chapter XCIX, Part 9901, Section 9901.108 requires that DoD evaluate NSPS regulations and their implementation. This plan implements that section, laying out the evaluation framework. It is a working document that will evolve as NSPS develops and spirals are implemented.

Labor Relations and Employee Appeals portions were frozen as of February 27, 2006 and will be updated when and as appropriate.

**Mary E. Lacey
Program Executive Officer**

TABLE OF CONTENTS

1	Purpose	1
2	Background	1
3	Authority to Establish a New Human Resources Management System.....	1
4	Guiding Principles and Key Performance Parameters.....	3
4.1	Guiding Principles	3
4.2	Key Performance Parameters (KPPs)	3
4.3	Notional Schedule	3
5	NSPS Features.....	4
6	Evaluation	4
6.1	Why Evaluate?	4
6.2	Types of Evaluations	4
6.3	Evaluation Management	5
6.4	Evaluation Design Principles	6
6.5	Comparison Group	6
6.6	Site Histories	7
6.7	Evaluation Archive	7
6.8	Evaluation Plan	7
7	NSPS Performance Metrics	7
8	Evaluation Data Sources	8
8.1	Attitude Survey	8
8.2	Automated Data	8
8.3	Special Studies	9
8.4	Focus Groups and Targeted Interviews	9
8.5	Implementation After-Action Reviews	10
8.6	Baseline Data	10
9	Responsibilities	10
	Appendix A Description of NSPS Features.....	A-1
	A.1 Human Resources Features	A-1
	A.2 Employee Appeals	A-3
	A.3 Labor Relations	A-3
	Appendix B Major NSPS Metrics.	B-1
	Appendix C Recurring Data Reports	C-1
	Appendix D Special Studies	D-1
	Appendix E PEO Evaluation Schedule.....	E-1

LIST OF TABLES

Table 1 –Schedule	3
Table 2 – Responsibilities	10

This page blank

1 PURPOSE

This Evaluation Plan is the Department of Defense implementation of 5 CFR, Chapter XCIX, Part 9901, §9901.108, Program Evaluation. It describes the approach, types of data, and general timeframes that the Program Executive Office (PEO) for the National Security Personnel System (NSPS) will use to evaluate and report on NSPS during its implementation, to ascertain if it meets Departmental requirements laid out in the NSPS Key Performance Parameters and to identify aspects for improvement or modification. The plan sets the corporate evaluation approach so that there is a common frame of reference for DoD officials and employee representatives, as well as officials in other agencies. This plan will evolve and parts may change along with NSPS, until the PEO mission is complete. The plan complements but does not take the place of Department-wide human capital accountability activities. It does not restrict DoD organizations and components¹ from having their own assessment plans and activities for their human resource management purposes. Particular program evaluations under this plan with their operational details will be developed separately from this plan.

2 BACKGROUND

In 2003, the Department requested authority to establish the NSPS. Public Law 108-136, Title XI, Subtitle A, section 1101 gave the Secretary of Defense authority to do establish and adjust NSPS in regulations jointly published with the Director, Office of Personnel Management (OPM), and in collaboration with employee representatives.

NSPS is a permanent change in the DoD civilian personnel system. Its regulations are codified in 5 CFR Chapter XCIX and Part 9901, Department of Defense Human Resources Management and Labor Relations Systems; Final Rule. At the DoD level, implementing issuances in the DoD Civilian Personnel Manual, DoD 1400.25-M, Chapter 1900, lay out the details of the Human Resources Management System. NSPS is designed centrally and implemented decentrally by the employing components. NSPS is being implemented in spirals. Initial spirals cover successive groups of employees and organizations under the Human Resources Management System. As of the date of this plan, the NSPS Labor Relations System and appeals process have not been implemented.

3 AUTHORITY TO ESTABLISH A NEW HUMAN RESOURCES MANAGEMENT SYSTEM

Under the authority of 5 U.S.C., Chapter 99 sections 9902(a) through (h) and (k) through (m), the Secretary of Defense may establish a new human resources management system, appeals process, and labor relations system.

NSPS may differ from the traditional civil service system established by OPM in certain respects, but it is subject to requirements and limitations specified in the law. For example,

¹ DoD components are the Departments of the Air Force, Army, and Navy, and the Office of the Secretary of Defense (OSD)/4th Estate. OSD/4th Estate includes OSD, DoD Agencies, and DoD Field Activities.

NSPS must be flexible, contemporary, and consistent with statutory merit system principles and prohibitions against prohibited personnel practices in 5 U.S.C. §2301 and 2302, respectively. The system must ensure that employees may organize and bargain collectively, subject to the provisions of chapter 99 of 5 U.S.C. The system must include a performance management system that incorporates specified elements. Only the following provisions of title 5 may be waived by the Secretary:

- Chapter 31, 33, and 35 (methods for dealing with qualifications, staffing, employment, and workforce shaping, as authorized by 5 U.S.C. 9902(k));
- Chapter 43 (dealing with performance appraisal systems);
- Chapter 51 (dealing with General Schedule job classification);
- Chapter 53 (dealing with pay for General Schedule employees, pay and job grading for Federal Wage System employees, and pay for certain other employees);
- Subchapter V of chapter 55 (dealing with premium pay), except §5545b (dealing with firefighter pay);
- Chapter 75 (dealing with adverse actions); and
- Chapter 77 (dealing with appeal of adverse actions and certain other actions).

