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PREPARING FOR TRANSITION: IMPLEMENTATION OF THE NATIONAL SECURITY PERSONNEL SYSTEM

HEARING

BEFORE THE

OVERSIGHT OF GOVERNMENT MANAGEMENT, THE FEDERAL WORKFORCE, AND THE DISTRICT OF COLUMBIA SUBCOMMITTEE

OF THE

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

FIELD HEARING AT FORT DERUSSY, HONOLULU, HAWAII

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PREPARING FOR TRANSITION: IMPLEMENTATION OF THE NATIONAL SECURITY PERSONNEL SYSTEM

WEDNESDAY, APRIL 12, 2006

U.S. SENATE,
OVERSIGHT OF GOVERNMENT MANAGEMENT,
THE FEDERAL WORKFORCE AND THE
DISTRICT OF COLUMBIA SUBCOMMITTEE,
OF THE COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 1:37 p.m. P.S.T., in the Asia-Pacific Center for Security Studies, Fort DeRussy, Honolulu, Hawaii, Hon. George V. Voinovich, Chairman of the Subcommittee, presiding.

Present: Senators Voinovich and Akaka.

OPENING STATEMENT OF SENATOR VOINOVICH

Senator VOINOVICH. This hearing will come to order. This is a hearing of the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia of the Committee on Homeland Security and Governmental Affairs.

I would like to remind everyone that this is an official hearing of the U.S. Senate, and Senator Akaka and I discourage audience participation except for the witnesses.

We thank you all for coming. The title of today's hearing is, "Preparing for Transition: Implementation of the National Security Personnel System." Senator Akaka and I were both involved in the consideration of the National Security Personnel System in 2003, and we have both followed its development closely. We held two oversight hearings specifically on NSPS last year, and we hope to hold another one later this year. We have also held five other hearings on the various challenges confronting the Federal Government's national security workforce over the last several years. We've been working on this for about the last 7 years, haven't we, Senator Akaka?

Senator AKAKA. Yes we have.

Senator VOINOVICH. I would like to publicly mention, in Senator Akaka's home State, the high regard that I have for Senator Akaka. He does an excellent job of representing the interest of his constituents. Occasionally we have differences of opinion about issues, but what we try to do is find those things that unite us rather than divide us. I've gotten to know Senator Akaka through

our Thursday Bible studies in the U.S. Senate. Senator Akaka, his wife Millie, and his family are a real asset to the U.S. Senate. The people of Hawaii should be proud of Senator Akaka, a man of high integrity, a man who works hard, and a man who represents his State, but also considers what's in the best interest of the country.

I was concerned right from the start that the implementation schedule for NSPS was much too fast, and Senator Akaka also is very concerned about that.

In fact, it appeared that the Defense Department might try to put NSPS into effect by October 2004. Can you imagine? I scheduled a meeting with the Department's top leaders on March 30, 2004. I met with Deputy Secretary Paul Wolfowitz and then-Secretary of the Navy Gordon England, and urged them to slow down the implementation schedule for NSPS. I stressed to them that doing it right was much more important than doing it quickly. They agreed and slowed down the process considerably, and since then, I believe the Defense Department, in partnership with the Office of Personnel Management, has proceeded thoughtfully and carefully.

I think everybody understands that NSPS is here to stay: That's a given. I believe, for several reasons, that it has an excellent chance for success.

First, top leaders of the Department, most notably Deputy Secretary of Defense Gordon England, are involved. Second, DOD has decades of experience with alternative personnel system. DOD has more experience with this than probably any other department in the Federal Government. The defense labs, which we have at Wright-Patterson Air Force Base in Dayton, Ohio, have had this for several years and it's worked out terrific for them. Third, the Defense civilian workforce, in my view, is one of the more motivated in the Federal Government. It has a clear mission and sense of purpose. And finally, the military culture, which is a strong presence in DOD, already requires that all military personnel receive a written annual performance appraisal, so there's a culture here throughout the Defense Department. This appraisal system affects awards and pay through promotions. In other words, if you're doing your job and you move up, you get more money, and if you don't, you don't get the promotion and you don't get the money.

Now, 2½ years after it was authorized, NSPS will go into effect on April 30. Today we are focused on where the rubber meets the road. Thousands of miles from Washington, DC, where we debated and established this system, we want to learn what's going on.

Today we're talking about some 250 people here in Hawaii, and they are just the first of over 16,000 DOD civilian employees in Hawaii who will eventually be in NSPS. We have thousands of people in Ohio who will also go into NSPS. In fact, the train-the-trainer sessions are taking place in Ohio, and I'd be interested to hear what you think about it.

The components we are examining today are now the laboratory. Our oversight must focus on ensuring that NSPS is properly funded and thoughtfully, fairly, and deliberately implemented.

I am particularly interested in learning about the training, as I mentioned to you, and I'd like to hear exactly how the Defense components are implementing NSPS and how they are preparing

their people for the enormous changes in workplace management that are under way. I would like to hear from the employee representatives what they are doing to make sure that NSPS is a success, and what suggestions they may have for improving the implementation of NSPS. I look forward to a productive session.

I would mention that I implemented personnel reforms when I was mayor of the City of Cleveland. It was very difficult. That's when I really started to understand how important training is, so that employees understand what is expected of them. Training should also be of good quality and it must be done properly.

When I was governor of Ohio I instituted total quality management. We called it QSTP, Quality Services Through Partnership. The first thing I did was to attend 4 days of training with my labor leaders. I was there and took the time to learn the new system. We really worked hard on getting people to understand what Quality Service Through Partnership meant. And what started out as something that the unions thought would be bad, turned out to be the best thing that we ever did. It was the first time that they could recall that they were empowered to be involved in examining their work and how they could improve.

Now, the tough job was changing the culture of our middle managers, because they had spent their careers in a command and control environment. So this was the hardest thing to overcome.

I would really appreciate it if everyone would have an open mind on this issue, give DOD a chance to move forward with it. If it's not working out the way it should be, we'll do everything that we can to make sure that we correct those things. We know it's not perfect, but I think it's really in the best interest of our country and our employees.

I now yield to my good friend, Senator Akaka.

OPENING STATEMENT OF SENATOR AKAKA

Senator AKAKA. Thank you very much. I want to say mahalo to my Chairman, George Voinovich, and I also want to welcome his lovely wife, Janet, who is here with us. Will you raise your hand? Thank you for joining us today. And to all of you, as we say in Hawaiian, aloha auinala, which is good afternoon, too.

I want to thank my Chairman for holding this field hearing on the National Security Personnel System in my home State of Hawaii. Sometimes you think about wanting to do something like this, and think about how hard it is and you think, well, it can't happen. Well, it has happened. The Chairman is here and I'm here, and I'm really indebted to him for having this hearing here in Hawaii.

Chairman Voinovich and I have worked very well together, in a bipartisan manner, and the reason is he's easy to work with, and he's very open-minded. The difference is that besides being a Senator and former mayor, he was also a governor. He's had all these experiences with people in different levels of government, and knows government. And so I really appreciate working with him.

And I'm also happy to join and welcome our distinguished witnesses and our equally distinguished audience. I extend a special thank you to General Hirai because you have just become the deputy director. I want to thank you and the staff at the Asia-Pacific Center for Securities Studies for making available the center today.

The Center has made Hawaii the gateway for the Department of Defense's interactions with Asian militaries, and the Center's importance will only grow in this Age of the Pacific.

I've been here before, and I have witnessed what goes on here. What's great about this place is that it creates relationships that build confidence and knowledge of the United States with other countries. The Center has been a real benefit to the United States over the years.

Mr. Chairman, like you, I have heard from numerous Defense Department employees about their concerns with NSPS, and I appreciate your working with me to provide a local forum to discuss one of the most critical elements of NSPS, employee training.

Nothing is more important to the Federal Government than how it hires, fires, compensates, and evaluates its employees. Federal employees are the ones charged with the public's trust to carry out agency missions. Since such employee programs go to the very heart of agency performance, training for these programs is critical, as is ensuring that there are mechanisms in place to assess the effectiveness of training.

This hearing provides us with a unique opportunity to review the training and communication programs for managers and employees who will transition into Spiral 1.1 at the end of this month.

We want to know who has been trained, what kind of training they are receiving, how the training is being delivered, how the training programs are being evaluated and coordinated, and what the cost is of such a massive undertaking.

Getting training right on the front end of the implementation of NSPS could promote greater employee understanding. Getting it wrong will send managers and employees on a scavenger hunt to figure out for themselves what's happening, when it's happening, to whom it's happening, and this could lead to misinformation.

NSPS represents a huge cultural change for DOD civilian employees, and setting aside my personal feelings on NSPS, I want to explore what I see as a decentralized training regime. While I understand the design and the need to place training responsibilities within individual service commands, I am concerned that this could lead to inconsistent training that will benefit no one. Because pay under NSPS will depend on effective training, there is no room for uneven or unequal training opportunities.

For a system that rests so heavily on a manager's ability to make meaningful performance distinctions among employees, whose pay and work will be directly impacted by these managerial decisions, there must be strong oversight, accountability, and transparency.

My understanding is that while the Project Executive Office (PEO) in Washington, DC, developed the training programs, individual commands are responsible for providing and funding all training for its personnel. In Hawaii, the vast majority of those going into Spiral 1.1 will be Navy civilian personnel. Given the Navy's emphasis on the One Shipyard Vision, I am curious whether all Navy commands will use the same approach for NSPS training. However, it is important to note that Pearl Harbor Naval Shipyard is mission funded unlike the other three shipyards. Given that our Shipyard is mission funded, I will be interested to know whether the Department will provide additional funds for the training.

If agility and flexibility are the end game in this pay-for-performance system, then training must be consistent so that no employee is at a disadvantage.

DOD's civilian managers, who are the backbone of the new system, must have training that will provide them with the skills and understanding to foster collaborative relationships with their employees, especially in areas like developing performance expectations. We must make certain that managers, over half of whom are eligible for retirement, by the way, are given the support and resources necessary to carry out the implementation of NSPS.

Mr. Chairman, again I want to thank you so much for holding this hearing here. and I feel that the Asia-Pacific Center is a great place for this kind of hearing because this is a place where we will build relationships.

Senator AKAKA. Also, since the Chairman did mention that we didn't want any responses from the audience, I want to just point out that I have staff here that would be willing to meet, in case you have a concern, with those in the audience and pass on your concern. If you do, they'll be out in the lobby. I want to introduce them both, Nanci Langley and Jennifer Tyree, for all their work. Thank you very much, Mr. Chairman.

Senator VOINOVICH. Thank you, Senator Akaka. I'd like to second the thanks to those responsible for welcoming us to this excellent facility. I am pleased that Jennifer Hemingway, a member of the staff of Senator Collins' Homeland Security and Governmental Affairs Committee, is present with us. I especially would like to thank Nanci Langley of Senator Akaka's staff for the work that she did in preparation for this hearing. In addition, I would also like to thank Andrew Richardson from my staff, who's this Subcommittee staff director, for all the work that you and your team have done for this hearing.

We are very fortunate today to have three wonderful witnesses. We have Maureen Kleintop, the Deputy Chief of Staff for Total Fleet Force Manpower and Personnel, of the staff of the Commander, U.S. Pacific Fleet. Jeffrey Wataoka, the Director of the Human Resources Service Center Pacific of the Department of the Navy. And Michael Vajda, the Director of Civilian Human Resources Agency, in Aberdeen Proving Ground of the Department of Army, so I'm glad to have you all here.

We have a custom in this Subcommittee that we swear in our witnesses, so if you'll please stand, I will administer the oath.

Do you swear that the testimony you are about to give this Subcommittee is the truth, the whole truth, and nothing but the truth, so help you, God?

Please have the record note that all witnesses have answered in the affirmative.

I'd like all of you, if possible, to keep your statements to 5 minutes or less. Your entire written testimony will be entered into the record. There is a good possibility that we will not be able to ask all the questions we would like, so we may submit to you some questions in writing.

Ms. Kleintop, please proceed with your testimony.

TESTIMONY OF MAUREEN U. KLEINTOP,[1] DEPUTY CHIEF OF STAFF FOR TOTAL FLEET FORCE MANPOWER AND PERSONNEL, COMMANDER, U.S. PACIFIC FLEET

Ms. KLEINTOP. Thank you. Good afternoon, Chairman Voinovich and Senator Akaka. I'm very pleased to be here this afternoon to discuss the implementation of the NSPS at COMPACFLT Headquarters. This afternoon I'll cover how we have prepared for the NSPS, and how NSPS will further our mission.

Admiral Roughead, as Commander of the Pacific Fleet, believes our civilian workforce is vital to accomplishing our mission. In his recent Commander's Intent entitled "Enhancing Asia-Pacific Sea Power," he focuses on four areas that maximize our contribution to regional security and stability. These are: Warfighting readiness, force posture, regional relationships, and future preparedness.

Our civilian workforce is key in every area. It is essential that we have a human resources system that is capable of supporting and protecting their critical role in COMPACFLT's total force effectiveness.

COMPACFLT Headquarters volunteered to be among the first of the Department of Defense organizations to implement NSPS. We have a successful record of leading transformational change and a strong commitment to building a high performance workforce. On April 30, 2006, 170 employees assigned to COMPACFLT Headquarters command will convert to this new personnel system.

To compare the employees for this conversion, we have taken an assertive and responsible approach. We have implemented a very rigorous training program and have maintained open lines of communication to ensure the workforce that we are committed to their success.

About a year and a half ago, I appointed a project manager, a change management agent, a training program manager, and chartered an NSPS implementation team. Our project manager and the implementation team launched a massive communication effort that incorporated the use of our on-line knowledge management tool called eKM. Almost 300 documents including news items, memos, and newsletters, and links to NSPS have been posted on this particular eKM. We have also distributed NSPS brochures developed by the Department's Project Executive Office.

We took a very proactive approach in providing informal education sessions and established networks with local DOD activities here in the islands. We hosted and invited local representatives to participate in the following events and training sessions:

- Beginning in July 2004, town-hall meetings hosted by Ms. Pat Adams, who's the Deputy Assistant Secretary of the Navy for Civilian Human Resources.
- February 2005, roundtable discussions led by China Lake's demonstration project, human resorces management team.
- From February through September 2005, we conducted informational sessions facilitated by our project manager and the change agent that we basically brought on board.

[1] The prepared statement of Ms. Kleintop appears in the Appendix on page 35.

- On May 31, 2005, we hosted a question-and-answer panel discussion led by some of our own employees who had demo experience or who had private industry experience with pay-for-performance.
- Finally, in August 2005, the Department of Navy's Project Management Officer came out and conducted an executive-level presentation, a briefing for managers and supervisors, a town-hall style briefing, and a meeting with members of the Federal Managers Association at the Pearl Harbor Naval Shipyard.

So that kind of gives you a sense of some of our informal sessions.

We've incorporated a blended approach to our NSPS strategy, and, sir, we were fortunate enough to send 10 of our employees to Columbus, Ohio, to receive the training, train the trainer, on the human resorces technical elements, and, in fact, some of them are here today and probably could attest to that training. This approach, our blended approach, includes the following: Former classroom training, some facilitated workshops, and some e-learning courses.

The Navy's Knowledge On-line (NKO) site hosts DOD's web-based training and the Department of Navy's e-learning curriculum. Our soft-skilled training entitled "Coaching for High Performance" was launched in April 2005. We trained a total of 114 managers and supervisors, not only from COMPACFLT Headquarters, but other local activities in Oahu.

From January through March 2006, we conducted 19 follow-on workshops to assist our directors in developing organizational performance objectives cascading from Admiral Roughead's Commander's intent to create that kind of activity.

DOD's web-based training, called NSPS 101, also provides a well-organized introduction to NSPS and features a conversion tool that our employees are now using.

Last Friday, on April 7, 2006, COMPACFLT's top leadership flag and NSPS members attended a Senior Leader Forum that provided an executive-level overview not only of the NSPS architecture, but it also focused on their leadership responsibilities as well as the Performance Management System.

Training on human resorces elements for managers, supervisors, and employees was initiated on April 5, 2006, and to date, we have trained over 200 managers, and supervisors, and employees, primarily from COMPACFLT Headquarters but also others from the islands.

Our first of three "Performance Management for Managers and Supervisors" courses began on Monday of this week, April 10, 2006. And beginning April 18, our employees will receive 8 hours of Performance Management training and learn to develop their personal job objectives linked to the Commander's Intent that has been published by Admiral Roughead.

Formal training on Writing Accomplishments and Pay Pool Management will be added to our training curriculum as soon as those courses are developed. By April 30, 2006, we will have trained almost 250 individuals on the technical aspects of NSPS.

Successful execution of our communication and training strategies has prepared our workforce for the upcoming transition. We have built credibility into each aspect of our deployment plan by involving our people. The face-to-face communication structure provided by the implementation team, as well as event and training evaluations, allowed us to effectively incorporate employees' feedback into our strategies. All employees have been reminded that Merit System Principles, Equal Employment Opportunity, and Veterans Preference Policies remain unchanged under NSPS. We are confident in our ability to successfully implement this new civilian personnel system with a view towards minimizing employees' concerns while maximizing their participation and acceptance.

NSPS will provide COMPACFLT Headquarters with the modern human resources system we need to attract and retain the talent that we require. A core NSPS objective is to provide an environment where employees will be encouraged to excel, challenged with meaningful work, and ultimately recognized for their contribution. By aligning our individual objectives with Admiral Roughead's mission objectives, NSPS ensures accountability exists at all levels.

Thank you again for the opportunity to testify.

Senator VOINOVICH. Thank you very much. Now, you're the Deputy Chief of Staff for Total Fleet Force Manpower, for the Commander, U.S. Pacific Fleet. Are you a career civil servant?

Ms. KLEINTOP. Yes. I'm a member of the Senior Executive Service.

Senator VOINOVICH. OK.

