

Implementing the National Security Personnel System (NSPS)

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The global war on terrorism (GWOT) and Army transformation are driving significant changes for Army Soldiers and the Army civilian workforce. Greater reliance on the civilian workforce to support mission requirements and contingency operations occurs daily, including civilian deployment in direct support of GWOT operations. The Army's transformation effort includes the restructuring of military positions to civilian positions over the next few years. The civilian workforce is expanding to include more significant participation in combat support functions that will allow Soldiers to focus on warfighting. Also, the Base Closure and Realignment Commission rulings impact both Army transformation and civilian workforce reshaping.

To deal with these challenges, the Army's strategic commitment requires a modern, flexible and agile civilian human resource system. Congress's passage of the *FY04 National Defense Authorization Act* authorized NSPS to help shape a more relevant and streamlined DOD workforce. The law allows DOD to establish new rules for how civilians are hired, assigned, compensated, promoted and disciplined within the framework of merit principles, accommodation of veterans' preference and respect for employees' right to bargain.

According to Craig Spisak, Director, U.S. Army Acquisition Support Center (USAASC), NSPS is critical to DOD's overall transformation to a results-oriented, performance-based culture.

"NSPS is a pay-for-performance system that provides DOD with the tools necessary to compensate and reward its employees," said Spisak.

NSPS emphasizes key concepts that are core to the system:

- Accountability -- Employees are responsible for their careers and performance. Employees' performance and contributions will pay off through salary increases and bonuses.
- Flexibility -- NSPS is a simplified and adaptable management system that allows managers to place the right people in the right jobs at the right time.
- Results -- Employees' performance and contributions are linked to achieving organizational goals and DOD's critical mission requirements.

Major NSPS objectives are, ultimately, to:

- Increase flexibility in hiring and assignments to reshape the workforce to meet changing mission requirements.
- Increase flexibility in pay -- create a pay structure that supports latitude to adjust work assignments and organizational structures.
- Improve civilian performance by establishing a pay for performance system. Salary and retention will be based on contribution to mission, not seniority.
- Provide a responsive discipline, grievance and appeal process.
- Allow for effective and efficient management-union collaboration.
- Manage to funded workload.
- Increase managerial and employee accountability.

- Streamline processes, which should result in savings.

Implementation Approach

Defense officials hope that the new system will make it easier to quickly hire experts and reassign employees as the department responds to terrorist and other post-Cold War threats. “NSPS promotes broader skill development and advancement opportunities in pay bands,” says Jerold Lee, an Army Acquisition Demonstration (AcqDemo) Program Manager consultant involved with transitioning to NSPS. “Increases in pay will be based on employee performance and mission contribution, and employees will be encouraged to take ownership of their performance and successes,” Lee emphasizes. “Most of the Army Acquisition, Logistics and Technology community are currently in the AcqDemo, which has prepared them for NSPS. However, NSPS brings flexibilities long sought by AcqDemo, and a significant difference is the NSPS performance management system,” Lee adds.

The new personnel system is being implemented in phases. Each phase is known as a spiral, and each spiral may have multiple increments. Key NSPS provisions highlighted in the Department of the Army Civilian Corps NSPS Transition Plan follow.

Position Classification

The NSPS Position Classification program is designed to assign work and organize DOD in such a way that it accomplishes the national security mission while upholding the Merit Principle: “Equal pay should be provided for work of equal value, with appropriate consideration of both national and local rates paid by employers in the private and public sector, and appropriate

incentives and recognition should be provided for excellence in performance.” The principle strategically situates DOD to compete for candidates in the job market and supports establishing a fiscally sound and responsive pay system that rewards employees for their contribution to mission priorities.

Classification of NSPS positions is based on the primary work that is assigned and actually performed by employees. Under the NSPS Classification System, this work is assigned to a career group, pay schedule, pay band, occupational code and title. For more information on the NSPS Classification program, see the *DoD Civilian Personnel Manual (1400.25-M), Subchapter (SC) 1920, Classification*.