Subsection (h) of §9902 authorizes DoD to establish an appeals process for employees covered by NSPS, that affords employees the protection of due process. The law also sets criteria that must be met for the Merit Systems Protection Board to order corrective action on case reviews sought by employees. Subsection (m) gives separate authority to the Secretary of Defense and Director of OPM to establish a DoD labor relations system. It also provides for the labor relations system to expire six years after the law's enactment (i.e., November 24, 2009), unless extended by statute.

The law prohibits NSPS from changing portions of the civil service system, including:

- Merit system principles
- Prohibited personnel practices, including violations of veterans' preference and whistleblower protection
- Laws against prohibited discrimination
- Leave and attendance
- Travel, transportation, and subsistence
- Allowances
- Incentive awards
- Retirement, health benefits and life insurance benefits
- Employee training
- Suitability and security
- Safety and drug abuse programs, and
- Defense Laboratory Personnel Demonstration projects (before October 2008).

4 GUIDING PRINCIPLES AND KEY PERFORMANCE PARAMETERS

In designing the system, senior leaders developed a Requirements Document that outlines the fundamental requirements for NSPS to guide its design, development and implementation and to serve as point of reference against which to evaluate NSPS. It includes Guiding Principles for NSPS design and Key Performance Parameters (KPPs) that reflect the essential capabilities or characteristics for elements of NSPS.

4.1 Guiding Principles

The NSPS Guiding Principles are:

- 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.

4.2 Key Performance Parameters (KPPs)

The KPPs are summarized below:

- High Performing: employees/supervisors are compensated/retained based on performance/contribution to mission;
- Agile and Responsive: workforce can be easily sized, shaped, and deployed to meet changing mission requirements;
- Credible and Trusted: system assures openness, clarity, accountability, and merit principles;
- Fiscally Sound: aggregate increases in civilian payroll at the appropriations level will conform to OMB fiscal guidance, and managers will have flexibility to manage to budget;
- Supporting Infrastructure: information technology support, training, and change management plans are available and funded; and
- Schedule: NSPS will be operational and demonstrate success prior to November 2009.

4.3 Schedule

Key stages of the general NSPS schedule are shown below in Table 1 but are subject to change.

Table 1 – Schedule

KEY EVENTS	EXPECTED TIMING
Proposed Regulations in Federal Register	February 2005
Meet and Confer Process	April-June 2005

Final Regulations in Federal Register	November 2005
Continuing Collaboration on Implementing Issuances	1st/2 nd Qtr FY2006
Commence training	2 nd Qtr FY2006
Begin implementation of NSPS HR System, Spiral 1.1	April 30 2006
Implement NSPS Labor Relations System	On hold
Expand Spiral One, up to 300,000 personnel	FY2007
First performance based payout for Spiral 1.1	January 2007
Adjust NSPS, with continuing collaboration	FY2007 - as occurs
Complete full implementation of NSPS	January 2009

5 NSPS FEATURES

Appendix A lists key features of NSPS, around which NSPS evaluation will focus.

6 EVALUATION

DoD set an evaluation requirement for itself in the NSPS regulations: 5 CFR, Chapter XCIX, Part 9901, §9901.108: Program Evaluation. "(a) The Secretary [of Defense] will evaluate the regulations in this part and their implementation. The Secretary will provide designated employee representatives with an opportunity to be briefed and a specified timeframe to provide comments on the design and results of program evaluations."

6.1 Why Evaluate?

While the law does not require that NSPS be evaluated, prudent management does, given the magnitude of change. Implementation of NSPS will be a prolonged effort involving thousands of organizations and their supervisors and employees. NSPS program evaluations entail analytic work combined with presentation of recommendations based on the evaluation findings. Timely evaluation of NSPS regulations, as translated into detailed implementing issuance provisions, and implementation activities supports DoD ability to make early course corrections. Evaluating patterns of practice under NSPS lets DoD make systemic adjustments needed to reinforce statutory obligations and make improvements. By evaluating NSPS after it has operated for several years, DoD can answer the questions, "Is NSPS accomplishing its goals? Is it meeting the NSPS KPPs and Guiding Principles?"

6.2 Types of Evaluations

There are typically two types of evaluations conducted on major personnel systems: formative and summative. *Formative* evaluations provide early feedback to those responsible for

managing the new system on problems, issues, and opportunities for improvement so they can make changes. The spiral roll-out for NSPS allows for problems encountered during one spiral to be resolved before the next spiral, if they can be identified quickly enough. *Summative* evaluations use much of the same data as formative ones, but examine results over a prolonged period to make judgments regarding the fundamental success or failure of the new system.

The PEO evaluation of NSPS will be formative, over several years. Data will be collected, analyzed, and tracked continuously; and program evaluations will be performed to determine if NSPS is meeting or is on course to meet its KPPs and to identify opportunities to improve the features and implementation process. Data reports and program evaluation reports will be prepared periodically, but a final summative evaluation report is not planned.