Ms. KLEINTOP. Yes. And my background, sir, is predominantly in human resources management over the period of the last 35½ years with the Department of the Navy.

Senator VOINOVICH. So you've seen a lot of things come and go over the years?

Ms. KLEINTOP. Absolutely. Not only in the civilian personnel sector, but as the de-cost, if you will, for total force management. Approximately 5 years ago, then Admiral Fargo gave me responsibility for the military personnel programs as well.

Senator VOINOVICH. Thank you. Mr. Wataoka.

TESTIMONY OF JEFFREY T. WATAOKA,[1] DIRECTOR, HUMAN RESOURCES SERVICE CENTER PACIFIC, DEPARTMENT OF THE NAVY

Mr. WATAOKA. Good afternoon, Senator Voinovich and Senator Akaka. I am Jeffrey Wataoka, Director, Human Resources Service Center Pacific. We have a workforce of 62 employees, and are one of seven HRSCs within the Department of the Navy. Our Headquarters is the Office of Civilian Human Resources, located in Washington, DC. Our Headquarters and all of our U.S. HRSCs are converting to NSPS as part of Spiral 1.1. I appreciate the opportunity to be here, to address how I helped prepare our employees for implementation of NSPS.

This September, I will have served in the Department of the Navy for 40 years. During my years of service in the human resources field, I've participated in many changes including those

[1] The prepared statement of Mr. Wataoka appears in the Appendix on page 48.

made under the Civil Service Reform Act of 1978. Effecting change is oftentimes challenging especially when the goals are significant and affect a wide variety of employees, and this is true of NSPS. From the outset, the Department of the Defense structured their plan to build trust and credibility with employees, and this is what I focused on, in the HRSC Pacific.

NSPS—What's in it for employees? And four things come readily to mind: Recognizing and rewarding employees based on their personal contribution to the mission. Defining performance expectations between supervisors and employees. Encouraging employees to take ownership of their ownership and success. And promoting broader skill development and advancement opportunities in pay bands.

To prepare employees for the transition to NSPS, I focused on three critical factors: Communication, training, and participation. I will now provide some details on each of these factors.

First and foremost is communication, both oral and written. Face-to-face interaction, which started over 1 year ago, included "all hands" meetings conducted by supervisors and employees in our office to discuss proposed NSPS regulations and procedures. Employees also attended separate presentations and discussions with the Deputy Assistant Secretary of the Navy (civilian Human Resources); the Director, Office of Civilian Human Resources; and the Program Manager, NSPS Project Management Office; and also representatives from Demonstration Projects who have experience with the pay-for-performance system.

Written material disseminated to the staff included NSPS regulations; the HR Primer on NSPS that highlighted key points on issues such as classification, staffing, performance management, compensation, and workforce shaping. We also shared newspaper articles that include information on pay issues, legal issues, and comments from employees regarding NSPS. Newsletters from the Deputy Assistant Secretary of the Navy, Office of Civilian Human Resources, as well as those that I issued at the local level were all disseminated to employees.

So far, there have been 18 newsletters from the Deputy Assistant Secretary of the Navy. The most recent one is dated March 7, 2006. This newsletter covered such topics as facts about conversion, preparing for NSPS, and an update of training.

Information on NSPS was also communicated to employees via various websites including those from the Department of Defense and the Department of the Navy. The Department of Defense website includes the regulations and frequently asked questions and answers. NSPS material was posted on our bulletin boards. I disseminated NSPS brochures to all employees, including those entitled "Communicating With Your Supervisor," "Focus on Performance," and the "Role of the HR Practitioner." Video such as "NSPS: Towards a Mission-Centered Workforce" and "Appraising Performance" were shown to employees.

Finally, key members of my staff participate on biweekly web-exchanges in which the latest status of NSPS is discussed and questions answered.

The second factor is training. Training under NSPS is comprised of soft skills and technical training, and, because we're a human

resources office, additional informal and formal training has been or will be conducted for employees. Soft skill on-line training in the Department of the Navy taken by employees included "Coaching for High Performance," "Listening Skills," "Goal Setting," and "Effective Communication." The technical training completed or scheduled to be completed for all employees by the end of this month is NSPS 101, which is an interactive web-based course, "HR Elements for Practitioners," a 24-hour course, and "Performance Management." Both the "HR Elements" and "Performance Management" courses are mandatory for all employees, including supervisors. Training that will be scheduled in the near future will include pay-pool management and pay-for-performance.

The third factor is participation. Our employees have been involved in specific NSPS initiatives. Our Headquarters established teams with representatives from all of Spiral 1.1 HRSCs to provide input on how NSPS will be implemented throughout our Command. These teams provided input on proposed regulations, conducting joint training, and participating in focus groups for development of job objectives and implementation teams involving information technology, conversion, classification, and recruitment. Employees identified and documented the employee development needs and participated in developing their own performance plan.

HRSC Pacific employees have conducted training for our staff, on human resorces elements for human resorces practitioners, and will assist in training on performance management. I expect our staff will continue to be involved in formal and informal NSPS training in the future.

We have been actively engaged in ensuring all employees understand NSPS and the effect of this new system on their role in furthering our important mission. Personally, I'm excited to begin deployment of NSPS and am continually committed to open communication, training, and involvement of our workforce in NSPS. I believe our employees are well prepared for NSPS implementation and will soon embrace it as a means to improved performance.

Thank you for the opportunity to testify.

Senator VOINOVICH. Thank you very much for your testimony. Mr. Vajda.

TESTIMONY OF MICHAEL L. VAJDA,[1] DIRECTOR, CIVILIAN HUMAN RESOURCES AGENCY, DEPARTMENT OF THE ARMY, ABERDEEN PROVING GROUND, MARYLAND

Mr. VAJDA. Good afternoon, Chairman Voinovich and Senator Akaka. My name is Mike Vajda, and I am the Director of the Department of Army Civilian Human Resources Agency, Army's sole Spiral 1.1 organization. I would like to thank both of you, the Subcommittee and your staffs, for inviting me to discuss our preparations for implementation of NSPS.

And as described in my written testimony, the Army is looking forward to using the many flexibilities offered under NSPS, to better care for our civilian workforce. Acquiring and sustaining a capable and focused workforce in these times requires a human resources system that is as contemporary as the challenges we now

[1] The prepared statement of Mr. Vajda appears in the Appendix on page 54.

face. Our Spiral 1.1 participants are the members of Army's operating civilian human resource community. As a sole participant in Spiral 1.1, they will have the opportunity to learn NSPS firsthand and use this detailed knowledge to assist our commanders, managers, and employees who would transition in later spirals.

The Army believes that effective communication is key to successful implementation of NSPS. We have consistently shared the NSPS message through an organized chain teaching program, orchestrated town-hall meetings, briefings, brochures, fact sheets, training bulletins, and dedicated websites. Perhaps our most effective communication tool has been our senior leaders, who have had the desire and vision to support this critical initiative, leaders who embrace change and guide their organizations and employees toward successful NSPS implementation.

One of these leaders is right here in Hawaii, Major General Stephen Tom, Deputy Commanding General for Mobilization and Reserve Affairs, U.S. Army Pacific. Major General Tom was appointed by Lieutenant General Brown, Commander of the U.S. Army Pacific, to spearhead the transition of the civilian workforce to NSPS. Since assuming this role, Major General Tom had been actively engaged in communicating the significance and value of NSPS to Army leaders and personnel throughout the Pacific.

This effort presented the unique challenge of reaching out to many different Army commands and activities, geographically disbursed, in Hawaii, Alaska, and Japan. Major General Tom more than met the challenge. He has implemented an NSPS information campaign that began in August 2005, and continues to reach employees, managers, and civilian and military leaders at all levels.

Major General Tom chairs the U.S. Army Pacific Civilian Advisory Board, that addresses broad issues that impact the civilian workforce. He also serves as a member of Army's NSPS General Officer Steering Committee. He has used the employee and leadership feedback he has obtained, to inform and positively influence NSPS implementation issues in the Pacific and throughout the Army.

I want to show you that the NSPS training delivery is well under way in the Army. More than 60 percent of approximately 2,400 Army's Spiral 1.1 employees have received formal training. Twenty employees here at Fort Shafter Personnel Advisory Center are in Spiral 1.1. Six of these employees have completed the official train-the-trainer sessions at Columbus, and will serve as NSPS trainers. The two supervisors of the 20-person advisory center have also been trained, as have the remaining employees at Fort Shafter.

In summary, we are confident that the Army is well positioned to implement NSPS on April 30, both here in Hawaii and in our other Spiral 1.1 locations throughout the United States. The Army looks forward to the flexibilities that NSPS will provide us in our efforts to acquire, develop, and sustain a highly skilled and motivated workforce. We truly believe that it will enhance our ability to support the warfighter and their families, as well as allow us to better serve our Nation.

I would again like to thank you for providing me the opportunity to share Army's NSPS implementation plans with you, and I would be happy to take any questions.

Senator VOINOVICH. Thank you for that excellent testimony. I have to say that I'm very impressed with what all of you have said about the preparation that you have made.

Mr. Vajda, is there any communication between you and other people in the Navy, Army, and the Air Force? I noticed you had a very robust way of preparing for this. Did you do that on your own or did you get some direction from another office, how did that work?

Mr. VAJDA. Yes, sir. Each of the components have a project manager for NSPS, Army, Navy, and the Air Force. They work together and work with the Project Executive Office (PEO). We basically have "soft skills" training on-line, very similar to the Army. In fact, we've trained over 5,000 of Army civilians on the on-line training and approximately 4,000 in classroom training on change management, setting performance objectives, and having effective performance discussions. So we do coordinate and work together.

Senator VOINOVICH. So the initial information that was sent down through the ranks was the same information for all branches involved?

Mr. VAJDA. Very consistent, sir.

Senator VOINOVICH. I was very concerned about the soft skills training because I think it is probably more important than going through the training manuals, videotapes, and websites—is it all more or less the same information?

Mr. VAJDA. Exactly, sir. And we track all accomplishments. Our training efforts are centrally managed at the department level, and we track every accomplishment. Our supervisors have to be certified in order to work on pay pools, or, actually rate employees' performance.

Senator VOINOVICH. I have been concerned about training since I first took this chairmanship. Senator Akaka may remember that I sent a letter out to 12 Federal agencies and asked them how much money they were spending on training, because training is extremely important, so people know they have an opportunity to obtain greater skills and they are growing professionally. Of the 12 agencies, 11 said they didn't know, and one said they did know, but they wouldn't tell me.

You have all been asked to do more training than you would be ordinarily requested to do. Do you have the necessary resources to do the training that you're supposed to do? Did you have to pay for this training out of your existing budget? What kind of consideration was given to your budgets in order to implement this new program? I'd also be interested to learn if the trainers of the trainers were employees of the Department of Defense, or were they from the private sector? If they were from the private sector, did you have to pay them out of your budget? Could all three of you please comment on this?

Ms. KLEINTOP. I'll start by saying that, to the best of our ability, when we realized a year and a half ago, the huge investment in training that would be required, we have attempted to budget for it through the normal PBB process. Obviously, since it's event driven, we may not have it exactly right, but so far, so good.

Senator VOINOVICH. In other words, because you recognized you had this new responsibility, you did allocate resources to it?

Ms. KLEINTOP. We did, yes, sir.

Senator VOINOVICH. Did you get any additional resources over and above the year before?

Ms. KLEINTOP. I did not, no, sir.

Senator VOINOVICH. So you cut back on some of your programs and decided to put those resources into NSPS; is that correct?

Ms. KLEINTOP. I would say that's a fair assessment for the first year and a half, but now that we see the line of sight in terms of where we're headed, I think that's one of the advantages of going first as a major claimant, which we are, because the lessons that we take away, vis-à-vis what does this cost, we'll be able to plan for, as we implement for the remaining 18,000 employees that work for our Headquarters.

Senator VOINOVICH. Do you anticipate asking for additional money over and above the budget that you received in the 2007 budget?

Ms. KLEINTOP. Yes, sir. We will have to.

Senator VOINOVICH. If NSPS is going to be successful, you have got to have the resources that are necessary for you to get the job done.

Ms. KLEINTOP. Yes, sir.

Senator VOINOVICH. Linda Springer is the new OPM director, and we have discussed personnel reforms similar to NSPS for the entire Federal Government. A key question is whether agencies will have the management capacity and resources to do this.

Ms. KLEINTOP. Yes, sir.

Senator VOINOVICH. So, successful implementation will rely in part on the budgets of these agencies, I think that's one of the things we have to pay particular attention to, that we don't ask you to do a job and then don't give you the resources to get it done. Because I've always observed that if you ask somebody to do a job and you don't give them the resources to do it, basically, you are telling them that you don't think very much of what you're asking them to do.

Ms. KLEINTOP. That's right.

Senator VOINOVICH. So, that's good. Mr. Wataoka, same question.

Mr. WATAOKA. Yes, sir. First of all, Senator, all of our training course is captured, and we're submitting our reports to our comptroller located in Washington, DC. No additional supplemental funds were provided to us. However, I see NSPS as an investment, and if I can just use one data point, under the current general schedule system, there are 400 OPM classification standards. Under NSPS, there will be only 15. So I can see that there's going to be tremendous amount of savings on our part, when we implement NSPS. It will be simpler and much more timely and less effort involved by our staff in the future.

Senator VOINOVICH. Does you agency use category hiring instead of the "Rule in Three?"

Mr. WATAOKA. Category ranking, sir, is that what you're talking about?

Senator VOINOVICH. Yes.

Mr. WATAOKA. Yes, sir.

Senator VOINOVICH. So now you have a larger pool of applicants than you can review, and that's going to help save time?

Mr. WATAOKA. Absolutely, sir. And we also have numerical ratings. We have both, numerical and categorical, yes, sir. So we see tremendous savings for us in the future. Now, we are human resources, so we will be directly impacted.

Senator VOINOVICH. OK. So that's good to hear. Mr. Vajda.

Mr. VAJDA. Sir, in the Army, we've centrally managed the training requirement, the technical training requirement for NSPS, the training that our employees, our supervisors will need to understand and execute their roles in the NSPS environment. I personally briefed at the Pentagon the requirements—the budgetary requirements to train our workforce, both supervisors and managers, current year through 2009. That budget was recognized as a must-paid bill. Of course, a year of execution, and this year, basically, we're in an unfinanced requirement, this mode where the Army looks for money to pay that bill, but recognizes it as a bill.

So it's centrally recognized within the Department of Army that we must do this, that a certain amount of dollars are allocated to do that, and we're hoping to get the—in our palm years, 2008 through 2013, it recognized as an additional requirement for those years.

Senator VOINOVICH. OK. So you have your own budget for the Army, and you have yours?

Ms. KLEINTOP. For COMPACFLT, right.

Senator VOINOVICH. But certainly, the Department itself is going to have some real input into this decision making. I'm going to talk to Gordon England about this, and he has understood this process from the beginning.

Senator Akaka, we have 10-minute question periods and I've used 11 minutes. Senator Akaka.

Senator AKAKA. Thank you very much, Mr. Chairman.

I again want to express my gratitude to our witnesses for being here and also sharing—and I am smiling as I say this—your 30, 35, and 40-plus years of service. I look forward to hearing your thoughts.

I want to ask Ms. Kleintop and Mr. Wataoka, as Federal employees living in Hawaii, about non-foreign COLA. I understand that COLA, which is an allowance, has been given to Federal workers living in noncontiguous areas and in U.S. Territories since 1949. Under NSPS, pay raises will be based on five possible factors, including what is called "local market supplemental adjustment," which will take the place of locality pay. Obviously, DOD employees in Hawaii are wondering how COLA fits into NSPS, and how COLA and local market supplements will interface. Moreover, COLA is protected under NSPS and cannot be waived by the Secretary.

Ms. Kleintop, would you please describe what will happen to those receiving COLA as they convert to NSPS?

Ms. KLEINTOP. Sir, as you said, and it is a fact, the NSPS legislation does not affect Title 5 that provides us the non-foreign COLA If I might, though, comment, as early as the town-hall meeting, 2004, with Ms. Adams, this was a large concern on the part of the local constituents, so much so, that since we hosted Ms. Adams, I immediately identified this issue to Mary Lacy, and she established that obviously NSPS would not impact that entitlement. However,

what I further asked her to do, and they did promptly, was to make that a matter of record on the website that they were setting up, so that all of our constituents here would understand, because quite frankly, the people at the town-hall really were wishing that NSPS would change the existing legislation on COLA to enable us to receive the locality pay.

As we transitioned into NSPS, as you've mentioned for those that receive locality pay, that will be part of that conversion and taken into consideration. Here we, in fact, will continue to receive COLA As far as the local market supplement, though, I can't explain precisely how that will proceed, because that is something that we're looking forward to, in the future, I would expect that the COLA surveys, as we know them, will continue, and I would be projecting, but I would think that the local market supplement surveys would have to take into consideration the fact that we do receive COLA And I will yield to Mr. Wataoka in case I've left something out.

Senator AKAKA. Thank you. Mr. Wataoka.

Mr. WATAOKA. Quite a complete answer, Senator. We did host Ms. Adams', the Deputy Assistant Secretary of the Navy, visits to Hawaii, and it was held in the Pearl Harbor Naval Base, with over 200 employees. This question came up from a number of participants in the audience. She did go back and she did address this answer on the website. It was actually Question No. 18, because I received it and disseminate it to our staff and our service activities. So, I think that was a complete answer by Ms. Kleintop.

Senator AKAKA. Will Hawaii employees be disadvantaged in any way if they don't get local market supplement?

Mr. WATAOKA. They would, in the sense of retirement. We know that COLA doesn't count toward our retirement, but that's subject to a separate lawsuit that's ongoing now, sir.