Compensation

Under NSPS, pay increases are based on performance and market conditions, rather than longevity. Managers will align positions and pay according to their market equivalencies, position complexity and performance. Pay adjustments can also be made for specific occupations and specialties in a geographic area when justified by market conditions or specific recruitment and retention issues. Other key NSPS compensation elements include market-based pay band adjustments, and broad authorities for salary adjustments in hiring, promotion, reassignment and performance-recognition decisions. Pay bands are a central feature of the new system and will replace the decades-old, 15-grade General Schedule used across most of the federal government. For more information on compensation, see *DoD 1400.25-M, SC 1930, Compensation Architecture*.

Performance Management

NSPS promotes a culture of high performance where the performance and contributions of the DOD civilian workforce can be more fully recognized and rewarded. The performance-based pay system is a key component of NSPS. The pay system is the linkage between pay and measures of organizational, team and/or individual performance to the overall contribution to the mission's success. The success of NSPS performance management depends highly on performance planning, measurement and linkages to organizational strategic goals and objectives. For more information on the NSPS Performance Management Program, see *DoD 1400.25-M, SC 1940, Performance Management*.

Pay Pools

NSPS will use a pay pool concept to manage, control and distribute performance-based pay increases and bonuses. A pay pool groups a number of positions together for purposes of calculating payout funds, determining assessment of performance and contribution, and determining incentive payouts for the employees in the pay pool. Each pay pool may encompass one or more occupations, career groups, pay schedules, pay band levels, salaries and/or performance levels. For more information on Pay Pools, see *DoD 1400.25-M, SC 1930, Compensation Architecture*.

Staffing and Employment

NSPS staffing and employment regulations include the ability to adapt quickly to mission needs and streamlined promotion and hiring processes. NSPS does not change current requirements to adhere to Merit System Principles, rules against prohibited personnel practices, veterans'

preference regulations or antidiscrimination laws. NSPS staffing and employment regulations provide a framework for establishing DOD-specific requirements for:

- Job qualifications.
- New hiring authorities.
- Initial probationary periods of at least one year and not to exceed three years.
- In-service probationary periods.
- Competitive examining (hiring candidates not currently federal employees).

The staffing and employment implementing issuance provides new hiring authorities in situations where it has been determined a severe shortage of candidates or a critical hiring need exists. DOD may determine such a need exists or may act upon a response to a written request from components. In addition, the implementing issuance provides new flexibility such as:

- Allows temporary appointments for a period up to three years and term appointments up to five years (each is one year longer than current regulation).
- Allows noncitizens to be appointed when there are no qualified U.S. citizens (overseas and CONUS).
- Allows first consideration to be given to applicants from within the local commute area (currently must consider all U.S. citizens who apply).
- Eliminates the requirements for a current DOD employee to complete 52 weeks at a certain grade level prior to promotion.

- Allows management to temporarily promote a current DOD employee up to 180 days without having to advertise the vacancy (currently limited to 120 days).
- Provides management with new options for filling vacancies with current DOD employees. These new processes do not require vacancy announcements and streamline the consideration and selection timeline.

Workforce Shaping

NSPS workforce shaping regulations provide a framework for establishing DOD-specific requirements for reducing overall staff and pay band levels when realigning, reorganizing and reshaping the workforce as a result of organizational decisions such as reduction in force, transfer of function and furlough. The regulations are more streamlined and mission responsive, provide more emphasis on performance, are less disruptive to employees and mission, and retain veterans' preference rights. The DOD implementing issuances provide details for carrying out provisions included in the regulations.

Because NSPS is a significant cultural change in how we supervise and manage the civilian force, much of the front-line training is left to the discretion of the individual military organizations. According to Mary E. Lacey, DOD NSPS Program Executive Officer, there will be a window for shifting employees into NSPS to ensure that managers and employees receive training on the new pay and personnel rules. Some organizations will team human resources (HR) practitioners with line managers to train their workforce. In other cases, either the manager or the HR practitioners will train the workforce directly.

Online sites offering NSPS information are: <http://www.cpms.osd.mil/nsps> and
<http://cpol.army.mil/library/general/nsps>.