6.3 Evaluation Management

The PEO will be responsible for the Departmental evaluation program for NSPS. However, because operations under NSPS are decentralized in employing organizations, and because of the magnitude of the evaluation effort, component offices concerned with NSPS will have key roles. The PEO will assign a Director for NSPS program evaluation. That staff member will chair an NSPS program evaluation working group consisting of other PEO personnel, representatives from each Component with program evaluation proficiency, and representatives from OSD's Civilian Personnel Management Service (CPMS) and Defense Manpower Data Center (DMDC). Other ad hoc members and consultants may be drawn from appropriate organizations at the PEO's discretion. This group will be chartered by the PEO to plan and direct evaluation activities, drawing on the resources of the Office of the Secretary of Defense (OSD), the defense agencies, the military services, and contractor support as required. The PEO will set evaluation measures, data management requirements, and reporting requirements based on working group recommendations and employee representative input about the design of particular evaluations, and in consultation with senior Departmental officials. Similarly the PEO will set protocols for special study, focus group, and other evaluation activities. The Program Evaluation Director will consult as appropriate with the Office of Personnel Management to align respective agency NSPS evaluation activities, and with CPMS to align NSPS evaluation with broader DoD human capital accountability assessments.

The PEO may arrange periodically for external technical or academic advisors to review evaluation plans and results, in order to ensure that evaluation is conducted to the highest professional standards and that the results are an objective and unbiased assessment of NSPS.

The PEO will involve designated employee representatives in program evaluations in the manner provided for in 5 CFR Part 9901, §9901.108.

The PEO will strive to minimize data reporting requirements that cannot be met through standard data systems and tools. In developing reporting requirements for field input, the PEO program evaluation staff and working group will consider essentiality of the factual data as well as availability, work load, and cost to gather and report the data.

6.4 Evaluation Design Principles

NSPS is not an experiment, nor are those who convert into NSPS in Spiral One considered pilot or test groups. Its KPPs generally frame expectations in terms of outcomes or effects, rather than improvements from a previous system. Nonetheless, some aspects of NSPS lend themselves to adaptation of, evaluation design principles from the Government Accountability Office (GAO) and OPM. In its document *Designing Evaluations* the GAO defines program evaluation as “(t)he application of scientific research methods to assess program concepts, implementation and effectiveness” (page 88). The GAO goes on to define four general principles of evaluation:

- *Comparison* – Contrast the experimental group results to those of a comparison group before and after implementation of the project innovations in the experimental group.
- *Manipulation* – Change the factor of interest in the experimental group.
- *Control* – To the extent possible, hold all other factors constant to help rule them out as possible explanations for the results.
- *Generalizability* – Infer the results to the larger population and determine the possibility of application in other environments.

Evaluations of government personnel systems typically follow the quasi-experimental design approach described in the *OPM Demonstration Projects Evaluation Handbook* when it is not possible to assign individuals to experimental and comparison groups (page 6). This approach uses a comparison group, baseline data, and a longitudinal design. *Comparison groups* allow testing the effects of the project innovations versus other competing explanations for change. *Baseline data* describe conditions in the experimental and comparison groups before the project begins to provide an initial reference point. A *longitudinal design* compares data collected over time to baseline data in order to determine when, and in what direction, an effect has occurred.

Also according to OPM, evaluations of federal personnel system changes generally are used to answer the questions below. For NSPS program evaluation of the regulations and their implementation, the main thrust will be along the lines of the first and second questions, with due attention to the third, fourth, and fifth ones.

- Did the project accomplish the intended purpose and goals? If not, why not?
- Was the project implemented and operated appropriately and accurately?
- What were the costs, relative to the benefits of the project?²
- What was the impact on veterans and other EEO groups?
- Were Merit Systems Principles adhered to and Prohibited Personnel Practices avoided?
- Can the project or portions of it be generalized to other agencies or Government wide?

6.5 Comparison Group

DoD is the largest cabinet level agency, with nearly 40% of the federal, non-postal workforce, in most federal white and blue collar occupations. Because NSPS will extend to virtually all of

² The PEO may establish a separate process to track and analyze program costs and to ensure that salary outlays under the new pay system are consistent with requirements of the law.

DoD, comparison groups are of limited utility. In general terms, the comparison group for NSPS will be the DoD civilian employee population that is not covered by NSPS. DoD employees already in pay-for-performance laboratories may be treated as a separate comparison group. NSPS will be implemented over a period of several years. Thus the converted NSPS group will start out small relative to the comparison group, but over time it will grow as employees move from the comparison group into NSPS. It will be important to include both NSPS and comparison group employees in evaluation data collection for selected matters, and to categorize from which group the data came.

6.6 Site Histories

The OPM *Demonstration Projects Evaluation Handbook* stresses the importance of maintaining detailed site history logs. These are intended to capture local events and matters such as reorganizations; strategic or business plans and associated performance reports; significant , changes in leadership, budget, local employment conditions; and other factors that influence or help explain the way in which the new personnel system is implemented, used, or perceived at that location. There is utility in NSPS units keeping site history records, but with so many units implementing NSPS in succeeding spirals, the PEO will not make direct use of them.