Ms. KLEINTOP. I think, Senator, you've hit on the crux of the issue, and that is the disadvantage, if I can call it that. That is we receive the COLA and not locality pay. Like some of the Kona's locations, locality pay is computed currently into your retirement annuity. And, basically, I go back to that was the point at the town-hall, that many people were hopeful with the NSPS legislation, that legislation could rectify that inequity, if you will, and clearly, it does not change that.

Mr. WATAOKA. I'd like to add one more comment on that, Senator, if I may.

Senator AKAKA. Yes.

Mr. WATAOKA. I'm not sure that all employees would agree that there would be a disadvantage. Only in the sense with cost-of-living allowance, there's no taxes paid. So, many of the new employees may not want it. I don't know, I didn't ask everyone, obviously, but I think if you're looking at long-term retirement, then it doesn't count toward your annuity, the cost-of-living allowance.

Senator AKAKA. Well, I would really appreciate your continuing to work on this, to be sure it's clarified, and there's an understanding and even a resolution as to what it's going to finally be.

Mr. WATAOKA. Yes, sir.

Senator AKAKA. And I think the workforce would really appreciate that.

Ms. KLEINTOP. Sir.

Senator AKAKA. So let's continue to work on that.

Ms. Kleintop, we know that the departments and components will fund training for NSPS from existing funds. However, as you know, Pearl Harbor Naval Shipyard is mission funded. How is the Shipyard paying for the NSPS training programs, and if the Shipyard is not receiving additional funds from DOD for NSPS, how is Navy balancing NSPS training with other necessary employee training programs? Are existing programs being scaled back or eliminated to cover the cost of NSPS training?

Ms. KLEINTOP. Sir, I would like to take that question, for the record. To my knowledge, a formal training has not started at the Pearl Harbor Naval Shipyard. However, I believe that question would be best answered by NAVSYS Systems Command. Because as you stated in your opening remarks, though it is mission funded and COMPACFLT Headquarters is the budget-submitting office for the Pearl Harbor Naval Shipyard, the shipyard—excuse me, NAVSYS has taken a one-shipyard approach in terms of NSPS implementation. We agreed to that at the outset. And so I don't feel that I could give you an adequate, precise answer on your question.

Senator AKAKA. Well, let me give Mr. Wataoka a chance, in case you want to say anything about that.

Mr. WATAOKA. I really have no comment on that, sir.

Senator AKAKA. Thank you. Mr. Wataoka, you have over 20 years of experience in the field of labor and employee relations, which makes you uniquely qualified to understand employee concerns over their rights and protections under NSPS. As such, I'm sure you will agree with the Federal Managers Association, that training managers and employees on employee rights will help ease concerns and create an environment focused on an agency's mission. Would you describe for us the training that employees are receiving on their rights and protections under NSPS, and how those rights under NSPS differ from a current law?

Mr. WATAOKA. We had several O.M. meetings where we discussed the proposed regulations. However, at the end, when I did address to my staff personally the adverse actions, the appeals, and the laborer relations portions, even though we do not have a bargaining unit, so I went over those provisions with them, but, of course, now because of the court decision, these programs are enjoined, and so we've stopped our training in these areas. There are provisions, however, for employees to contest certain actions on the current other systems regarding the appeal, the performance ratings, for example, so there are built-in protections for employees.

Senator AKAKA. Ms. Kleintop, DOD's training manual, *HR Elements for Spiral 1.1* states that veterans' preference principles will be protected under NSPS. To me, the term "principles" is a departure from the clear statutory preference for veterans in hiring and protections during a reduction in force. Does the use of the term "principles" imply a change in veterans' preference rights under NSPS from current law?

Ms. KLEINTOP. Sir, not as far as I'm advised. Obviously I was not the author of that particular manual, so I would have to yield on the use of "principles" versus the "law." But, basically, what we've instructed is that veterans' preference will not be interrupted.

Senator AKAKA. Mr. Wataoka or Mr. Vajda, would either of you want to make a comment on that?

Mr. VAJDA. Sir, as far as I understand, the current rules regarding veterans' preference is maintained in NSPS, and it will continue without being impacted adversely. And I would just like to say that as far as the Army goes, our veterans are a great recruitment resource for us, and we value them as a component of the civilian workforce.

Senator AKAKA. Mr. Wataoka.

Mr. WATAOKA. We would administer reduction in force for our service activities. There are four factors that would be considered, and in order, they would be tenure, veterans' preference, performance rating, and credible service. That's how it is under the current system, with the exception that credible service and performance ratings are flip-flop; that is, today, credible service overrides the performance rating. That will be changed under NSPS. But veterans' preference would remain the same under both systems, the current and NSPS.

Senator AKAKA. We need to clarify this, so that people will feel that they understand what is meant by veterans' preference "principles," and I thank you for that.

Senator VOINOVICH. Thank you, Senator.

In terms of the veterans' preference, we held a very good hearing in Washington that was requested by Senator Akaka, and we heard from some of the organizations who weren't happy. Senator Akaka and I are going to send a letter to the Department of Defense and the Office of Personnel Management to get additional information. We are very committed to this particularly with our men and women coming back from Afghanistan and Iraq, it's really important.

I never did get an answer because I didn't give you a chance to respond. Who was doing the training?

Ms. KLEINTOP. If I might go first, we are doing it with in-house trainers, with one or two exceptions, and what I would offer to you, sir, based on our current experience, the way that NSPS is set up and the way that we're implementing it, based on our Commander's intent and Admiral Roughead's objectives, there is such goodness to using in-house people, if you can.

Now, I realize at COMPACFLT, we're implementing 470 people. There are larger organizations that may not be able to humanly do that with their in-house talent, but the feedback and we have it from our flag officers, SESRs attending the training, is that they really like the goodness of the in-house trainers who know the command, know the people, encourage the openness, and basically have been with us for the last year and a half, getting ready, and that's real-time feedback to you, because this is going on, as we speak.

Senator VOINOVICH. That's great. When we did our Quality Service Through Partnership training, which was Total Quality Management, Xerox Corporation was the one that really helped us. But eventually all of our trainers were Ohio government employees. When I left the governor's office, we had 3,500 continuous improvement teams, and we had 2,500 facilitators. These are all people

that had taken time away from their regular jobs to participate, and it really, I think, is the best way to get the job done.

The people in the Pentagon that are overseeing this program in Washington, DC, do you believe they've got the resources to oversee this? In other words, the P——

Ms. KLEINTOP. PEO.

Senator VOINOVICH. Yes. Do you feel comfortable that they've got their act together and have the resources to get the job done?

Mr. VAJDA. Sir, from my perspective, they've done a very good job. Army, and I believe Navy and Air Force, all have representatives that work with the Project Executive Office, and we work very closely with them. We all have project managers, and we work as a team, basically. I've met with the OIPT and seen how Mr. Dominguez and that group, very carefully and exactingly, considers what they do and how we do it with NSPS.

Senator VOINOVICH. So you feel very comfortable?

Mr. VAJDA. I do feel comfortable, sir.

Senator VOINOVICH. Are they engaged and concerned?

Mr. VAJDA. They are engaged.

Senator VOINOVICH. That's good.

On the issue of the soft skills training, is that done in the classroom with people, or by a videotape or over the Internet?

Mr. WATAOKA. It's both, sir. We do have web-based training on a lot of it, and others are face-to-face interaction in classrooms.

Mr. VAJDA. Sir, we do both in the Army as well. We have classroom training that we offer at every installation, and we have web-based training, a wide variety of web-based courses that employees can take at their leisure.

Senator VOINOVICH. Congress authorized 2 years ago that the Senior Executive Service would have a pay-for-performance system. Have all of the SES people in your respective offices gone through the pay-for-performance training and entered this system? How is it working?

Ms. KLEINTOP. I can speak to that. We have four SESers at COMPACFLT, and, in fact, yes, we have been through one evolution on pay-for-performance. And actually, I think some of the things that were done for NSPS are helping to inform backwards how we can improve the transparency on that effort, but——

Senator VOINOVICH. That's great. I don't think there was this level of preparation for the Senior Executive Service. I don't think it was done. Are you saying that maybe that it didn't work out as well as you would like it to?

Ms. KLEINTOP. I have no personal complaints, but I have heard people say that perhaps the transparency of the process was not as ideal as we feel it is right now for our people, but that's all part of transformation. And to answer your question, yes, in fact, one of our four will probably be the pay pool manager for COMPACFLT, and that's because of his experience working at the senior Navy level on the pay pool process back there, so we're trying to use his experience to do it at our headquarters.

Senator VOINOVICH. Mr. Wataoka.

Mr. WATAOKA. I was going to make a comment about that. What I thought was interesting was the Deputy Assistant Secretary of the Navy, Patricia Adams, shared her performance objectives with

all of us. My understanding is that performance management for the SES group has been successful. I've heard very favorable comments.

Senator VOINOVICH. They feel good about it, overall?

Mr. WATAOKA. I can't answer that. I don't know.

Senator VOINOVICH. You say it's been successful, but you're not sure?

Mr. WATAOKA. The people that I've talked to are happy that they've launched this. My boss is at least showing that they are leading the way, they're the senior executives, and she's willing to share her standards with us. I think that's making a statement, sir.

Senator VOINOVICH. I'll be interested to hear from the representative of the managers on that one.

Do you have any comment on this, Mr. Vajda?

Mr. VAJDA. I would just echo what Ms. Kleintop said, sir, and I do know that the OIPT, Secretary England and his group really did take a hard look at what happened with senior executive performance appraisal process and the lessons they learned there, and tried to apply that to NSPS.

Senator VOINOVICH. Thank you. Senator Akaka.

Senator AKAKA. Thank you very much, Mr. Chairman.

Having the three of you here today provides me with the opportunity to ask the question I've asked of DOD officials before, which is, what are the plans for converting Wage-Grade employees to NSPS? Has anything been developed for a potential conversion, and has there been any discussion on the application of the Monroney Amendment to Wage-Grade employee pay under NSPS? Ms. Kleintop?

Ms. KLEINTOP. The details, as I know them, have not been developed at the DOD or Department of Navy level, but COMPACFLT obviously employs, throughout our areas of responsibility, many wage grade employees, two of the shipyards, and so, obviously, at my level, our line of sight and vision is that we will convert, we will implement NSPS for our wage grade employees. The original schedule, however, given the Spirals, was not to have that happen until Spiral 2.0. So, as to the further development and crystallizing all of that for the wage grade, I would have to take that for the record, in terms of the new schedule and the exact details that have been fleshed out.

Senator AKAKA. Mr. Wataoka, do you you have anything to add?

Mr. WATAOKA. Nothing significant, sir. I did attend a DOD meeting in which this issue was addressed, but I think as Ms. Kleintop said, it's in Spiral 2.0, which is sometime in calendar year 2007, so I haven't heard very much more about it, sir.

Senator AKAKA. Mr. Vajda.

Mr. VAJDA. Senator, I don't think I could add much specifics aside from the fact that I do believe that the principles and theories underlying NSPS would be equally applicable to our blue collar employees as they are to our white collar employees, and I know the intent is for this system to cover our wage grade employees as well.

Senator AKAKA. I have many other questions, Mr. Chairman, but I'll submit them for the record. However, if I may ask this one, Ms.

Kleintop, our Subcommittee was told last November by Secretary England that 85 percent of NSPS training will be conducted on a face-to-face basis in the classroom. Is this the case, and have you evaluated which training, classroom or on-line, is more effective?

Ms. KLEINTOP. All of the training that we have accomplished to date in the last year and a half, we have evaluated. There are built-in pre- and post-evaluations that are done. And what I stated in my testimony is that we have used a blended approach, because, quite frankly, we do have employees that do enjoy going to the website and taking advantage of those courses. But I would say in the main, our soft skill training, which was coaching for high performance, was all done in person, and obviously the training that we're conducting at this moment is all in person, and to his credit, Admiral Roughead has directed that all of this training will be required for all employees, managers, and supervisors, and so even though we are not directed that way, from DOD or Navy, he believes that it is that critical, that is basically what our metric is, as we speak.

Senator AKAKA. The question also comes because you testified that those without computers were given brochures for information on NSPS. I am interested in on-line training programs. What alternatives are in place to provide on-line training programs to individuals without a computer, and how many employees does this affect?

Ms. KLEINTOP. Sir, I apologize if I misled you. I can assure you, all 170 employees at COMPACFLT Headquarters have not just one, but two computers, basically unclassified and classified. What I should have said more clearly is that this blended approach is allowing our employees to go to the websites on their own time to take advantage of some of the courses that are there, on the soft skill side, but in no way did that replace the formal classroom training that we are doing, and I apologize if I misled you on that.

Senator AKAKA. Thank you so much for your response. Thank you, Mr. Chairman.

Senator VOINOVICH. Thank you very much for your testimony today. I must say that you have made me feel more confident about this system because of all the work that you've done in preparing for it. I think that you understand, as implementation continues, the level of effort needed to be successful, as well as the need for continuous training.

Mr. Vajda, how long have you worked for the Federal Government?

Mr. VAJDA. Thirty-two years.

Senator VOINOVICH. OK. I want to thank you all for continuing to serve your country at a very critical time. Your years of experience are important to the operations of the government.

Mr. VAJDA. Thank you, sir.

Senator VOINOVICH. Will the second panel of witnesses come up, please.

Before our witnesses sit down, I'll administer the oath.

Do you swear the testimony you are about to give this Subcommittee is the truth, the whole truth, and nothing but the truth, so help you, God?

Thank you. Please have the record note that all witnesses have answered in the affirmative.

We're very fortunate today to have representatives from three organizations. We have John Priolo, the past President of Chapter 19 of the Federal Managers Association. Mr. Priolo, Senator Akaka reminded me, has testified before us previously.

Benjamin Toyama is the International Vice President, Western Federal Area of the International Federation of Professional and Technical Engineers, AFL–CIO. Don Bongo is the Vice President of the Hawaii Federal Employees Metal Trades Council, AFL–CIO.

Thank you very much for being here today to share your thoughts, we welcome them.

Mr. Priolo, we'll start with you.

TESTIMONY OF JOHN C. PRIOLO,[1] RETIRED PRESIDENT, CHAPTER 19, PEARL HARBOR NAVAL SHIPYARD, FEDERAL MANAGERS ASSOCIATION

Mr. PRIOLO. Thank you. Chairman Voinovich and Senator Akaka, it's good to see you both again, and thank you for inviting me to be here today to talk about the roll-out of NSPS and its impact on managers and employees. You already have my detailed written testimony, and I'll just hit some of the high points.

I'm a Retired President of FMA's Chapter 19 at Pearl Harbor. I was also a past Zone 7 President, responsible for chapters in Hawaii and portions of the West Coast. I spent almost 40 years in Federal civil service, most of which was in the nuclear engineering department at Pearl Harbor Naval Shipyard. And I'm here to testify today on behalf of the DOD managers, supervisors, and employees throughout the Department.

FMA was established in 1913. It's the largest and oldest of managers and supervisors associations. It originally was organized within the Department of Defense, and since, it's branched out to include 35 different Federal departments and agencies. So what happens at DOD is going to affect all our people and we're vitally interested in being a part of it. We're a nonprofit advocacy organization and our job is to promote excellence in government.

I'm very pleased to be sitting next to my good friends, Ben Toyama and Donald Bongo. When I was actively working at Pearl Harbor, we worked very hard with our unions to build strong relationships, and they are superb voices on behalf of their membership, and, frankly, without their help and guidance, and of course the support of our Congressional delegation, Pearl Harbor would not have an apprentice program.

The development of a new personnel system at DOD is a historic step in the history of civil service. Because of the critical mission and the sheer size of the DOD, success is vital.

As those who will be responsible for the implementation of the Department's proposed personnel system and subjected to its changes, managers and supervisors are pivotal to ensure the success. We believe this hearing is most important as we sit on the precipice of the first wave of employees being enrolled in the new system at the end of this month.

[1] The prepared statement of Mr. Priolo appears in the Appendix on page 60.

We support the message of the system to institute flexibility, accountability, and results. We also recognize that change does not happen overnight. Managers, supervisors, and employees throughout DOD await a system that many question whether it will actually come to fruition. Their skepticism is rooted in a lack of adequate communication that clearly indicates the expectations and time frame for training and employing enrollees in the new system.

Despite such concerns, men and women of the defense workforce are committed to meet any challenge head-on, and we are still optimistic that the new personnel system may bring together the mission and goals of the Department with its on-the-ground functions.

One of the greatest challenges we see is that managers and supervisors are clueless when it comes to the new system. The communication coming down from agency leadership on time frames and expectations isn't nearly enough to find managers, supervisors, and employees prepared for their role in the new system.

Voluntary Internet-based soft skill training has been offered, but little accountability or time has been made available for managers to prioritize that training. Spiral 1.1 is expected to be implemented at the end of this month, and training programs have only recently begun for those members.

We encourage that NSPS scale back the overall implementation, but information people are receiving on the ground remains too elusive. We've extended our publications, our conferences, and, in fact, our local chapter meetings as mechanisms to educate employees, but these only capture a small percent of the supervisory workforce even among our membership. We are thankful that many of our members have taken advantage of these opportunities, and we are pleased with the information coming out of the Program Executive Office. But we believe more needs to be done throughout the chain of communication, from the secretary on down, to keep managers, supervisors, and employees engaged in a roll-out assessment and analysis of the system.

Concern also remains about funding the pay-for-performance system. We reiterate that without proper pay, it's impossible for a manager to adequately compensate an employee for their performance. Most of our members will be enrolled in Spiral 1.3. We hope that as the system moves forward, we will see greater efforts on behalf of the Department to engage and educate the managers and supervisors on their expectations. They are up to the challenge. They just need to be aware of when and where they need to step up to the plate.

I'll just add, I know some of the trainers that the shipyard will use. They're good people, experienced trainers and know the culture of the organization that they're going to train. And I'm cautiously optimistic that the support will be there, but I do guarantee you that if the support is not there, Mr. Chairman and Senator Akaka, you will hear from us.