When studying NSPS implementation or evaluating atypical patterns of practices and attitudes concerning NSPS, the PEO will ask components to place evaluation data and findings in historical context. Components should have information available for several years, e.g., historical information about the year of implementation available for three years. As practical alternatives to maintaining extensive unit level histories, the component may appoint an NSPS historian or events monitor, or use established component history processes to collect and document the most significant organizational and environmental issues occurring at component and subordinate levels during each NSPS spiral deployment. Components also may choose to identify representative units to maintain and make available detailed site history information.

6.7 Evaluation Archive

The NSPS evaluation effort will generate an enormous amount of data, files, documents, and reports over a period of at least five years. A library with filing plan will be developed and maintained so that valuable information is not lost. Both paper and electronic filing structures must be created.

6.8 Evaluation Plan

This document will be used to inform stakeholders of how NSPS will be evaluated at the corporate level. It will be used to promote consensus among the Services, Defense Agencies, and OPM on the evaluation methodology, products, schedules, and resources. It will guide the program evaluation working group as they arrange to collect, analyze, and disseminate data.

7 NSPS PERFORMANCE METRICS

Appendix B relates each NSPS KPP and key statutory requirements to system outcome and performance metrics. The metrics are defined quantities (counts, percents, rates, etc.) or trends

in those quantities that help measure the qualitative or quantitative degree to which the attribute has been achieved. A data source is indicated for each metric.

The ultimate objective of NSPS is to enhance the ability of DoD to accomplish its mission – the defense and security of the country – through its civilian workforce. While it is beyond the scope of NSPS program evaluation, not being a requirement of the NSPS KPPs or law, by studying NSPS-related effects reported by officials in representative organizations, such as on internal communications or on ability to attract more highly qualified employees; sampling opinions about readiness and human capital management; and tracking key personnel transactions, the Department can infer the NSPS role in supporting national security. DoD organizations which already track their performance and can correlate it to specific workforce or human resource management practices will be good candidates for such studies.

8 EVALUATION DATA SOURCES

Evaluation data will come from a variety of sources including, but not limited to, attitude surveys, automated systems, special studies, focus groups, implementation lessons learned, and baseline data. Each source is discussed below.

8.1 Attitude Survey

Attitude surveys will provide workforce opinion data. Survey subsets may target certain groups such as supervisors or HR specialists. The longitudinal NSPS attitude survey will be embedded in the broader, Status of Forces Survey-Civilian. This approach lets DoD readily compare views of NSPS and non-NSPS personnel, in the context of DoD's broad human capital management. Special surveys may be included in this vehicle or conducted on a stand alone basis. NSPS surveys will conform to requirements of DoDI 1100.13, *Survey of DoD Personnel*. Other feedback tools such as employee entrance and exit surveys administered by components may complement it. Common areas to be covered in the attitude survey include:

- Background data on the respondent (component, personal demographics, supervisory status, occupational group, conversion spiral, etc.)
- Awareness of the goals or mission of their organization
- Attitudes toward the work, the organization, the leaders, leaders' practices
- Attitudes toward NSPS and its features
- Supervisor views of HR management tools, authority, processes, quality
- Workforce views related to performance and retention.

8.2 Automated Data

The NSPS program evaluation working group will identify DoD data systems to draw upon, and notify system managers of data and report needs. The primary system is the Defense Civilian Personnel Data System (DCPDS), containing workforce demographic, personnel transaction, performance, and training data. Adjunct systems for staffing and priority placement may be sources. The Defense Civilian Pay System (DCPS) may be a data source for actual pay data. There may be new systems with useful data, such as for grievance, appeal, and complaint case

tracking. Budget and cost related data typically will be drawn from DoD and/or component NSPS budget reports rather than from supporting data systems. The working group and NSPS evaluators may seek information from CPMS and component sources for EEO complaints including No Fear Act reports; and from component systems that contain human resource services metrics or customer satisfaction data relevant to NSPS special studies.

8.3 Special Studies

The PEO will conduct or sponsor special studies to obtain supplemental information on important topics beyond what is available through data systems and attitude surveys. Priority will be given to matters critical to the success of NSPS. Studies will reach into components and selected sites and organizations. Early PEO studies will include use of pay setting flexibilities, performance management system practices, and training roll out strategy. In addition, the PEO anticipates studies of the following topics, though not necessarily as part of the PEO NSPS program evaluation agenda:

- New methods for staffing the DoD workforce including hiring, assignment, and reshaping methods
- Changes in time and areas of emphasis for supervisors' human resource management and administration activities
- Comparative flexibilities of NSPS and Laboratory Demonstration Projects
- Market competitiveness of salaries under NSPS
- The labor management relations system
- The appeals process

Components are encouraged to suggest other topics for special studies. For matters of component interest or which do not require DoD-wide perspective, the components may conduct their own special studies. Examples include HR office productivity or workforce forecasts in relation to NSPS capabilities. In the interest of efficiency and conservation of resources, however, components should collaborate with the PEO on planned studies in advance, and provide the results to the PEO, who may cite or include them in DoD-level NSPS evaluation reports. Early collaboration on topics, approaches, and participating organizations will avoid duplication and inconsistencies in DoD-wide NSPS evaluation and reports.