Thank you again for allowing us to be here, and I'd be happy to answer any questions that you may have.

Senator VOINOVICH. OK, you are saying most of your people will be in Spiral 1.3. When does that begin?

Mr. PRIOLO. Does somebody have a time limit for that? I think the date keeps moving. That's why I don't have an answer.

Senator VOINOVICH. OK. The question I have is, how many people in your organization are in the 1.1 Spiral?

Mr. PRIOLO. Very minimal. These would be headquarters-level people and we don't normally represent any of those kind of people, so, absolute minimal.

Senator VOINOVICH. All right. Thank you. Mr. Toyama.

TESTIMONY OF BENJAMIN T. TOYAMA,[1] INTERNATIONAL VICE PRESIDENT, WESTERN FEDERAL AREA, INTERNATIONAL FEDERATION OF PROFESSIONAL AND TECHNICAL ENGINEERS, AFL–CIO CLC, AND VICE PRESIDENT OF IFPTE LOCAL 121, PEARL HARBOR NAVAL SHIPYARD

Mr. TOYAMA. Thank you. I would like to extend a special note of appreciation to you, Chairman Voinovich, for your foresight in holding today's hearing in Hawaii. I know I speak for all the workers here at Pearl Harbor Naval Shipyard, and I extend to you a warm aloha and welcome.

I want to also extend a very heartfelt note of appreciation and aloha to Senator Akaka. Senator Akaka's outstanding efforts in Congress over many years, including his most recent efforts to bring fairness and equity to the NSPS, is not only important to the workers here in Hawaii, but to all DOD workers worldwide. Senator Akaka, mahalo and thank you for giving me this opportunity to testify.

I will deviate a little from my written remarks, to address a subject of today's hearing, "Preparing for Transition: Implementation of the National Security Personnel System." This leads me to ask the following question: How does DOD and OPM plan on implementing a system that has largely been ruled as illegal by a Federal court and has absolutely no buy-in from the very workforce it will impact?

The employees that we represent and the supervisors that work with our members all hear our frustration, the union's frustration with the DOD, and their refusal to honestly consider the proposals put forth by the United DOD Workers Coalition. The implementation of the NSPS will be very difficult and painful because of the failure of DOD to at least try to get any buy-in from the State COLAs, the employees.

It appears that DOD believed that they could fast-track the NSPS and go through motions of meeting and considering the comments of the unions and force a failed system on the employees. This scheme, this trick, did not work because the courts have ruled the actions of DOD illegal, and the capricious nature of the implementation of NSPS has gone to a halt or at least significantly slowed down. This failure of DOD to honestly address the concerns of the Federal employees, and the arbitrary and capricious rules that they tried to use to implement the NSPS breeds mistrust and contempt of the NSPS by all of the employees affected by the NSPS. Without trust, the NSPS will fail to produce any gains, and, in fact, produce terrible results for DOD. The unintended consequences of NSPS will make it less productive in the workplace,

[1] The prepared statement of Mr. Toyama appears in the Appendix on page 79.

because it will destroy teamwork and will cultivate a cultural silence. This would adversely affect safety and productivity.

Morale, productivity, and efficiencies will suffer because of lack of trust and training under the pay-for-performance rules of NSPS, when ensured. And the pay-for-performances of the managers will not be able to properly implement a fair system.

Senator Voinovich, you spoke of TQM and your efforts as a mayor, I applaud you for that. The unions have been always interested in Dr. Demmings, and TQM, and TQL. I have been involved in that since 1985. Currently in the Pearl Harbor Naval Shipyard, we're spearheading the union, is spearheading the team of employees to train and teach productive improvement, according to Steve Covey's "8th Habit," how to find our voices and inspire others to find their voices, from effectiveness to greatness. And we are pushing this and we're talking about teamwork. Pearl Harbor Naval Shipyard has a tiger-team concept that is the best in the country. We change batteries, the best in the country. We've done work on the USS *San Francisco* after it hit an undersea mountain, and we worked that as a tiger team.

We believe that the NSPS and the pay-for-performance system will destroy the concept of teamwork, because we compete against each other for the pool of funding and we compete against each other for the performance rating. The bean counters and the ratchet counters will be forcing the employees to stop working as a team and start to work as an individual to increase the opportunities for promotions and things like that.

We have a nuclear safety program in the Navy that places a premium on safety and quality. NSPS places a premium on performance, which is measured by cost and schedule. The NSPS will cause employees to make hard decisions to report a quality or safety defect or take a chance and not report the defects, because the requiring of a defect could adversely affect the employee's performance. This will sure lead to a culture of silence that the NASA auditors found in NASA. We are very concerned about that cultural safety and the safety problems when that happens. We lost a Hawaii astronaut, Ellison Onizuka, in the Challenger space shuttle disaster, and we think that pay-for-performance will drive some safety problems in the nuclear program.

NSPS is a bad policy intended to promote a DOD strategy that would take away employee rights at the workplace. NSPS will render moot current laws regarding EEOC and discrimination, the Whistleblower Protection Act. It will render moot veterans' rights regardless of what they have told you, and the other employee appeal systems.

The reason I say that, is because the penalty of reporting a manager or your own supervisor for fraud waste abuse, discrimination, sexual abuse, or any other wrongdoings will impact that employee's paycheck and his career, unless he hits a home run and proves that manager is wrong. We have seen EEO complaints go on for 5 to 7 years with adverse conditions to the complainant. We have seen whistleblower protection on problems when someone proposes to report fraud, waste, and abuse in the current system. And unless everyone finds religion, we will have a very difficult time separating

reprisal from the pay pool and pay-for-performance, and that's how we feel about this.

Regarding the veterans' rights, they have not changed the rules regarding the veterans' rights, but what they had done is changed the area of consideration. So veterans have no right now to bump and retreat, as they did in the past, the positions that they qualified for. The bumping and retrieving rights for veterans will be gone, and that rights greatly diminish the rights that all veterans enjoy under the current law.

We think, we believe, had DOD worked with the union and the United Defense Workers Coalition and properly taken our input and our proposals, we could have made a difference and we could have, in fact, looked at the pay-for-performance system and NSPS system, that would probably work better, but without the trust, I would suppose that your experience with your own employees, as mayor, taught you that without the trust of the employees, everything goes slower, everything is difficult. We have had no contact or discussion with regards to all of the plans that DOD wants to implement in NSPS.

Thank you for giving me this time to testify.

Senator VOINOVICH. Mr. Bongo.

TESTIMONY OF DON BONGO,[1] VICE PRESIDENT, HAWAII FEDERAL EMPLOYEES METAL TRADES COUNCIL, AFL–CIO CLC, AND SERGEANT FIRST CLASS, E–7, HAWAII NATIONAL GUARD, 227TH ENGINEER COMPANY (COMBAT), 29TH BRIGADE

Mr. BONGO. Senator Voinovich, thank you for coming all the way down to Hawaii to listen to our testimonies. To my dear Senator Akaka, thank you for serving the great people of Hawaii, with your warmth and aloha, with true spirit, and I thank you.

I have made a statement of my testimony and I would like to give it as evidence to you guys, but, basically, what I want to do is enhance this and say a thing that's been on my heart. I've been involved in the coalition of unions in Washington not only with Ben Toyama, but President Ron Alt, in what we call the meet-and-ignore sessions that we had up there to discuss the system that would ensure security of our Nation. I've attended most of those meetings prior to me being mobilized with 29th Brigade Combat Team, August 16, in the year 2004.

Yes, I am a Federal worker for Pearl Harbor Naval Shipyard, going on 25 years, but I'm also a proud citizen soldier for the State of Hawaii and for this great Nation. And what I would like to say, my dear Senators, is that it wasn't too long ago that State of Hawaii, while we were a State at that time, that we were attacked. And as I recall President Roosevelt saying at that time, "a date which will live in infamy," we will not forget for the many thousands of lives that our sailors had given that day, and yet vowed that it would never happen again to this great country.

Sad to say a few years ago, we were attacked again, and many innocent men and women, the World Trade Center, Pentagon and the fields of Pennsylvania, lost their lives, and their families were

[1] The prepared statement of Mr. Bongo appears in the Appendix on page 86.

greatly impacted, and till today they still mourn their loss. I say that to remind us because it wasn't too long after that, that we started to meet and confer on a system that was supposed to be protecting or keeping our America safe, a system that would ensure that it would not happen again.

But at that time, hundreds of thousands of American women, men and women in our Armed Forces volunteered to fight, to get involved and fight the bad guys out there. Hundreds of thousands of men and women decided that they wanted to get involved as civil servants, like myself, in that fight. I was based out in LSA, Anaconda, right outside of Balah, where we were mortared just about every day by 6-round Charlie. I had the pleasure to help fortify the base, to keep it safe for the American soldiers within that compound. I got involved with the election process by helping the poling station, keeping them safe by putting up barriers. I worked with the Iraqi army and I worked with the Iraqi police.

During that time, there were many situations on a daily basis while I was outside the wild, me and my soldiers were encountered by the children of Iraq, and all they wanted was water and food. And I can recall one day sitting back in our hooch, sitting down with our men, after a mission, and one of my young soldiers, about 22 years old, came up to me and said, Sarge, do you see the children over there? Do you see them, the same clothes from the first day we came, at 137 degrees, same clothes. All they want is water and food.

And another soldier told me, Sarge, how can a government treat their people like that? With the amount of monies that they have.

And I say this because I want to remind everyone here that the men and women in our Armed Forces volunteered to help fight this cause, that the men and women in the Department of Defense as civil servants want to help the men and women in the Armed Forces to accomplish that mission. We cannot take away their rights. A lot of them were veterans that fought.

Myself and Brother Tommy Miguel, are veterans of the Vietnam era, and sometimes we say we kind of feel guilty coming home when we know men like Staff Sergeant Wilgene Lieto and Specialist Derence Jack, from Saipan, of the 100 Battalion 442nd Infantry, that pulled security for me and my men to help the people of Iraq through the election process. On a sad day in October, they were killed in IED.

Senator VOINOVICH. Mr. Bongo.

Mr. BONGO. Yes.

Senator VOINOVICH. You have exceeded your time, and if you could wrap it up, please.

Mr. BONGO. All I'd like to say, sir, is that what we need to do with this system is remember why the people are getting involved in the Department of Defense, both civilians and military. Thank you.

Senator VOINOVICH. Thank you. I'd like to make a couple of comments. First of all, Mr. Toyama, I'm very excited to hear about your tiger teams. We have DFAS in Cleveland and they had a real problem with processing claims, they put a tiger team together and it reduced the processing time significantly because they went to the employees and said, "How do you feel you can get the job done bet-

ter?" I'd be interested if you'd send me some information about what you have accomplished, I'm very interested in that.

Second of all, it puzzles me that you don't have information about the program. However, the program will be implemented first for the white collar workforce and then for the blue collar workforce. Mr. Priolo, you noted that just a few of the people you represent have gone into the system.

I believe that the Department of Defense will continue to do the same kind of outreach that they've done with the Spiral 1.1, that they're going to do the same thing with the next spirals, and they may even do more, because of the concerns that Mr. Toyama has raised.

Another issue is that part of this system is being contested in court. The unions argue that wages is something that should be bargained, and the labor-management rules are in court, and we may not know the decision for some time. The courts decision may impact the unions. So I just want to mention that.

Were you impressed with what you heard here from the first panel about the training and everything that they did?

Mr. TOYAMA. I heard Mr. Wataoka and Ms. Kleintop, I've known them for most of their lives. I've got 40 years in the shipyard. Also, I've worked with them. I taught Jeff everything he knows. Let me say this: We represent the people and we're the voice of the membership. And it is very disturbing to us that we have Spiral 1.1, senior executive members, and non-union members be the representative of choice for our membership and my union to determine how good and how well a program runs. I don't think it's fair to me, I don't think it's fair to my membership, that the representative of choice that DOD selected was all non-union people and managers to determine how well this is, how well liked it is, and how well received by the population and then put this on us.

Senator VOINOVICH. The Department of Defense has delayed implementation of NSPS multiple times. They could have implemented it much sooner. Senator Akaka, myself, and other Members of Congress, insisted that implementation not be rushed. Now, is that the process that you're talking about, or is it a process that was subsequent to that?

Mr. TOYAMA. That's the process I was talking about. It was not vetted properly.

Senator VOINOVICH. So you feel that it was not vetted properly because the people that they selected to represent the wage workers were not union representatives?

Mr. TOYAMA. No. What I'm saying is, the United Defense DOD Worker Coalition was all union representatives, and I was part of that. But none of our proposals, none of our concerns, and none of our counterproposals to management's proposal on the table was even applied and/or considered. They listened to us and they ignored us.

Then I said to you that we have heard testimony that Spiral 1.1 has been taught and trained, and everyone likes it, and it's wonderful and everyone is excited about Spiral 1.1. But what it does, it sets the parameters and it sets the action for Spirals 1.3 and 2.0, and all the rest of the Spirals that follow Spiral 1.1. And they are

the representative voice in terms of correcting or, in fact, making sure that the NSPS is proper.

In that representative voice that will drive and, in fact, steer all of NSPS, there's not a single union member or representative. It's all managers and senior managers. To do Spiral 1.1, they're going to convince Congress, me, my grandmother and everyone else how wonderful it is, but there is not a single employee voice in that crowd.

Senator VOINOVICH. Now this was before the lawsuit was filed?

Mr. TOYAMA. Yes. But I think the spirals was already planned that way. They were going to go before the lawsuit was filed, Spiral 1.1.

Senator VOINOVICH. So prior to the lawsuit being filed, the development of NSPS did not involve union representation?

Mr. TOYAMA. Correct, it did not.

Senator VOINOVICH. OK. I genuinely believe that it's in the best interest of everyone that we go forward with NSPS. I was impressed with your testimony about your TQM teams because you do want to have camaraderie. As a matter of fact, in the State of Ohio, we used to award individuals if they came up with a new idea that would save money for the State. But when we adopted Total Quality Management, we reevaluated that, so that the teams ended up getting the money. And there isn't any reason why, as we move through the implementation of NSPS to make some accommodations—it's not cast in stone.

Regardless of the outcome of the lawsuit, I would encourage you to make suggestions to the Defense Department on changes they could make to NSPS to give you more confidence in the system. I would be interested in knowing your ideas too.

At the hearing we had on veterans' preference we learned something from the people that represent veterans, and we're going to take action as a result. So I just want to say to you that NSPS is not cast in concrete, and there are changes that can be made to the system that will better accommodate some of your concerns.

I would also mention that I asked if managers were evaluated on enforcing veterans' preference. The answer was no. I was a proponent of affirmative action, and a lot of people that worked for me weren't really supportive of affirmative action. I made supporting affirmative action a criteria of their performance evaluation. My staff knew that was very important to me, as a mayor of Cleveland and the governor of Ohio.

I think that if this system is implemented right that it could make things better for your members. I know you feel that NSPS is bad, but I'm saying to you that you need to continue the dialogue and provide your input to the folks in Washington.

Mr. TOYAMA. Yes. Let me tell you about the union's passion and drive with regards to productive improvement and Steve Covey's "8th Habit." In the BRAC hearings, they compared Pearl Harbor to Portsmouth Naval Shipyard, and Portsmouth Naval Shipyard was deemed the goal standard of labor relations and productivity. We, in Pearl Harbor, the workers in Pearl Harbor took personal umbrage to that, and we are working hard to show them the platinum standard. We will rise above their standard, and we will compete

and we will be good. We understand that and we'll do that, maybe in spite of NSPS, I understand that.

Federal employees are volunteers, like Mr. Bongo said, we volunteered to keep fit to fight, we volunteer to make sure our military are well prepared to fight any war that we need to fight, and we're volunteers. I'm just saying that it sets us back from all of those things we are attempting to do now, because there's not transparencies, there is not clear communication, and I think the stakeholders are cut out of the planning session of this NSPS.

Senator VOINOVICH. Thank you. Senator Akaka.

Senator AKAKA. Thank you very much, Mr. Chairman. I want to recognize this panel of friends who have been active in trying to make sure employees understand NSPS and have provided great ideas and suggestions to improve NSPS. I want to thank all three of you for your tireless efforts on behalf of the DOD workforce, and I want you to know that your work has not gone unnoticed.

Mr. Bongo, I thank you for your service to our country, as both the combat veteran and a career Federal employee. You testified that NSPS will significantly diminish veterans' preference, especially in the event of a reduction in force. How would you strengthen veterans' preference under NSPS?

Mr. BONGO. Senator, basically, I'd like to strengthen the veterans' preferences by keeping it equal, to remember why these men and women were veterans. They served our country, they deserve their right to be treated equal, especially in the rift during a reduction in force, to continue to serve as a civil servant without any prejudice.

Senator AKAKA. Mr. Toyama, do you have anything to add to that?

Mr. TOYAMA. I would think that the veterans' preference should remain the same as they have it now. The problem with the NSPS is they have taken, say, shop of welders, of 150 welders, they now have the ability to narrow the area of consideration in the reduction in force to a work area that would encompass maybe 25 of the 150 welders. Now, if a veteran was promoted to become a special nuclear welder, for instance, and they need to cut back on nuclear welders, he had no right to return to his regular welding job, which would be a grade level below him, if that work area was not affected. He had no right to bump and/or retreat to any job that he qualified to, because they have agreed and NSPS allows management to narrow very limited areas in term of reduction in force.

It used to be where throughout the activity, a veteran had the right to retreat or bump throughout the activity any position that he came from and/or was qualified for, and that right or that privilege is gone. In our discussion with Mr. Nesterczuk in the meet-and-confer process, we asked him about that, and he's——

Senator VOINOVICH. Mr. who?

Mr. TOYAMA. George Nesterczuk, OPM.

Senator VOINOVICH. Thank you.