8.4 Focus Groups and Targeted Interviews

Focus groups and/or targeted interviews will be conducted at a sample of representative sites/units, once their personnel have sufficient operational experience with NSPS to discuss their views on NSPS features and practices. The PEO will use insights from this source for both program management (e.g., NSPS design, training, communications) and program evaluation. At a minimum, focus groups/targeted interviews will be conducted upon completion of each NSPS performance rating and payout cycle. Depending on the subject(s) and objectives, participants will be selected from distinct populations such as supervisors, employees at large, union officials and members, and HR specialists. Potential topics include:

- Pay for performance system: e.g., usefulness of training and reference tools, understandability of processes, perceived fairness, clarity of performance expectations and feedback
- Staffing and pay flexibilities: e.g., usage, fairness, criteria, effects on quality, relationship to non-NSPS flexibilities like recruiting bonuses
- Adverse actions and appeals: e.g., procedural justice, confidence in decision process, use of alternatives, process complexity.

8.5 Implementation Lessons Learned

There are implementation lessons to be learned about workforce communications, training, preparation and quality control of data required for system conversion, process changes, NSPS implications for other systems, establishment of performance plans, completion of the first NSPS rating cycle evaluations and payouts, and early exercise of new NSPS human resource management authorities. The PEO uses a continuous feedback loop in implementing NSPS, to make timely adjustments in training, support tools, and system provisions. NSPS evaluators may draw information from other NSPS program managers. PEO and component Program Managers may use the NSPS Readiness Tool to note lessons learned. In addition, the PEO may organize formal review sessions with components. While lessons learned will be used primarily to improve implementation of later spirals, they also are a data source for evaluating NSPS.

8.6 Baseline Data

As stated in section 6.4 above, baseline data enable “before and after” comparisons of a group at different points in time. For NSPS evaluation, baseline data generally is data collected on employees or organizations before they are covered by NSPS. The data can be from any of the activities listed in sections 8.1 through 8.5 above. As these data are collected, they will be clearly identified as “pre-implementation.” Although not all matters will require pre- and post-implementation comparisons, obtaining robust baseline data will enhance program evaluation capabilities. Since most automated data from DCPDS is routinely archived, there is no need to amass data that can be retrieved readily. Historical tracking of data for units in a particular spiral may require special coding, reports, or data base retention. Baseline data collection must be conducted sufficiently ahead of NSPS implementation, so that intensive awareness and training activities for impending NSPS implementation do not strongly affect attitudes and behaviors.

9 RESPONSIBILITIES

Table 2 below lists the evaluation activities and the organizations responsible for them.

Table 2 – Responsibilities

Evaluation Activity	Responsible Organization
Identifying, adding evaluation data fields and codes to DCPDS	<ul style="list-style-type: none"> ▪ PEO* ▪ CPMS
Designing, administering, analyzing attitude surveys	<ul style="list-style-type: none"> ▪ PEO* ▪ DMDC

Evaluation Activity	Responsible Organization
Designing, conducting focus groups and/or managed interviews	<ul style="list-style-type: none"> ▪ PEO* ▪ Components
Designing, generating, analyzing, and archiving NSPS data and reports	<ul style="list-style-type: none"> ▪ PEO* ▪ Components
Designing, conducting, and documenting special studies (Components coordinate with PEO on their planned studies to avoid duplication)	<ul style="list-style-type: none"> ▪ PEO* ▪ Components
Designing, collecting, and analyzing personnel office data	<ul style="list-style-type: none"> ▪ Components
Collecting, summarizing, and archiving site histories	<ul style="list-style-type: none"> ▪ Components
Identifying and documenting lessons learned	<ul style="list-style-type: none"> ▪ Components
Preparing and presenting evaluation reports and briefings	<ul style="list-style-type: none"> ▪ PEO ▪ Components
Responding to requests for information	<ul style="list-style-type: none"> ▪ PEO ▪ Components

* PEO typically involves the program evaluation working group.

APPENDIX A. DESCRIPTION OF NSPS FEATURES

Appendix A presents major features of NSPS to provide a context for this Evaluation Plan. The features are grouped by human resources, employee appeals, and labor relations aspects of NSPS. Features which have one or more metrics in Appendix B that will be measured by the PEO are annotated.

A.1 Human Resources Features

Classification

- A new pay banding system replaces the General Schedule system and provides flexibility to assign or assume work responsively to changing mission requirements, new technologies, new employee competencies, and/or systemic approach to work **(metrics)**.
- Positions are grouped in broad career groups; associated pay schedules are based on the nature of the work, career patterns, and competencies; associated pay bands replace GS grades with broad salary ranges for broad levels of work, e.g., entry, full performance, expert.
- Movement through a pay band is based primarily on performance/contribution, though increased responsibility or job complexity also can be compensated in band **(metrics)**.
- Lengthy, detailed job descriptions are no longer needed.

Pay/Compensation

- The new pay system is intended to attract, develop, retain, and reward high-performing employees through appropriate compensation **(metrics)**.
- The system provides the framework for DoD to move towards market sensitive pay:
 - ✓ Market factors are considered when setting pay for new hires and job changes **(metrics)**.
 - ✓ Local market and occupational conditions will be considered in rates authorized for pay schedules and local market supplements.
- Annual performance pay increases:
 - ✓ Are based on performance/contribution, rather than longevity **(metrics)**
 - ✓ Are given in larger percentages to outstanding performers **(metrics)**
 - ✓ Are not given to employees performing below the fully acceptable level **(metrics)**.
- Adjustments to rate ranges are determined by the Secretary; increases associated with rate range adjustments are not given to unacceptable performers.