Mr. TOYAMA. We discussed this. And I'm a Vietnam vet, and I told him that if I'm a vet, and I was in fact impacted, and Don Bongo was ready to deploy, like Don Bongo goes and deploys and come back, and he is affected, because he's a special welder, why wouldn't we accommodate him? And the answer to us was, we don't

want to disturb or inconvenience 3,000 employees in Pearl Harbor Naval Shipyard for a vet that maybe is being affected in a rift.

And I told him, "Look, you inconvenienced me for a year. I dodged bullets out in Vietnam for a year. You put me in mud paddies for a year. You get Don Bongo in Iraq Desert for a year, you inconvenienced him and his family, and you don't want to inconvenience the people that stayed in home?

He said, well, that is the reason they narrowed, very narrow scope of where a veteran can retreat and bump to. The trick is, they did not change the veterans laws, but they changed all the employment laws around the veterans laws.

Same as the Whitman amendment. A person can come in and get promoted and pay raises ten times a year. Every time he's temporary, assigned to a job at a higher pay rate, he can accumulate that higher pay rate or move to a higher pay band and accumulate that, and if he is reassigned multiple times during the course of the year, his pay raise will go up multiple times through the course of the year.

Now, the Whitman amendment was put in, in 1952, to avoid that. The rules currently says you spend a year in the grade level, the pay level, at the grade below the level that you'd be promoted to. But you had a year wait, then you move to the next step. Not anymore. They can do ten steps in a year. And that opens the door for a lot of unfairness, and we sit here and we say, look, if there is complete trust, maybe with the amount of trust we have now, that's a bitter pill to swallow, that they will do the right thing at the right time, for right reasons at this time. And it's a tough sell for us.

Senator AKAKA. Thank you, Mr. Toyama.

Mr. Priolo, I understand that several members of your chapter just returned from the train-the-trainer events. Can you share with us whether those who attended feel better prepared to train other employees, and have they discussed with you whether they would like additional training?

Mr. PRIOLO. Discussions were limited, but the training that they have indicated has been very effective. And additional training will be needed to continue through the process, because it can't be one shot. It's got to be a continuous improvement. And as I said, I'm optimistic, as long as the support, which means funding and train-the-trainer training continues, and as long as, by far, almost all training is done in a classroom atmosphere as opposed to some on-line training.

In my opinion, one of the most difficult jobs for any civil servant is a first-line supervisor in a shipyard. He or she is expected to be on the deck plates for many long hours. They come in early, they work through lunch and they stay late, and they're not always compensated for it, and to expect them to then find a computer and do on-line training, well, it's not going to happen. But if you use classroom training as the major vehicle, with the excellent trainers that we have in place, then that supervisor's job for the day is to go to training.

In fact, if I could be king of this program for a day, I'd make sure that any training of Pearl Harbor supervisors occurred off base. Maybe we'd send them to the Hickam theatre or the submarine

base, so they're not going to be constantly bombarded with cell phone calls and pagers going off, so that they could absorb the excellent training that's provided.

And that's what my complaint is about—I've taken on-line training before, and it can supplement, but it can never, ever replace classroom training.

Senator AKAKA. Thank you very much, Mr. Priolo, for that.

Mr. Chairman, my time has expired, and I have questions that I'd like to submit for the record.

Senator VOINOVICH. OK. Senator Akaka, if you have a couple more questions that you'd like to ask, that would be fine, and then you could also submit questions for the record.

All I can say in conclusion, I'd like to continue to hear from you.

Mr. TOYAMA. I will send you all of our program data to show what we have done on productive improvement, and I am so proud of that program, I'll tell you this: We took a 400-manhour job, we had three people work on it for 9 hours. Three meetings. Monday, Wednesday, and Friday, we implemented, we completed that job. Now in Pearl Harbor, it become an 8-hour job. From 400 manhours to 8 hours. This is the creativity and the ability of the worker out there, if we ask them and empower them, and this is what we have done, but it takes teamwork, it takes lot of risk management, and sometimes it affects productivity and performance.

Senator VOINOVICH. Every year we held an event called "Team-up Ohio," and we would bring the quality management and improvement teams to Columbus, we would take over the whole convention center. Every team had a booth and they would describe what they did and how they did it. It was one of the best days I had, seeing the pride of the people that worked for the State, learning about their ideas and how they were making a difference. People started to really feel good about what they were doing, and they were participating. This is just a suggestion, maybe you ought to do it here and celebrate what you've done and let people know about it.

Mr. TOYAMA. We plan to do that on July 20, do a presentation, at Old Dominion College, and we will come to Washington. If you have 2½ hours you can schedule, we'll give you a presentation of what we have. We have put together a traveling show. And the important aspect of this whole deal is this. We, the old guy in the shipyard, I got 40 years there, picked up these people, this team that's 34 years old and younger, 25- to 34-year-old, and they are driving this team and they are doing the presentations. They have done the work, to save the money on the jobs.

These youngsters come in and says, "Boy, you old-timers, why are you doing it the hard way?" And they have provided us this kind of performance improvements, and that is our team. The youngsters, we have some of them in the crowd here.

Melissa? Wave your hand, Melissa. She's the leader of the team, and we have a couple other people here, all these youngsters, and we are trying to drive that. We are afraid that our efforts could be forestalled if there is not a clear understanding of what we intend to do and what the impact of NSPS will be to these workers.

Senator VOINOVICH. I have a few more questions. If you were in our position, we're the Subcommittee on Oversight of Government

Management and the Federal Workforce, would you suggest that we consider quality management as something that would be promoted government-wide, as something that would really make a difference for our Federal workers?

The other question I have, and, Senator Akaka, maybe you have thought about this, but it seems odd to me that the only time that Federal agencies practice quality management is when work is competed and employees establish Most Efficient Organizations. So you're saying to your workers that you can compete and try to be more efficient or else your jobs will be contracted out. The interesting thing is that Federal employees win over 85 percent of the competitions.

Mr. TOYAMA. Yes.

Senator VOINOVICH. I wonder why does it take the threat of competition to give the people who want to do the best they can, the flexibility to create their own Most Efficient Organization. In effect, that's what you did with quality management, right?

Mr. TOYAMA. Yes.

Senator VOINOVICH. You put your best team together. We need to examine that.

Mr. TOYAMA. I think in response to your first question, I think, yes, quality management expectation from the national level is well worth the effort, and I think it will drive productivity, and you're correct, what happened in Pearl Harbor Naval Shipyard, they're going to farm the total shipyard out. We're going to be on the BRAC list. It opened everybody's minds and eyes up, to understand that we're not bulletproof because we work in Pearl Harbor Naval Shipyard. We're not bulletproof and we need to add to the national effort of improving our efforts here in Pearl Harbor, and we've done that, and I will send you the presentation and I'll tell you this, we will make this happen with or without management's help, because our vision is we can ensure the future, our mission is to ensure a future for the Pearl Harbor workers, and this is the youngsters that put this together, and our values is always good. We will always do good for the shipyard and the Navy.

Senator VOINOVICH. Thank you. Senator Akaka.

Senator AKAKA. Thank you, Mr. Chairman. I want to tell our panel that I cannot adequately say how proud I am of you and the way you've shared the spirit of Hawaii here today. I thank you for sharing your wisdom gained from all the years you've served at Pearl Harbor Naval Shipyard, and your experience with us today. I look upon this as helping us try to determine what is best for our country, and I thank you so much for your assistance. So, mahalo, thank you so much for your testimonies.

Mr. TOYAMA. Senator, one more issue. I forgot to answer one of Senator Voinovich's question, What can we do?. The coalition, the United DOD Workers Coalition have proposed this, and I think it's a workable plan, and I think it will help NSPS with the blue collar workers and throughout, is to look at the issue of national bargaining. They don't want to bargain with us, and they want to do collaboration, thus we have this whole program that no one trusts.

I think they talked about bargaining, that it should go to national bargaining maybe, and have the smart guys in Washington kind of hammer it out, so we, the trenches, if you get some buy-

in and some perspective of what our leaders in Washington have proposed and accepted, and what the leaders of DOD in Washington have proposed and expected, opt to work for us, I think national bargaining may help. I cannot speak for the coalition entirely. I tell you from the trenches, from the bottom looking up, we need buy-in from the top coming down.

Senator VOINOVICH. Is the coalition——

Mr. TOYAMA. United Coalition, Department of Defense. United Department of Defense—Worker Coalition. My age catch up with me once in a while.

Senator VOINOVICH. So does mine.

Mr. TOYAMA. But, I would think that our national leaders will be well equipped to vet this out quickly, at the national level, and the transparency and the trust and the buy-in at this level would go incredibly faster.

Senator VOINOVICH. Thank you. Senator Akaka, thank you very much for encouraging me to do this. I just want to tell you, we have differences of opinion on a couple things, but I'm really glad you're in a leadership role, and that you are in the Senate. I look forward to continuing to work with you on the Subcommittee.

Mr. TOYAMA. I represent the West Coast of the IFPTE, and I represent NASA, Glenn, Local 28 of IFPTE.

Senator VOINOVICH. Oh, do you?

Mr. TOYAMA. And Virginia Cadwell always reminds me that you're a good guy.

Senator VOINOVICH. Thank you.

Senator AKAKA. Well, let me add my mahalo nui loa to the Chairman for taking this time to come out here to Hawaii, and to Janet, his wife, and for holding this hearing out here. I'm really grateful. This will not only help Hawaii, but it will help our country. Thank you.

Senator VOINOVICH. Great. Thanks. The hearing is adjourned.

[Whereupon, at 4:09 p.m. P.S.T., the Subcommittee was adjourned.]

APPENDIX

NOT FOR PUBLICATION UNTIL RELEASED
BY THE SENATE SUBCOMMITTEE ON
OVERSIGHT OF GOVERNMENT
MANAGEMENT, THE FEDERAL
WORKFORCE AND THE
DISTRICT OF COLUMBIA

STATEMENT OF

MAUREEN U. KLEINTOP

DEPUTY CHIEF OF STAFF FOR TOTAL FLEET FORCE

MANPOWER AND PERSONNEL

COMMANDER, U.S. PACIFIC FLEET

BEFORE THE

SENATE SUBCOMMITEE

ON OVERSIGHT OF GOVERNMENT MANAGEMENT,

THE FEDERAL WORKFORCE AND

THE DISTRICT OF COLUMBIA

ON

PREPARING FOR TRANSITION

IMPLEMENTATION OF THE NATIONAL SECURITY PERSONNEL SYSTEM

APRIL 12, 2006

NOT FOR PUBLICATION UNTIL RELEASED
BY THE SENATE SUBCOMMITTEE ON
OVERSIGHT OF GOVERNMENT
MANAGEMENT, THE FEDERAL
WORKFORCE AND THE
DISTRICT OF COLUMBIA

Good afternoon Honorable Senator Voinovich and Honorable Senator Akaka. I am Maureen Kleintop, Deputy Chief of Staff for Total Fleet Force Manpower and Personnel and Executive Sponsor for the National Security Personnel System (NSPS) implementation.

I am pleased to be here this morning to discuss the implementation of the NSPS at the Commander, U.S. Pacific Fleet Headquarters, Pearl Harbor, HI. I am responsible for overseeing NSPS training and the implementation of the NSPS. Today I will discuss how we have prepared for the NSPS, and how the NSPS will enhance and further our mission.

COMPACFLT Headquarters volunteered to be among the first Department of Defense (DoD) organizations to launch NSPS. We have a successful record of leading transformational change and we have a strong commitment to building a high performance workforce. Our employees are highly trained professionals: 63% have a bachelor degree or higher. Our grades range from GS-6 to GS-15 under the leadership of six Flag Officers and four Senior Executive Service (SES) members. Under NSPS, 92% of our civilian employees will be grouped in the broadest career group – the "Standard" career group. On April 30, 2006, 170 employees assigned to the COMPACFLT Headquarters command will convert to the new personnel system.

Admiral Roughead, as Commander of the Pacific Fleet, believes our civilian workforce is vital to accomplishing the mission of the Pacific Fleet. In his Commander's Intent titled,

"Enhancing Asia-Pacific Sea Power," Admiral Roughead strategically aligned Pacific Fleet's mission with the Department of the Navy's plans for security, stability, and prosperity of the Asia-Pacific maritime domain. The Commander's Intent focuses on four areas that maximize our contribution to regional security and stability: warfighting readiness, force posture, regional relationships, and future preparedness. Our civilian workforce is key in every area. Admiral Roughead recognizes that without the military and civilian men and women who serve our Navy, and the families who support us, the value of all the Navy's ships, submarines, aircraft and well-laid plans is zero. These men and women put capability into our machines and systems. They are the lifeblood of the Navy. Our civilians are the knowledge base of our workforce and critical to the transformation needed to support operations. It is essential that we have a human resources (HR) system that is capable of supporting and protecting their critical role in COMPACFLT's total force effectiveness.

We are committed to maintaining a successful and motivated civilian workforce. To prepare the employees for this conversion, we have taken an assertive and responsible approach. We have implemented a rigorous training program and have maintained open lines of communication to ensure the workforce that we are committed to their success. Starting from the top down, we have worked on building trust between supervisors and employees. We believe this is critical to the success of NSPS. Admiral Roughead, his Deputy, RADM Donnelly, Flag Officers, and SES members receive the latest information on NSPS at weekly staff updates. NSPS deployment is also tracked in the Focus Area

Commander's Tool (FACT), an on-line application that is used to communicate status and barriers to key mission initiatives.

About a year and a half ago, I appointed a project manager (PM), a change management agent, a training program manager, and chartered an NSPS implementation team. Our PM serves as the primary point of contact for all NSPS related information. She actively participates in bi-weekly conference calls with the DoN Project Management Office, establishes networks with other command PM's, and is readily available to answers questions to allay employees' concerns. The implementation team is comprised of diverse members of the COMPACFLT team, represented by each staff directorate. They are civilian and military, supervisory and non-supervisory, some with pay-for-performance experience, and some with targeted knowledge in finance, HR, legal, public affairs, and information technology. These team members have been critical to ensuring information regarding NSPS reaches the workforce. They disseminate information, engage participation from their directorates, and provide feedback to the PM with regard to employees' concerns, questions, and specific needs. Team members provide the face-to-face communication necessary for transition to NSPS.

Our project manager and the implementation team launched a massive communication effort that incorporated the use of our on-line knowledge management tool called eKM. We also distributed NSPS brochures, held informational sessions, and sponsored formal training.

The COMPACFLT Headquarters as well as subordinate activities already utilize eKM to collaborate and share information. Communicating NSPS information using eKM, especially with its email feature, has been successful. Almost 300 documents including news items, articles, key memorandums, newsletters, and links on NSPS have been posted. An index system helps users easily find and retrieve data, making it an effective "one-stop-shop" for NSPS related information.

We recognize that not all employees prefer electronic means to information. To ensure our workforce is fully informed, we disseminated NSPS brochures developed by DoD's Program Executive Office. These brochures provided executives, managers, supervisors, and employees with information on how to prepare for NSPS. Topics focused on communication, performance management, and training. We provided samples of these brochures to your respective staffs.

We took a proactive approach in providing informal education sessions, especially while the regulations were still in the draft stages and during the strategic and tactical pauses. We used this time to establish networks with other local DoD organizations interested in partnering with us and learning about NSPS. We hosted and invited representatives from the U.S. Pacific Command, Asia-Pacific Center for Security Studies, Defense Information System Agency, Human Resources Service Center Pacific, Commander Navy Region Hawaii, U.S. Submarine Forces Pacific, Naval Computer and Telecommunications Area Master Station, Fleet Industrial Support Command Pearl

Harbor, Pearl Harbor Naval Shipyard, and other Fleet activities to participate in events and training sessions.

One of the first goals of the implementation team was to learn from the China Lake Demonstration Project HR management team. Approximately 40 managers and supervisors as well as 40 HR practitioners attended round-table discussions to share lessons learned and best practices based on China Lake's 25 years of experience in a pay-for-performance system. The implementation team hosted the DoN NSPS Project Management Officer to facilitate an executive-level presentation, a briefing for managers and supervisors, a town-hall style briefing, and a meeting with members of the Federal Manager's Association, Pearl Harbor Naval Shipyard. All sessions were very well attended, with over 50 individuals attending the managers and supervisors briefing held at COMPACFLT Headquarters.

We have incorporated DoN's blended approach to development in COMPACFLT's NSPS Training Strategy. This approach includes formal classroom training, facilitated workshops, and e-learning courses.

Employees were highly encouraged to attend town hall meetings hosted by the Deputy Assistant Secretary of the Navy (Civilian Human Resources). These meetings were open to all Navy activities on Oahu and attended by over 200 employees. Providing a good introduction to NSPS, they reinforced DoD's business case for change. The PM and change management agent provided several lunch-hour sessions to provide employees

with NSPS status, change management resources, and lessons on how to access e-learning courses. Employees also enjoyed a question and answer panel session led by fellow employees with personal experience working in other pay-for-performance systems. The panel members provided thought provoking discussion points and shared their experiences from both private industry and federal government systems. While most of the early events focused on managing change, we also sponsored sessions that addressed items that won't change – for example, the Merit System Principles and Prohibited Personnel Practices. All employees were reminded that these guiding principles and Equal Employment Opportunity (EEO) policies remain unchanged. Employee sessions were relatively well attended by an average of 30 individuals per session.

We also made available e-learning courses through the Navy's Knowledge On-line (NKO) site. The NKO site hosts DoD's web-based training as well as DoN's e-learning curriculum. The on-line courses focus on developing the "soft skills" required for successful NSPS implementation including Change Management, Strategic Alignment, Strategic Thinking, Interpersonal Communications, Coaching and Development. We also have a robust Civilian Leadership Development program that encourages employees to enhance all leadership competencies, including those identified for NSPS readiness. To further ensure our managers, supervisors, and employees develop strong "soft skills," we established an NSPS Library. Currently, over 40 books are available that cover a range of leadership topics like performance management, recognition, learning about behavioral styles, dispute resolution, and organizational transformation.