Performance Management

- The NSPS performance management system is designed to link employees' performance plans to the organization's mission and goals and to use output and outcome oriented individual performance objectives and expectations (**metrics**).
- Ongoing communication and feedback about performance will occur between the supervisor and employees in setting expectations and in reviewing and assessing performance (**metrics**).
- Ratings will reflect meaningful distinctions in employee performance, and there will be no forced rating distribution or quotas (**metrics**).
- Conduct on the job (behavior, professional demeanor) is recognized as an aspect of performance.
- Intense training in the NSPS performance management system and related skills will be provided to employees, supervisors, managers, and human resource practitioners to ensure understanding of and responsible action under the system (**metrics**).
- A pay pool process and a rating reconsideration process will be established to foster fairness and equity.

Hiring/Staffing

- NSPS will provide flexibilities to augment hiring authorities, provide alternative forms of competition, and streamline examining procedures while respecting the principles of merit and fitness, and preserving veterans' preference (**metrics**).
- A direct-hire authority for severe shortage or critical needs will be vested in the Secretary.

Reduction in Force

- There can be greater precision in defining competitive areas based on organization, location, line of business, or other business related factors
- Retention standing credits performance above seniority, and veteran's preference will not be reduced.

Adverse Actions – pending the outcome of U.S. Court of Appeals decision dated 18 May 2007

- NSPS will provide more efficient tools for dealing with performance and conduct issues, while protecting the rights of employees and ensuring due process (**metrics**).
 - ✓ There is a single process for taking adverse actions based on performance and/or conduct.
 - ✓ There is a streamlined notice and reply period.

- The Secretary may designate Mandatory Removal Offenses (MROs) for offenses so egregious as to warrant mandatory removal, with authority to mitigate penalty in DoD reserved only to the Secretary.

A.2 Employee Appeals – pending the outcome of U.S. Court of Appeals decision dated 18 May 2007

- NSPS provides for a streamlined appeals process that provides deference to DoD's critical national security mission, while preserving employee protections and due process (**metrics**).
- There is an expedited appeals process, using MSPB administrative judges (AJ):
 - ✓ Filing deadline for appeals reduced
 - ✓ Summary judgment provided for when facts not in dispute
 - ✓ Initial decision must be rendered within specified number of days.
- DoD has review authority over decisions when a party files a request for review:
 - ✓ DoD has set number of days to decide to act on initial decision; or it becomes final
 - ✓ DoD may remand, modify, affirm, or reverse initial decision based on stringent criteria
 - ✓ Final DoD decisions (including AJ decisions that become final) may be appealed to full MSPB, which retains limited review authority.
- The single burden of proof standard is “preponderance.”
- Mitigation by MSPB is permitted only when penalty is totally unwarranted in light of all pertinent circumstances.

A.3 Labor Relations – pending the outcome of U.S. Court of Appeals decision dated 18 May 2007

- The new labor relations system is designed to recognize DoD national security mission and its need to act expeditiously in executing its mission, while preserving collective bargaining rights of its employees.
- NSPS expands non-negotiable management rights, to include determining numbers, types and grades of employees, methods, technology and means of performing work:
 - ✓ Prohibits bargaining over procedures in exercising core operational management rights, but management is required to consult with unions
 - ✓ Permits Secretary to authorize bargaining over procedures and impact of core operational management rights if the Secretary determines that such bargaining will advance the Department's mission or promote organizational effectiveness
 - ✓ Content of DoD and component-wide issuances (e.g., directives, policies, manuals) is non-negotiable if issued by the Secretary, Deputy Secretary, certain Principal Staff Assistants, and the Secretaries of the Military Departments

- ✓ Provides for bargaining over procedures in exercising other management rights (e.g., layoffs, RIF, selection or promotion procedures, disciplinary actions), but doing so prospectively (post-implementation)
 - ✓ There is expedited collective bargaining with impasse resolution
 - ✓ Nothing delays management's ability to act to accomplish mission (**metrics**).
- Bargaining is required over changes to conditions of employment when change is foreseeable, substantial, and significant in impact and duration.
 - Bargaining may occur above the level of recognition (i.e., national level bargaining with results binding on subordinate units), at the discretion of the Secretary.
 - Bargaining can occur with multiple bargaining units over a single issue or set of issues, where an installation or organization has multiple bargaining units.
 - Regulations establish a National Security Labor Relations Board to resolve labor disputes including unfair labor practices, scope of bargaining and duty to bargain disputes, negotiation impasses, and arbitration exceptions.
 - NSPS retains negotiated grievance procedures with arbitration; but excludes matters relating to pay decisions and MRO actions.
 - NSPS clarifies representation rights and duties:
 - ✓ Preserves union right to attend "formal discussions" where the purpose is to discuss changes to personnel policies, practices, or working conditions, but does not extend to EEO complaint proceedings .
 - Preserves employee right to request union representation during management investigations, but does not extend to investigations conducted by other DoD investigatory organizations.

APPENDIX B. MAJOR NSPS METRICS

Objective	KPP 1 - High Performing Workforce and Management MEASURES	PreNSPS Baseline	Source	Frequency Time Range
1 Stronger link between total compensation and performance				
a	Association between performance rating and annual percent performance payout.	No	DCPDS	Annual after first pay pool
b	Trend in index of opinions about how performance links to pay, recognition, rewards, advancement	Yes	Attitude Survey	Annual
c Reference	Variability in rated level of performance: frequency distribution for each rating of record level. Trend.	Yes - as history; omit from trend	DCPDS	Annual. Baseline from time of conversion.
2 Market Sensitive Salary and Wages				
a	Trends in supervisor satisfaction with pay flexibilities to attract the quality of people they need	Yes	Attitude Survey	Annual
b	New hire/transfer performance quality (rating) trend and performance pay in first 2-5 years - key occupations	No	DCPDS	Annual point in time
c Reference	Comparative annual salary increase for key occupations: BLS employment cost index increase vs. DoD equivalents' basic/local market supplement increase	No	Special study	Annual, point in time
3 Performance System Provides Ongoing Feedback				
a	Trend in index of opinions about coverage of performance plan, usefulness of feedback, understandability of assessment, recognition for accomplishments.	Yes	Attitude Survey	Annual
4 Stronger link between retention / separation and performance				

a	Loss rates by type from DoD among high, medium, and low performers, after controlling for BRAC	No	DCPDS	Annual, cumulative
b	Adverse actions linked to performance, by type of adverse action.	Yes	DCPDS	Annual, cumulative
5 Performance expectations aligned with Department's and organization's strategic plans, mission requirements				
a Reference	Trends in opinions about individual performance plan links to organization plan, mission, objectives	Yes	Attitude Survey	Annual
6 System supports employee engagement in a positive manner				
a Reference	Trends in index of opinions regarding employee engagement including satisfaction with job, supervisor/senior leaders; intention to leave DoD	Yes	Attitude Survey	Annual
Objective	KPP 2 - Agile and Responsive Workforce and Management MEASURES	PreNSPS Baseline	Source	Frequency Time Range
1 Renewable, expandable, retractable (size) - Mission Critical/Core Support Occupations				
a	Trends in supervisor satisfaction with the quality of candidates/selectees	If possible	Attitude Survey	Annual
b	Trends in supervisor satisfaction with NSPS authorities to attract and retain the caliber of people they need	If possible	Attitude Survey	Annual
c	Trends in supervisor satisfaction with NSPS authorities to reduce or reshape workforce as needed	No	Attitude Survey	Annual
2 Assignable, deployable (shape)				
a	Trends in index of supervisors' opinions on ease/difficulty to relocate, reassign, and deploy (contingency/emergency) employees	Yes	Attitude survey	Annual
b Reference	For NSPS reassignments only: the magnitude and direction (positive and negative) of pay changes: no change, nominal change, moderate change, high change.	No	DCPDS	Annual cumulative
3 Diverse (multifaceted)				

a	Workforce representation rates	Yes	DCPDS	Annual point in time
Objective	KPP 3 - Credible and Trusted System MEASURES	PreNSPS Baseline	Source	Frequency Time Range
1 All elements of NSPS design are accessible and understandable (transparency)				
a	Awareness of NSPS	No	Attitude Survey	Annual
2 Management decisions are merit-based, non-discriminatory, and consistent with NSPS regulations				
a	Trends in index of employee opinions relating to fairness of decisions on assignments, selections for promotion, performance ratings, performance reconsideration, grievances, appeals	Yes	Attitude Survey	Annual
b Reference	Comparative proportion of rating levels, promotions, adverse actions (by type), reassignment with pay change, separation by RIF in relation to workforce representation rate for RNO categories, age group, sex, targeted disability, veteran status	Yes	DCPDS	Annual, cumulative
c Reference	Comparative usage rates of NSPS appointment and conversion authorities in terms of RNO categories, age group, sex, targeted disability, veteran status	No	DCPDS	Annual, cumulative
3 Expeditious and fair resolution of grievances (negotiated/admin), performance reconsiderations, classification appeals, adverse action appeals				Parts Reserved
a	Trends in type of resolution (employee, management, split, remand) for formal grievances, performance rating reconsiderations, classification and adverse action appeals <i>Initially for NSPS: only classification-related</i>	Limited	CPMS classification; future ER/LR ITS	Annual, cumulative
b	Trends in opinions of degree to which the adverse action and appeals system is efficient/effective for supervisors to deal with poor performers	Yes	Attitude Survey	Annual
4 Handle performance deficiencies and misconduct timely and decisively				
a	Trend in opinions on whether performance/misconduct problems are dealt with in the organization	Yes	Attitude Survey	Annual
b Reference	Trends in separations during probation; separations with performance rating level 1 or 2; denial of WGI for non-NSPS	Yes	DCPDS	Annual, cumulative
5 Bargaining process allows DoD and components to implement policies quickly and consistently				Reserved