COMPACFLT administered the Navy's Performance Management Survey developed by the Corporate Leadership Council (CLC). The CLC tool garnered a baseline analysis to identify the presence or absence of performance drivers throughout our Command. The results validated the communication and training efforts sponsored by the implementation team.

The first formal curriculum launched was "Coaching for High Performance." We volunteered one Master Trainer to support DoN's train-the-trainer effort. After training two more master trainers, we were able to build a local training team consisting of eight members located on Oahu. In eight co-facilitated workshops, we trained a total of 114 managers and supervisors from COMPACFLT Headquarters and other local activities. "Coaching for High Performance" was designed to foster a workplace with open, direct, and respectful communication. Managers and supervisors were provided with an opportunity to refresh their existing skills as coaches. A business case for coaching was supported when participants reviewed desirable and undesirable performance drivers that exist within their organizations. There was clear nexus between the results of coaching and the existence of desirable drivers. Emphasis was placed on strategic alignment, achieving a high performance organization, communications, building rapport, preparing to coach, and having the tools to successfully execute a coaching plan. These topics are important to ensure managers, supervisors, and employees are able to communicate openly and honestly about current work, performance expectations, accomplishments and future goals. Course evaluations indicated that as a result of the workshop, we could expect a 29% average increase in personal effectiveness.

We conducted 19 follow-on workshops to assist Directorates in developing their own organizational objectives cascaded from the Commander's Intent. Feedback received on these intimate workshops were positive and resulted in all Directorates formulating organizational goals. These cascading objectives are necessary for employees to have a clear "line of sight" to COMPACFLT's mission and help develop their own individual performance objectives.

In preparation for the formal classroom NSPS training, our training program manager and facilitators invested many hours to learn the NSPS curriculum, practice and polish their presentation skills, set up appropriate logistics, market the training schedule, and deploy a new on-line registration process. To learn the NSPS curriculum, local facilitators attended DoD-sponsored training sessions in Columbus, Ohio in October 2005 and in March of this year. Facilitators attended trainer workshops, participated in practice sessions and dry runs to enhance their presentation skills. Logistic details included finding and scheduling classrooms, ordering manuals and instructor aids, coordinating schedules with instructors, and obtaining assistance to prepare and set up for training. Training schedules were advertised through electronic notices, brochures, posters, and word of mouth from implementation team members. The Event Registration Application (ERA) was developed to facilitate the NSPS training registration process. This application will be used for future events as well as exported to other activities.

Training on the technical aspects of NSPS started last week with DoD's web-based training called "NSPS 101." This course provides a well-organized introduction to NSPS and features a conversion tool to assist employees in obtaining information on their new career group, pay schedule, pay band, and estimated salary.

On April 7, 2006, COMPACFLT's top leaders benefited from a Senior Leader Forum on NSPS presented by DoD's Deputy NSPS Program Executive Officer and DoN's Project Management Officer. The session provided an executive level overview of the NSPS architecture. Focus was put on the new flexibilities, leadership responsibilities, and the need to maintain a corporate philosophy in areas such as compensation.

We also recently initiated a four-hour session on "HR Elements." Our PM and our servicing HR Personnel Advisor scheduled and facilitated a total of six sessions (including one make-up session). The course explained the new terms and definitions and provided details on the technical changes involved with NSPS conversion. Topics included pay and compensation, performance management, hiring and employment, and workforce shaping. To ensure employees have a fundamental understanding of the new human resources processes, we have made the HR Elements curriculum a prerequisite to Performance Management courses.

On Monday, April 10, 2006, we launched the first of three "Performance Management for Managers and Supervisors" courses. This sixteen-hour curriculum provides supervisors and managers with tools needed to develop clear and understandable

performance objectives that are strategically aligned, engage in meaningful discussions with employees about performance expectations, including accomplishments and areas that need development. Starting April 18, 2006, employees will receive eight hours of Performance Management training and learn to develop personal job objectives that are results oriented and mission focused. At the end of this course, employees will understand how the new performance management process ties performance to pay and how they can continue to succeed in their jobs and careers under NSPS. There are five sessions (including one make-up) scheduled for "Performance Management for Employees."

Top leadership has been fully engaged in supporting COMPACFLT's formal training strategy. The Pacific Fleet Deputy Commander and I are committed to welcoming employees and providing opening remarks at every formal class. We will ensure that all questions raised at training events will be answered in a timely manner. Subject matter experts will be on-hand to address students. In addition, all questions and answers will be collected, shared, and become part of our lessons learned package. Both technical courses incorporate a pre- and post-learning benchmark tool. This will help determine whether the formal classes were effective and gauge whether additional training should be offered. The HR Elements and Performance Management courses were mandatory for all COMPACFLT civilian employees and supervisors of civilians. By April 30, 2006, we will have trained almost 250 individuals on the technical aspects of NSPS. Those numbers include the COMPACFLT Headquarters workforce as well as representatives from our local DoD partners.

We have made a commitment to our subordinate activities to provide them with a strong communication framework and to share valuable lessons-learned. They have appointed NSPS representatives and most have their local implementation teams established. These representatives attended train-the-trainer forums, participated in bi-weekly teleconference calls, and are invited to all informal and formal information sessions. Again, our on-line knowledge management tool has allowed us to instantly share the communication tools and resources available.

The DoD's Program Executive Office is developing additional formal training on Writing Accomplishments and Pay Pool Management. These courses will be added to our training schedule when available.

We recognize that accepting change is difficult, especially when that change affects one's livelihood. Successful execution of our communication and training strategies has prepared our workforce for the upcoming transformation. We have built credibility into each aspect of our deployment strategy by involving our people. Employees have been encouraged to raise questions and concerns at all events and training sessions. We will continue to evaluate training content, quality of our trainers, and assess employee learning. We have built and continuously adjust our current communication and training strategies to incorporate feedback provided by employees. NSPS implementation at COMPACFLT has been an open project that has welcomed volunteers in building our implementation team, training team, and support network. The implementation team

continues to address employee concerns by responding with accurate information. We are confident in our ability to successfully implement this new civilian personnel system with a view towards minimizing employee concern while maximizing employee participation and acceptance.

I am confident NSPS will provide COMPACFLT with the modern civilian HR system needed to attract and retain the talent we require. A core NSPS objective is to provide an environment where employees will be encouraged to excel, challenged with meaningful work, and ultimately recognized for their contribution. We look forward to utilizing the flexibilities of NSPS, specifically the ability to offer compensation that is competitive with the private sector and reward outstanding performance. Our civilian employees are being asked to assume new and different roles, to be more innovative, agile and accountable. By aligning individual objectives with mission objectives, NSPS ensures that accountability exists at all levels.

Thank you again for the opportunity to testify.

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RELEASED BY THE
SENATE SUBCOMMITTEE ON
OVERSIGHT OF GOVERNMENT
MANAGEMENT, THE FEDERAL
WORKFORCE AND THE
DISTRICT OF COLUMBIA

STATEMENT OF

JEFFREY T. WATAOKA

DIRECTOR, HUMAN RESOURCES SERVICE CENTER PACIFIC

BEFORE THE

SENATE SUBCOMMITEE

ON OVERSIGHT OF GOVERNMENT MANAGEMENT,

THE FEDERAL WORKFORCE AND

THE DISTRICT OF COLUMBIA

ON

PREPARING FOR TRANSITION:

IMPLEMENTATION OF THE NATIONAL SECURITY PERSONNEL SYSTEM

12 APRIL 2006

NOT FOR PUBLICATION UNTIL
RELEASED BY THE
SENATE SUBCOMMITTEE ON
OVERSIGHT OF GOVERNMENT
MANAGEMENT, THE FEDERAL
WORKFORCE AND THE
DISTRICT OF COLUMBIA

Good afternoon. Thank you for inviting me to brief the subcommittee. I am Jeffrey Wataoka, Director, Human Resources Service Center Pacific. The HRSC Pacific was established September 30, 1996 and has a workforce of approximately 62. We are one of seven HRSCs within the Department of Navy. Our Headquarters is the Office of Civilian Human Resources, located in Washington, DC. Our Headquarters and all of the United States HRSCs are converting to NSPS as part of Spiral 1.1. In my current position, I am responsible for providing human resources services to approximately 150 activities in Hawaii, Guam and Japan. The serviced activities in Hawaii include the Pearl Harbor Naval Shipyard/Intermediate Maintenance Facility, Marine Corps Base Hawaii, U.S. Pacific Command, Commander, U. S. Pacific Fleet Headquarters and the Asia Pacific Center for Security Studies. I appreciate the opportunity to address how I helped prepare our employees for implementation of NSPS.

This September, I will have served in the Department of the Navy for 40 years. During my years of service in the human resources field, I've participated in many changes including those made under the Civil Service Reform Act of 1978. Effecting change is oftentimes challenging especially when the goals are significant and affect a wide variety of employees. This is true of NSPS wherein one of the goals is to provide the Department of Defense with a modern and flexible human resources system that can be more responsive to the national security environment, while preserving employee protections and benefits. From the outset, the Department of Defense structured their plan to build trust and credibility with employees and this is what I focused on at the Human Resources Service Center Pacific. My efforts included creating an environment

where leadership is accountable for ensuring that performance requirements are clearly defined, resourced and measured, ensuring that all employees have the opportunity to perform to their full potential and be recognized for that performance and clearly aligning the business processes and performance of HRSC Pacific with the goals and objectives of OCHR and the Human Capital Strategies of the Department of the Navy and Department of Defense.

NSPS – What's in it for employees? Four things come readily to mind: recognizing and rewarding employees based on their personal contribution to our mission, defining performance expectations between supervisors and employees, encouraging employees to take ownership of their performance and success and promoting broader skill development and advancement opportunities in pay bands.

To prepare employees for the transition to NSPS, I focused on three critical factors: communication, training and participation. I will now provide some details on each of these factors.

First and foremost is communication (both oral and written). Face-to-face interaction, which started over one year ago, included several "all hands" meetings conducted by supervisors and employees in our office to discuss proposed NSPS regulations and procedures. Employees also attended separate presentations and discussions with the Deputy Assistant Secretary of the Navy (Civilian Human Resources); the Director, Department of the Navy, Office of Civilian Human Resources; Program Manager,

Department of the Navy NSPS Project Management Office; and representatives from Demonstration Projects who have experience with the pay for performance system. Written material disseminated to the staff included the NSPS regulations; HR Primer on NSPS that highlighted key points on issues such as classification, staffing, performance management, compensation and workforce shaping; and newspaper articles that included information on pay issues, legal issues and comments from employees regarding NSPS. Newsletters from the Deputy Assistant Secretary of the Navy (Civilian Human Resources), Office of Civilian Human Resources, as well as those I issued at the local level were disseminated to employees. So far, there have been 18 newsletters from the Deputy Assistant Secretary of the Navy; the most recent one is dated March 7, 2006. This newsletter covered such topics as facts about conversion, preparing for NSPS and an update of training. Information on NSPS is also communicated to employees via various websites including those from the Department of Defense and Department of the Navy. The Department of Defense website includes the regulations and frequently asked questions (and answers). NSPS material was posted on our bulletin boards. I disseminated NSPS brochures to all employees including those entitled, "Communicating with Your Supervisor," "Focus on Performance" and "Role of the HR Practitioner." Videos such as, "NSPS: Towards a Mission-Centered Workforce" and "Appraising Performance" were shown to employees. Finally, key members of my staff participate on bi-weekly web-exchanges in which the latest status of NSPS is discussed and questions answered. We also recently participated in a one-day session during which a detailed overview of NSPS conversion was presented and NSPS conversion issues were discussed and questions responded to.

The second factor is training. Training under NSPS is comprised of soft skill and technical training and, because we're a human resources office, additional informal and formal training has been or will be conducted for employees. Soft skill on-line training in the Department of the Navy included "Coaching for High Performance," "Listening Skills," "Goal Setting" and "Effective Communication." The technical training completed or scheduled to be completed for all employees by the end of this month is "HR Elements for Practitioners" (24 hours) and "Performance Management" (8 hours). "HR Elements for Practioners" and "Performance Management" is mandatory for all employees, including supervisors. Training that will be scheduled in the near future will include discussions regarding pay pool management and pay for performance. Specific consultation on pay pool operations is being held 18 April 2006. The training needed to support the competencies required of HR professionals in the future will not end with the deployment of NSPS. A proposed Implementation Strategy has been developed for our staff to acquire different and expanding skill sets, with less focus on administrative and process functions and more on consultation and strategic activities. These new skills will emphasize training as well as certification programs, work experience, mentoring by other HR professional and other avenues. Employees will participate regarding the content and success of their development plan through surveys and face-to-face interaction with their supervisors

Participation is the third factor. The prior to transition to NSPS in our office was facilitated by training of our staff and management of our major functions. Specifically,

all employees previously attended training on customer service, empowerment, and change management. We established an internal self-assessment program that emphasizes the use of metrics to identify strengths and weaknesses in our major functions, including recruitment, processing, training and labor relations. The contributions of all employees are linked to the Strategic Plan of our organization. Further, about two years ago, we embarked on an initiative called the Human Resources Academy, which emphasized the identification of key products and services and the corresponding standards and measures by employees. Recognition was provided to employees who exceeded their job expectations. More recently, employees have been involved in specific NSPS initiatives. Our Headquarters established teams with representatives from all of the Spiral 1.1 HRSCs to provide input on how NSPS will be implemented throughout our Command. These teams provided input on proposed regulations, conducting joint training, and participating in focus groups for development of job objectives and implementation teams involving information technology, conversion, classification and recruitment. During this process we had three key precepts: (1) Did the employee understand the message, (2) implement NSPS one way one time across our headquarters and the HRSCs to leverage resources and (3) emphasis to all managers, supervisors and employees that we are all in this together. Employees also identified and documented their employee development needs and participated in developing their own performance plan.

We have been actively engaged in ensuring all employees understand NSPS and the effect of this new system on their role in furthering our important mission. Personally, I am excited to begin deployment of NSPS and am continually committed to open communication, training and involving the workforce in NSPS. I believe our employees are well prepared for NSPS implementation and will soon embrace it as a means to improved performance. Thank you for the opportunity to testify.

STATEMENT

OF

Michael Vajda
Director, Civilian Human Resources Agency

U.S. ARMY

INTRODUCTION

Chairman Voinovich, and distinguished Members of the Committee on Homeland Security and Governmental Affairs, my name is Michael Vajda. I am the Director of the Department of the Army Civilian Human Resources Agency, Army's sole Spiral 1.1 transitioning organization. I appreciate the opportunity to share with you today the strategy being used by the Department of Army to transition to the National Security Personnel System (NSPS) to include specific details pertaining to the training of our Spiral 1.1 civilian employees located here at Ft Shafter.

ARMY'S APPROACH TO NSPS

The center piece of the Army is soldiers and the civilian employees who support them. Our primary mission, to prosecute the Global War on Terrorism, illustrates the need for the agility and flexibility that NSPS offers to better support our warfighters in a very dynamic environment. Army civilians are engaged whether it is our safety specialists who are embedded in our combat brigades, the scientists who are looking for better ways to equip and protect our force, the logisticians who assure that they are properly provisioned, or the transporters who help get them to the fight. To date, approximately 2,000 Army civilians have been deployed forward to support our troops, while many others are in and out of the theater of operations on temporary duty assignments. The civilian force is repairing and modifying equipment and protective gear, maintaining our installations and power projection platforms, and assuring that our soldiers and their families are properly cared for. Acquiring and sustaining a capable and focused workforce in these times requires a human resources system that is as contemporary as the challenges we face.

Army has approximately 260,000 civilian employees geographically dispersed through out the United States, Europe, and Asia. DOD will incrementally convert employees into NSPS in groups, commonly referred to as spirals. The first group is Spiral 1.1 with an Army population of approximately 2400 employees, including 20 employees here in Hawaii. Spiral 1.1 will be transitioned to NSPS on 30 April 2006 and will provide valuable lessons learned for future spirals. We deliberately chose the operating Civilian Human Resources (CHR) community to serve as our Spiral 1.1 participants. Our primary rationale was that this would better equip the CHR community to assist Commanders, managers and employees who would transition in later spirals.

The Department of Army realized early on that the transition to NSPS represented a multi-faceted, cultural challenge. The shift from a seniority driven system to a performance based system is dramatic. While the current Department of the Army performance management system is based on measurable objectives, the annual evaluation does not drive pay as envisioned under NSPS. As is true across the entire General Schedule system, Army employees currently realize increases in pay based on their length of service and satisfactory performance. Under NSPS, pay will be based primarily on performance results.

Although NSPS will represent a dramatic change across a very large and diverse workforce, our implementation and training plans are in place and being executed.

Partnership with the NSPS Program Executive Office (PEO)

Army is an active partner with the NSPS PEO and other components. We have led or served on all working and focus groups in an effort to support the deployment of NSPS across the Department of Defense (DoD). In no area, however, has this partnership been

more apparent than in the area of training development and execution. The NSPS Training Working Group has demonstrated component cooperation and collaboration. We have been active participants in the development of training materials, pilot courses and Train-the-Trainer courses. This cross component partnership provides a baseline of consistent messages and significantly reduces the duplication of effort that would have resulted from individual component efforts. Using the jointly developed training materials as a base, each component develops delivery strategies to support unique mission requirements.

ARMY'S NSPS TRAINING STRATEGY

Army is using a cascading approach to NSPS training. Managers and HR Specialists are being trained as trainers in PEO sponsored classes. These trainers will, in turn, deliver NSPS training to managers, supervisors and employees at Army installations and activities. The Army NSPS Training Plan details how training will be accomplished within the Department of the Army down to the installation level.

Developing Trainers

The first step toward assuring timely training of the Army workforce was the development of a cadre of Army trainers. We centrally funded and hosted instructional methods courses (i.e., how to train) throughout the United States and Europe. Over 400 Army trainers have attended PEO sponsored Train the Trainer training. We have trainers located at each Spiral 1.1 installation or activity. This approach ensures that our employees can be trained with a minimum of disruption and travel. As needed, Army will continue to develop NSPS instructors throughout the deployment cycle.

Delivery

Training is currently underway for Army Spiral 1.1 activities. CHR professionals are being trained in their responsibilities for execution of the many HR processes which will change under NSPS and for providing advisory services to managers and supervisors about NSPS provisions. Our managers and supervisors are being trained in their NSPS responsibilities with an emphasis on performance management. Employees are receiving training which provides an overview of both the HR elements and performance management features of NSPS.

Of the 2348 employees in Spiral 1.1, 60% have been trained. Within the Fort Shafter Civilian Personnel Advisory Center (CPAC), six members of the staff have attended multiple train the trainer courses, the supervisors have completed the supervisory training courses, and the rest of the staff is scheduled to receive NSPS training by mid-April.

Change Management

The experiences from DOD and Army Demonstration Projects identified cultural changes as the most difficult to make. New core competencies, like change management, interpersonal communications, coaching and counseling, and performance management, are critical to success and the basis for NSPS cultural transformation. We identified on-line and classroom courses designed to develop and reinforce the needed NSPS core competencies. Employees and supervisors may complete web-based courses at their own pace from any location. Each of the Army's Regional Human Resources Offices also offers a full complement of classroom courses to further develop the core competencies. This training has been heavily marketed, and Army has experienced very high levels of course completions. Thus far, over 5700 employees have completed a web-based

training course; of those, 1588 were completed by Spiral 1.1 employees. Over 5000 Army employees have attended classroom delivered core competency training; 695 of those courses were completed by Spiral 1.1 employees. This training will facilitate the cultural transition to an NSPS environment.

NSPS Communication Strategy

Educating the workforce on NSPS stretches far beyond classroom training. It begins well in advance of an organization's spiral transition and continues long after. Army developed a comprehensive approach to introduce the workforce to the regulatory and design provisions of NSPS before their activities actually transition to the new system. One of our best practices in the communication strategy is the use of chain teaching. Using this method, the senior leader of an organization presents the key NSPS message to subordinate leaders and staff. In turn, those leaders relay the message to their subordinates, and so on until the message reaches every individual in the chain of command. This requires leaders to fully comprehend the message and assures small group discussions and question and answers between each level of supervision and the subordinate staff. These small group discussions will answer questions like: What Pay Pool Am I In, How Will the Pay Pool Work, When Will I know My Performance Rating? Army developed two distinct applications for our chain teaching, a Senior Leader Forum for top leadership and an NSPS Overview for the entire workforce. For employees transitioning under Spiral 1.1, the chain teaching is 100% complete.

The DOD and Army NSPS websites are critical tools in the communication strategy. These sites contain NSPS information, policies and hands-on training tools such as the PEO developed on-line courses entitled Fundamentals of NSPS and NSPS 101. The

Fundamentals of NSPS explains the NSPS provisions of the Federal Register and NSPS 101 covers the basic features of the HR system. These web-based courses are very user friendly and contain embedded learning checks which provide immediate feedback on the comprehension of material.

The NSPS message is continuously reinforced through Town Hall Meetings at major installations, briefings for special groups, and distribution of NSPS brochures, publications, and training bulletins.

Summary

NSPS offers the Department of Defense the unique opportunity to revitalize its civilian workforce through implementation of a performance-focused human resources management system. This represents the biggest change in federal human resources management since adoption of the Pendleton Act in 1883. Preparing the workforce for this major cultural change is a huge challenge. Training plays a critical role in the successful implementation of NSPS, and we have a comprehensive plan for NSPS training delivery and implementation. The Army is ready to transition Spiral 1.1 on April 30, 2006, and will incorporate lessons learned for future spirals. We look forward to the benefits the NSPS flexibilities will provide the mission and our employees.

Testimony
Before the United States Senate
Committee on Homeland Security and Governmental Affairs
Subcommittee on the Oversight of Government Management, the Federal Workforce and the District of Columbia
Wednesday April 12, 2006

Preparing for Transition: Implementation of the National Security Personnel System

Department of Defense National Security Personnel System: Communication Begets Implementation

Statement of
John Priolo
Retired President
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Chairman Voinovich, Ranking Member Akaka and Members of the Senate Subcommittee on the Oversight of Government Management, the Federal Workforce and the District of Columbia:

My name is John Priolo and I am the Retired President of the Federal Managers Association (FMA) Chapter 19 Pearl Harbor Naval Shipyard and Zone 7, which represents portions of the West Coast and Hawaii. I spent more than thirty years in federal civil service as a Nuclear Engineer at Pearl Harbor Naval Ship Yard, Pearl Harbor, HI. On behalf of the nearly 200,000 managers, supervisors, and executives in the federal government whose interests are represented by FMA, I would like to thank you for allowing us to express our views regarding the implementation and training program of the National Security Personnel System (NSPS) within the Department of Defense (DOD).

Established in 1913, FMA is the largest and oldest Association of managers and supervisors in the federal government. FMA originally organized within the Department of Defense to represent the interests of civil service managers and supervisors, and has since branched out to include some 35 different federal departments and agencies. We are a non-profit advocacy organization dedicated to promoting excellence in government.

The development of a new personnel system at the Department of Defense represents a historic step in the history of the civil service. The final regulations released in October 2005 by the largest employer within the federal government signify the biggest change in the culture of federal service in nearly thirty years. The Department of Defense's National Security Personnel System (NSPS) will affect roughly 700,000 of its employees, nearly half the 1.8 million members of the federal civil service. As was used in the initial reasoning for the change in the personnel management system, the critical mission and sheer size of DOD makes the success of the implementation of the new personnel system vital.

As those who will be responsible for the implementation of the Department's proposed personnel system and subjected to its changes, managers and

supervisors are pivotal to ensuring its success. We believe this hearing is most important as we sit on the precipice of the first wave of employees being enrolled in the new system at the end of this month. I am here today to speak on behalf of those managers at Pearl Harbor and throughout the Department with respect to the rollout of the new system. I would like to thank you for inviting us back to present critical testimony on this issue, and let you know how pleased we are to be here today.

Our Nation is currently engaged in military operations in Iraq and Afghanistan as well as countless number of clandestine activities fighting the war on terrorists. With an impending Base Realignment and Closure (BRAC) process to reduce Defense infrastructure, the civilian employees of the Pentagon must be reassured of the commitment by the Secretary and Congress to ensuring a positive and successful implementation of the new regulations that take into account manager and employee protections.

This hearing represents the fifth time FMA has presented our views before Congress on the NSPS. We have also submitted public comments during the requisite period of time to the Department on the proposed regulations, and have continued to monitor the release of implementing issuances by the Program Executive Office of the NSPS. We appreciate the role of the many hard working personnel at the Pentagon, OPM and OMB who have toiled diligently to finalize the 10,000-foot view of the system, and continue to flush out the details and nuances of a challenging and complex system. As we said in our initial public comments and testimony previously submitted before this Subcommittee, the implementation details remain elusive to many of those responsible for making the system work. This hearing represents the first time that we will be able to discuss the pending details of the training program, and as you will hear, the challenges that remain in determining those details and putting them into effect. Indeed, we believe many of our initial concerns continue to persist.

As DOD commences with the initial wave of enrollees, we already know that there will be:

- maintenance of current benefits for active duty and retired employees;
- support for travel and subsistence expenses;
- continuation of current leave and work schedules;
- no loss of pay or position for any current employee;
- no changes in current overtime policies and practices; and
- merit principles will be maintained, preventing prohibited personnel practices, adherence to current whistleblower protections and honoring and promoting veterans' preference.

We continue to encourage the Department to apply these provisions in its implementation of the NSPS. In additional, we support the message of the system to institute flexibility, accountability and results in the Department. We at FMA also recognize that change does not happen overnight. Managers, supervisors and employees throughout the Department of Defense await a system that many question whether it will actually come to fruition. Their skepticism is rooted in a lack of adequate communication that clearly indicates the expectations and timeframe for training and enrolling employees in the new system. Despite such concerns, the men and women of the defense workforce are committed to meet any challenge head on, and we are still optimistic that the new personnel system may help bring together the mission and goals of the Department with its on-the-ground functions.

DEVELOPMENT AND IMPLEMENTATION PROCESS

The development process for the Department of Homeland Security (DHS) final personnel regulations took two years and a considerable amount of outreach and input from management and employees. Initially, DOD set an expedited larger scale development and implementation for the NSPS than occurred with DHS. Whereas DHS would only have 110,000 employees subject to its new system, DOD was looking at nearly seven times that many employees coming under NSPS and the timeframe for implementation is only slightly longer. Indeed,

DHS continues to be faced with set backs and delays leaving it still in the nascent stages of implementation.

We, at FMA, were encouraged to see a scaled back version of the initially ambitious implementation schedule for employees to enroll in the new system. The original plan to commence with the first wave of 65,000 employees, Spiral 1.1, of the new system in January of 2006 and eventually include 300,000 employees by the end of the year seemed unnecessarily fast and left little time for deliberate assessment. We recommended in prior testimony a more thoughtful and reflective process moving forward, and we are pleased to see that it seems to be the case in the revised schedule.

Spiral 1.1 – which will now include 11,000 employees and is set to begin on April 30th – is rightly being used as the testing grounds for deployment of the rest of the system. Based on the communication from our superiors, the Department is using the initial groups of managers and employees subject to pay-for-performance, pay banding, and new job classification portions of the NSPS to shake out any wrinkles in the training and implementation of the rest of the program. This is a wise course of action, and we stress continued outreach and input from interested parties in this assessment and analysis including management and employee representative groups, Congress and OPM.

As it stands, one of the greatest challenges to most of our members and managers throughout DOD is lack of a clear timeline and understanding of their expectations. The NSPS looms over many managers and supervisors with trepidation much like an impending weather pattern, unsure when it will hit their shores and what it will bring. For most of them, it is not an issue of accomplishing the mission. DOD's culture demands nothing but the best from all of its employees. Rather, the unknown and lack of adequate communication from Department leadership through the ranks fuels the apprehension.

Flexibility is the name of the game in the NSPS, and managers and supervisors are no strangers to the demands of flexibility. Schedules change, goals shift, and missions are uprooted at the drop of a hat. The key to keeping

everyone on task and motivated is communication. Leading employees through a difficult transition or period requires more diligent communication than in times of routine. FMA has taken it upon itself to help DOD educate and inform its members on the status and content of the NSPS.

Over the course of the past few years, FMA has engaged the Program Executive Office of the NSPS in helping to communicate their efforts to its members. We have offered space in our quarterly magazine, *The Federal Manager magazine*, written articles in our bi-weekly newsletter, *The Washington Report*, and invited the NSPS representatives to speak at our National Conventions and Mid-Year Conferences. The NSPS Program Executive Officer Mary Lacey has been both accommodating and insightful in using our resources to reach many managers and supervisors across the Department. In fact nearly two years ago, we were fortunate to hear from an NSPS representative down the road in Waikiki at our 12th annual Mid-Year Conference. Most recently, Mary Lacey attended our 68th annual National Convention a few weeks ago in Crystal City, VA to discuss pay and compensation within the new system. We cannot thank the PEO enough for attending these events and using us as an educational resource. These efforts have been tremendously appreciated.

Unfortunately, it seems many at various Defense facilities and installations including Pearl Harbor Naval Shipyard have relied on these and similar efforts to get the most up-to-date information. We do not believe this is through any direct failure on anyone's part. The activities in Washington and the expectations on the ground in the field, however, seem disconnected. While we strive to continue to help spread the word, we believe more information needs to be communicated through the internal structures at DOD so that managers and employees are properly aware of the current actions and pending expectations.

In the following years, we believe that management and employee groups should continue to be represented at the table of discussion about changes and assessment of the success of the programs. Allowing our voice at the table helps OPM and DOD understand the perspective of managers in the field and allows us a

chance to go back to our membership and explain the reasoning behind decisions being made. While consensus may not always be reached, the act of inclusion into the process ensures greater transparency and accountability from both sides involved. CFR 251 of Title 5 of the U.S. Code stipulates that Agencies must engage in ongoing dialogue with non-union federal employee representative groups. At no other time do we believe this to be more important than now. Our members on the ground both will be subjected to and responsible for bringing these ideas into real working systems. Without their continued feedback on both successes and bumps in the road, there is little confidence that problems will be properly addressed.

TRAINING

The two key components to the successful implementation of NSPS and any other major personnel reforms across the federal government will be the proper development and funding for training of managers and employees, as well as overall funding of the new system. As any federal employee knows, the first item to get cut when budgets are tightened is training. It is crucial that this not happen in the implementation of NSPS. We have been offered numerous reassurances that the money is there to train managers and employees, but we must continue to reiterate our message of concern and its importance. Mr. Chairman, you have been stalwart in your efforts to highlight the necessity of training across government, and we encourage you to continue to be so diligent in promoting training within NSPS. Training of managers and employees on their rights, responsibilities and expectations through a collaborative and transparent process will help to allay concerns and create an environment focused on the mission at hand.

A year and a half ago, managers and supervisors initially determined to be included in Spiral 1.1 were provided introductory training of soft skills, general management skills and leadership as the draft regulations for the NSPS were still

being developed. Since then, plans have fluctuated, and training programs have been placed on hold while the system is modified and tweaked.

The final regulations outlining the system were released in October 2005 and went into effect 30 days later in November 2005. At that time a training schedule was rolled out that would begin to include employees in the new system starting in January 2006. Those plans were quickly changed, and since January 2006, the NSPS training scheduled has been delayed along with a clear implementation schedule. Managers and supervisors initially prepared to begin their training program on the new system have had their expectations and funds put on hold until a smaller group can be used to test the new system out. We understand this is in an effort to avoid problems on a larger scale, and we support this course of action and ongoing assessment and analysis of the system.

In the meantime, managers and supervisors have been offered a voluntary soft skills Internet-based training program to help begin the process of educating the affected workers on what to expect and improve managers overall management skills. It was not, however, until March 30th, merely fourteen days ago, that a final overview was released on the NSPS Web site educating members expected to enroll in the new system on it components. For those expected to enroll in the system on April 30th, this is a quick time frame to become a personnelist fully aware of their responsibilities in the new system.

For the rest of the employees, this is a good opportunity for them to begin educating themselves on the pending system and its essential components, regardless of when they will eventually be trained. Although, given the busy schedules of the managers and employees, it is unlikely that without some level of accountability for conducting the training many will go without. We encourage DOD to release more information on their Web site and through internal communication channels to smooth the process of jmplementation

Managers have been given additional authorities under the final regulations in the areas of performance review and "pay-for-performance". We must keep in mind that managers will also be reviewed on their performance, and hopefully

compensated accordingly. A manager or supervisor cannot effectively assign duties to an employee, track, review and rate performance, and then designate compensation for that employee without proper training. As a corollary, if there is not a proper training system in place and budgets that allow for adequate training, the system is doomed to failure from the start. The better we equip managers to supervise their workforce, the more likely we are to ensure the accountability of the new system – and the stronger the likelihood that managers will be able to carry out their non-supervisory responsibilities in support of the Department's critical mission.

It is our understanding that one mechanism put into place to help managers, supervisors and employees track their performance is an overhaul of the Defense Civilian Personnel Data System (DCPDS), which includes detailed personnel information on an employee. The modification would add fields to help those enrolled in the NSPS better tout their performance. This should help curb management challenges of properly communicating and assessing an employee's performance, which will be more directly linked to his/her pay.

For employees, they will now be subject in a much more direct way to their manager's objective determination of their performance. Employees would be justified in having concerns about their manager's perception of their work product in any performance review if they felt that the manager was not adequately trained to be objective and accurate in their review and assessment. Conversely, if employees have not been properly trained on their rights, responsibilities and expectations under the new human resources requirements, they are more apt to misunderstand the appraisal process. This contradiction does not create the environment of performance based pay and results oriented productivity. Rather, it creates an environment of mistrust and conflict in opposition to the intended efforts of the proposed regulations.

Our message is this: as managers and supervisors, we cannot do this alone. Collaboration between manager and employee must be encouraged in order to debunk myths and create the performance and results oriented culture that is so

desired by the final regulations. Training is the first step in opening the door to such a deliberate and massive change in the way the government manages its human capital assets. We need the support of the Department's leadership, from the Secretary on down, in stressing that training across the board is a top priority. We also need the consistent oversight and input of Congress to ensure that both employees and managers are receiving the proper levels of training in order to do their jobs most effectively.

The Secretary and Congress must also play a role in proposing and appropriating budgets that reflect these priorities. The Department of Defense has estimated that the cost for the implementation of the new human resources management system and the internal labor relations board will be approximately $158 million with no more than $100 million spent in a given twelve month period. However, there is no clear indication of how this money will be spent, what portion will be reserved for training, and out of what budget those funds will come.

The initial budget request for the implementation of the DHS MAX^{HR} system that included training for managers and employees has fallen short of its requested funding level two years in a row by Congress. This precedent, as we prepare for even larger budget deficits that the President hopes to cut into by holding discretionary spending below the level of inflation, presents a major hurdle to the overall success of any future personnel reform efforts at other departments and agencies.

So far, we have not heard any difficulties of employees or managers being short on training dollars for the NSPS, but we caution that ongoing training and proper funding are essential to the systems success. In fact, we have been made aware that those managers and supervisors initially trained in Spiral 1.1 will be required to have yearly training to keep them up-to-date on any modifications to the system and ensure his/her proper understanding and application of the policies.

Agencies must also be prepared to invest in their employees by offering skill training throughout their career. This prudent commitment, however, will also

necessitate significant technological upgrades. The Office of Personnel Management (OPM) has already developed pilot Individual Learning Account (ILA) programs. An ILA is a specified amount of resources such as dollars, hours, learning technology tools, or a combination of the three, that is established for an individual employee to use for his/her learning and development. The ILA is an excellent tool that agencies can utilize to enhance the skills and career development of their employees.