a	Trends in number of national and multi-unit level agreements	Yes	Manual or future ER/LR ITS	Annual
b	Process time comparison for Commander to act, pre/post-NSPS	Yes	Case Study	Special
6 Resolve labor disputes and negotiated grievances timely				Reserved
	No key or major reference measures			
7 NSPS employees in aggregate are not disadvantaged by the compensation system				
a	Average and aggregated pay changes for continuing employees compared to the GS changes each year	Yes	DCPDS / OPM annual notice	Annual, point in time
b	Average change to basic pay/salary for continuing employees through performance increases compared to prescribed percent range for pay pool fund elements 1 and 2	No	DCPDS / Financial guidance	Annual, cumulative
c Reference	Comparative basic annual pay increases for high, medium, low performers in same series – key occupations	Yes	DCPDS	Annual, point in time
Objective	KPP 4 - Fiscally Sound System MEASURES	PreNSPS Baseline	Source	Frequency Time Range
1 System provides for cost discipline within the Department top line				
a Reference	Trend in per capita employee cost growth: NSPS – nonNSPS, after controlling for average grade or level	No	DoD Budget display if available / DCPDS	Annual, point in time

Objective	KPP 5 - Supporting Infrastructure MEASURES	PreNSPS Baseline	Source	Frequency Time Range
1 Employees and managers are knowledgeable in pertinent aspects of NSPS as a result of training				
a	Percent of supervisors, employees, practitioners trained in NSPS: NSPS 101, human resources system, performance management system, pay pool management, other	No	DCPDS. Component reports for military	Annual, point in time
b	Opinions on usefulness of NSPS training	No	Attitude Survey	Annual
2 Human Resources ITS are interoperable and support NSPS functionality				
a	Yes/No: ITS provides common functionality, codes	No	DCPDS feedback loop; CPMS	Special

APPENDIX C. RECURRING DATA REPORTS

The Program Executive Office will run recurring reports DoD-wide, by Spiral and by component. The normal source will be the Defense Civilian Personnel Data System and associated DoD human resource information systems. Coverage and data dates will be specified. Query routines will be available to Components, for their use.

Workforce Personal and Employment Demographics	Annually; historical data generally 1 year or from just after conversion
Workforce Transactions	Annually
Workforce Pay Rates	Annually, after rate range/local market supplement adjustments and after pay pool results are in DCPDS
Pay Pool Summary Results	Annually, 1 month after pay pool results are in DCPDS
NSPS Training	Annually

Appendix D. Special Studies Process

NSPS special studies are used to analyze or evaluate complex issues. They include long and short-term study requirements. The PEO must effectively allocate resources among study requirements to ensure attention to the most critical NSPS issues; achieve balance among study and evaluation topics; schedule studies so there are not conflicts among competing requirements including those of external agencies like OPM and GAO; and ensure high quality.

To program NSPS studies so priorities are met, the PEO will invite NSPS study proposals on an annual basis, and conduct a review and decision process to decide which proposals will be approved. Approved studies will be managed under a PEO control system which may include PEO organization and conduct of a study; PEO tasking out of a study, with PEO oversight and control over methodology and reporting of results; and/or PEO coordination on a single component study that has utility in evaluation of NSPS overall.

NSPS studies will be fully documented and of high professional quality. Study information and data will be used in evaluation reports. They also may be provided to Government agencies and, as appropriate, to the public.

Organizations performing NSPS studies may be specially formed task forces; PEO and cooperating organizational staff; departmental/component study and analysis organizations; appointed or contracted consultants; Federally Funded Research and Development Centers; commercial research organizations.

The PEO Program Evaluation Director will run the annual proposal process, conduct preliminary review with members of the Program Evaluation Working Group, and recommend studies to the PEO. The PEO will decide which studies to perform or accept, normally after consultation with the NSPS OIPT.

Proposal Format:

NSPS Special Study Requirement

Requesting Organization: PEO NSPS

Date:

POC/Phone/Email for Further Information:

Subject:

Objective and Potential Uses:

Brief Description of Study Coverage:

Study Methodology:

One Time or Recurring Study:

If Recurring, Recommended Frequency:

Recommended Study Agent/Source:

Recommended Start Date: (Indicate both any pre-start date to develop detailed methodology and requirements, and the start date to begin execution of the study.)

Finish Date: (If there are intermediate stages, also give intermediate dates.)

Cost Estimate:

Potential Resources (Capabilities/Sponsorship) for the Study:

NSPS KPP Linkage:

Remarks:

APPENDIX E. PEO EVALUATION SCHEDULE

KEY EVALUATION EVENTS	EXPECTED TIMEFRAME
Evaluation plan	October 2006
DMDC SOFS-C attitude survey including NSPS	Fall 2005/Spring-Fall 2006/Spring FY07-FY10
Baseline data, as of conversion/prior year transactions	Variable, keyed to Spiral
Annual data report	90 days after end of FY
Study of Spiral 1.1/1.2 training rollout strategy	FY08
Study of organizational effects	FY08-10
Study of pay setting under NSPS	FY08-09
Study of Spiral One pay pool practices	FY08
Study of Spiral One staffing practices	FY09
NSPS Spiral One and Two Evaluation Report	FY09-10
Study of employee career and pay progression under NSPS	FY09-10