We would also like to inform Congress of our own efforts to promote managerial development. FMA recently joined with Management Concepts to offer *The Federal Managers Practicum* — a targeted certificate program for federal managers. As the official development program for FMA, *The Federal Managers Practicum* helps FMA members develop critical skills to meet new workplace demands and enhance their managerial capabilities.

FMA has long recognized the need to prepare career-minded federal employees to manage the demands of the 21st century workplace through its establishment of The Federal Management Institute, FMA's educational arm, which sponsors valuable professional development seminars and workshops. *The Federal Managers Practicum* is a unique, integrated development program that links professional training and higher education – specifically created for the federal career professional. Developed and taught by management experts, this comprehensive practicum integrates core program management skills including planning, analysis, budgeting, communication, evaluation, and leadership with functional skills and knowledge – providing a balance between theory and practice. We at FMA believe that the practicum will pave the way for the creation of much-needed development programs for federal employees.

Agency budgets should allow for the appropriate funding of the ILA, as an example. However, history has shown that training dollars have been a low priority for many agency budgets. In fact, in the rare event that training funds are available, they are quickly usurped to pay for other agency "priorities." Toward this end, we at FMA support including a separate line item on training in agency

budgets to allow Congress to better identify the allocation of training funds each year. Additionally, FMA supports the creation of a position to implement and oversee the proper usage of the appropriated training dollars.

Neither the Office of Management and Budget (OMB) nor OPM collects information on agency training budgets and activities. This has only served to further diminish the minimal and almost cursory attention on training matters. Many agencies do not even have dedicated employee "training" budgets. Training funds are often dispersed through other accounts. It is no surprise that budget cuts inevitably target training funds, which is why FMA continues to advocate for the establishment of a training officer position within each federal agency. This would allow for better management and recognition of training needs and resources, in addition to placing increased emphasis on critical training concerns.

The federal government must, once and for all, take the issue of continuous learning seriously. FMA advocated for the existing Chief Human Capital Officers Council, which was finally brought about as part of the Homeland Security Act of 2002. While we applaud the Council's creation of two needed subcommittees to examine performance management as well as leadership development and succession planning, we would urge the Council to add another subcommittee to evaluate training programs across government. Without proper training, and funding for training, we cannot hope to effectuate expansive human resources changes and fully achieve them at the Department of Defense or elsewhere in the federal government.

PAY FOR PERFORMANCE

While we understand this hearing is primarily to discuss roll out of the new system, we believe there remains concerns with the proper funding of the new pay-for-performance system. There has been much discussion about the creation of a pay-for-performance system at both DOD and DHS. We believe that a deliberate process that takes into account both an internal and independent review

mechanism for the implementation of a pay-for-performance system is crucial to its success at DOD and elsewhere in the federal government.

The replacement of the standard General Schedule pay system with a proposed pay banding system creates a devastating problem should insufficient funds be appropriated by Congress. Once again, we refer back to the approval of an underfunded amount for the DHS system this year. As it stands, the regulations will have employees competing with one another for the same pool of money, all of which is based on their performance review. If this pool of money is inadequate, the performance of some deserving federal employees will go unrecognized, causing the new system to fail in meeting its objective, in addition to creating dissension in the workplace. In short, the integrity of "pay-for-performance" will be severely hindered if ALL high performers are not rewarded accordingly. We believe that DOD should continue to allocate at least the annual average pay raise that is authorized and appropriated by Congress for General Schedule employees to DOD employees who are "fully successful" (or the equivalent rating), in addition to other rewards based on "outstanding" performance (or equivalent rating).

There is an increased emphasis in the final regulations on basing general pay for employees on the local job market. This is certainly a step in the right direction of closing the pay gap between federal civilian employees and their private sector counterparts. However, we believe that these provisions should be expanded on to establish multiple locality market supplements to prospective pay adjustments, and require clear compelling criteria for the establishment of additional locality market supplements. Furthermore, the supplements should contain implementing issuances that require a balance of human resources interoperability with mission requirements.

The performance appraisal process is key to this new personnel system. The review determines the employee's pay raise, promotion, demotion or dismissal in a far more uninhibited way than is currently established in the General Schedule. We support the premise of holding federal employees accountable for performing

their jobs effectively and efficiently. More specifically, the removal of a pass/fail performance rating system is a step in the right direction.

We are concerned, however, that within any review system there must be a uniform approach that takes into account the clear goals and expectations of an employee and a system that accurately measures the performance of that employee, with as little subjectivity on the manager's part as possible. As such, it is essential that within the review process, the methodology for assessment is unmistakable and objective in order to reduce the negative effects of an overly critical or overly lenient manager. The most important component in ensuring a uniform and accepted approach is proper training, and funding thereof, that will generate performance reviews reflective of employee performance. We would like to submit the following necessary elements for executing a pay-for-performance system that has a chance to succeed:

- adequate funding of "performance funds" for managers to appropriately reward employees based on performance;
- development of a performance rating system that reflects the mission of the agency, the overall goals of the agency, and the individual goals of the employee, while removing as much bias from the review process as possible;
- a transparent process that holds both the employee being reviewed and the manager making the decision accountable for performance as well as pay linked to that performance;
- a well-conceived training program that is funded properly and reviewed by an independent body (we recommend the Government Accountability Office as an auditor), which clearly lays out the expectations and guidelines for both managers and employees regarding the performance appraisal process.

We believe that *transparency* leads to *transportability*, as intra-Department job transfers could be complicated by the lack of a consistent and uniform methodology for performance reviews. While we need training and training dollars, we should allocate those funds towards a program that takes into account

all agencies within DOD. If we are to empower managers with the responsibility and accountability of making challenging performance-based decisions, we must arm them with the tools to do so successfully. Without proper funding of "performance funds" and training, we will be back where we started – with a fiscally restricted HR system that handcuffs managers in the equitable distribution of limited dollars.

PAY BANDING AND COMPENSATION

Many managers and employees are slightly apprehensive about the new pay banding. It is not a new concept to the private and public sector industries. Many demonstration projects throughout the Department and in a few federal agencies, notably the Federal Aviation Administration and the Internal Revenue Service, are experimenting with the new pay structure. The job classification and pay system was developed in the late 1980s, and has seen varying levels of success across private industry and in the public sector.

Under the final NSPS regulations, applicable employees will no longer be governed by the traditional General Schedule (GS) pay system, which is made up of 15 levels and within level steps. The GS system is based on the premise that an employee who commits themselves to public service will be rewarded for longevity of service and tenure in the system through regular pay raises and promotions as long as the employee is "fully performing" the duties assigned. Under the pay banding system within pay for performance, the employee will be lumped into a broad job cluster based that combine like job functions, and then placed in one of three pay bands: Entry Level, Full Performance, and Supervisory (with the potential for more senior-level management bands).

While the exact determination of the pay range for each pay band has yet to be determined, it is our understanding that the GS salary structure will act as the baseline for moving an employee into the new band as well as act as a guide for determining the low and high ends of each band. Furthermore, we also have received assurances that current employees will not see any reduction in their current pay, and in fact qualified employees could receive higher salaries from this transition. We at FMA believe that this is a sound move on the part of DOD and OPM. The GS system is familiar to federal managers and employees, and moving into a new pay banding system in and of itself creates some consternation. Using the GS system as the foundation will allay concerns that pay rates will be significantly reduced.

Pay bands also offer a number of benefits to the employee and manager that should be examined. The General Schedule places its emphasis on longevity, and the new system will place more emphasis on job performance than duration of employment. Pay bands provide the opportunity to have accelerated salary progression for top performers. As in the IRS pay-band system, managers are eligible for a performance bonus each year. Those managers with "Outstanding" summary ratings will receive a mandatory performance bonus. Managers with "Exceeded" summary ratings are eligible for performance bonuses.

In the area of job classification, determinations are made which place positions in different pay categories where the distinctions that led to the classification are small. Pay-banding provides the opportunity to place greater weight on performance and personal contributions.

Pay bands can also be designed to provide a longer look at performance beyond a one-year snapshot. Many occupations have tasks that take considerable lengths of time. Pay bands can be designed to recognize performance beyond one year. Arbitrary grade classifications in the GS system inhibit non-competitive

reassignments. Broader bands allow non-competitive reassignments. This enhances management flexibility and developmental opportunities.

Of course, there remain challenges with any proposed pay-band system for that matter. First, simply combining GS levels 12 and 13 into one band, the system will help with recruitment of new talent. However, without changing the top level of pay, a shift to market-based pay and pay banding will continue to maintain a ceiling unable to be broken in federal employment, thus preventing the intended results of being able to compete with the private sector. Further, pay-for-performance systems are only as good as the appraisal systems they use. Since performance is the determining factor in pay-band movement, if there is no confidence in the appraisal system, there will be no confidence in the pay system.

Moreover, pay-for-performance systems can be problematic where there is an aging workforce. Experienced employees tend to converge towards the top of the pay band. This provides them little room for growth. This is particularly true for those employees whose GS grade is the highest grade in the new band. (Example: Grade 13 employee placed in an 11-13 band. S/he will be towards the top and now will need the higher grades to continue to move ahead. Previously s/he only needed time in grade and a "fully successful" rating to progress).

Finally, pay-band performance requirements can discourage non-banded employees from applying for banded positions. If the employee is converted in the upper range of a band s/he may not have confidence s/he can achieve the higher ratings requirements.

Compounding the critical mission of DOD and its new personnel system are myriad problems associated with the recruitment and retention of federal employees. One piece in particular is the significant pay gap between the public and private sectors. According to a survey of college graduates, federal and non-federal employees conducted by the Partnership for Public Service[1], the federal government is not considered an employer of choice for the majority of graduating

[1] Survey conducted by Hart-Teeter for the Partnership for Public Service and the Council for Excellence in Government, Oct. 23, 2001, p. 1-3.

college seniors. In the survey, nearly 90 percent said that offering salaries more competitive with those paid by the private sector would be an "effective" way to improve federal recruitment. Eighty-one percent of college graduates said higher pay would be "very effective" in getting people to seek federal employment. When federal employees were asked to rank the effectiveness of 20 proposals for attracting talented people to government, the second-most popular choice was offering more competitive salaries (92 percent). The public sector simply has not been able to compete with private companies to secure the talents of top-notch workers because of cash-strapped agency budgets and an unwillingness to address pay comparability issues.

The Federal Employee Pay Comparability Act of 1990 attempted to address the inequities in pay between the private and public sector employment. Fifteen years later, we still face considerable disparity. Closing the pay gap between public and private-sector salaries is critical if we are to successfully recruit and retain the "best and brightest." In this regard, we are pleased to see a shift in the determination of "locality" pay from strictly geographical to occupational. Locality pay adjustments based on regions across the country did not take into account the technical skills needed for a given occupation. The new regulations allow for a look nationwide at a given occupation within the labor market that more accurately ties the rate of pay to job function, which could overcome geographic impediments in the past in closing the gap between public- and private-sector salaries.

CONCLUSION

For most of the managers, supervisors and employees expected to enroll in the new system, they remain clueless. The final regulations on the new personnel system issued by the Department of Defense and the Office of Personnel Management are the first in what is expected to be a broader effort to transform the Civil Service, as we know it. We hoped that between the final regulations, the implementing issuances and the training programs expected over the past few months would lay the understanding that managers and employees can work

together in creating an efficient and effective federal workforce that meets the missions of each agency. Unfortunately, information on the ground continues to be elusive and sparse.

A shift in the culture of any organization cannot come without an integral training process that brings together the managers responsible for implementing the new personnel system and the employees they supervise. The vestiges of that program are out there. The leadership of DOD must continue to work in tandem with Congress, managers and employees in creating a training program that is properly funded and leaves little question in the minds of those it affects of their rights, responsibilities and expectations.

We at FMA cannot stress enough the need to take a cautious and deliberate path for implementing the final system. It appears that DOD and OPM are committed to implementing the new regulations with minimal emphasis placed on a slow and reflective process. We caution this approach. We recommend continued collaboration with management and employee groups as well as independent review and auditing by the Government Accountability Office, with the oversight of Congress. Through these checks and balances, we are hopeful that a set of guiding principles will emerge to assist other agencies in their expected personnel reform efforts.

We at FMA are cautiously optimistic that the new personnel system will be as dynamic, flexible and responsive to modern threats as it needs to be. While we remain concerned with adequate communication at the dawn of the system's rollout, the willingness of the Office of Personnel Management and the Department of Defense to reach out to employee organizations such as FMA is a positive indicator of collaboration and transparency. We look forward to continuing to work closely with Department and Agency officials.

Thank you again, Mr. Chairman, for the opportunity to testify before your Subcommittee, and for your time and attention to this important matter. Should you need any additional feedback or questions, we would be glad to offer our assistance.

Testimony of Benjamin T. Toyama
Western Federal Area Vice President
International Federation of Professional and Technical Engineers, AFL-CIO, CLC

I would like to thank the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia for holding today's hearing. I would also like to extend a special note of appreciation to Chairman Voinovich for his foresight in holding today's hearing in Hawaii. I know I speak for all the workers here at the Pearl Harbor Naval Shipyard when I extend to you a warm Hawaiian welcome!

I want to also extend a very heartfelt note of appreciation and welcome to my Senator, the Ranking Democrat on the Subcommittee, Daniel Akaka. Senator Akaka's outstanding efforts in Congress over many years, including his most recent efforts to bring fairness and equity to the NSPS, is not only important to the workers here at the shipyard, but to all DoD workers worldwide. Senator Akaka, I thank you for giving me the opportunity to testify here today.

Before I begin with my personal remarks, I would like to join my good friend and colleague Don Bongo, in reiterating that my statements here are not only on behalf of my union, the International Federation of Professional and Technical Engineers (IFPTE), but also on behalf of the United DoD Workers Coalition (UDWC), of which IFPTE is a member. The UDWC, as the committee is well aware, is a coalition of 36 DoD unions working hand in hand together on this NSPS issue.

The history of this so-called National Security Personnel System (NSPS) has been one marked by controversy. Unfortunately, and despite the best efforts of the UDWC to avoid such controversy, the NSPS as we know it today is nothing more than an unworkable and illegal personnel system that was created unilaterally by the Pentagon and OPM.

Don't be misled by the implications of the title of this proposed system. This is not about National Security, but is instead all about destroying the collective bargaining, workers rights and pay of the DoD's workers. I want to be very clear that despite the best efforts of those in Congress and the workers to avoid such a scenario, the NSPS before us today was created to serve an ideological purpose, not to help enhance the security of the United States. This explains, in large part, the shambles that it is in now.

You are likely wondering, 'how does he actually know this?' The answer is because as one of two IFPTE representatives to the UDWC, I attended nearly every Meet-and-Confer meeting back in Washington as well as other meetings with management thereafter. I have also been involved in most of the internal UDWC strategic meetings on NSPS and am here to tell the Subcommittee first hand that the union side has bent over backwards in an effort to work with management in creating a personnel system that was, first and foremost, good for national security, but was also fair and equitable to DoD's dedicated and skilled workforce. This is what Congress intended and this is exactly what we on the labor side have been attempting to achieve over the better part of the last three years.

However, after the dog and pony show that was Meet-and-Confer, and after the Federal Register process in which the UDWC formally put forth a full range of proposals,

the decision makers at the Pentagon and the OPM decided to ignore all of the UDWC's proposals, and instead move forward with their unilaterally created NSPS. Incidentally, all of the UDWC proposals fell within the scope of the authorizing law.

Now, the subject for today's hearing is "Preparing for Transition: Implementation of the National Security Personnel System," which leads me to the following question: How does the DoD and OPM plan on implementing a system that has largely been ruled as illegal by a federal court and has absolutely no buy-in from the very workforce it will impact?

I commend your Subcommittee and the other Committees of jurisdiction for holding past hearings in Washington. They were very enlightening and helped to bring some transparency to the fallacy of this system. However, today's hearing is different because the overwhelming majority of those in attendance are actual workers, the very people who will be impacted by this system. The irony is that those of us in this room, who have given a lifetime of service to protecting this nation, including many veterans such as myself, stand to be impacted by a personnel system that has been created by the likes of former Heritage Foundation employees who have little to no experience working for or within the DoD. These are political appointees who have been recruited and hired by the government, most notably OPM, for the sole purpose of bringing their wrecking ball from conservative think tanks in Washington to the civil service. How can this be good for national security or fair to the workers?

This is clearly not what Congress had in mind when it gave the Pentagon the authority to revamp DoD's human resources practices. And, this is not simply Ben Toyama, or the labor unions, or the UDWC saying this; this is an independent court that

also said this. U.S. Federal District Court Judge Emmet Sullivan ruled that much of the NSPS is contrary to the law. In his February 27th ruling, Judge Sullivan said that the new rules fail, "to ensure even minimal collective bargaining rights." Judge Sullivan also found that NSPS inappropriately allowed DoD to "take whatever actions are necessary to carry out the mission" by creating issuances to override labor agreements. This, Judge Sullivan ruled, "fails to ensure collective bargaining under the statute." The court also found that the National Security Labor Relations Board did "not satisfy Congress' requirement for an 'independent third party' to review labor management disputes."

I want to make very clear that despite any differences we on the labor side may have with the concept of pay banding, we also recognize that the authorizing law does give the Department authority to move in that direction. However, what we have here with NSPS is far greater than that and even the pay banding schemes we have seen so far are largely inadequate.

For example, the pay for performance schemes laid out so far are intended to go hand in hand with the concept of implementing issuances. In other words, the Pentagon wanted to force their brand of pay for performance on the workers unilaterally by simply issuing an implementing issuance directive absent any input or discussion with the workers. However, Judge Sullivan has correctly ruled that implementing issuances are illegal, leaving the workers to speculate as to what's next? Will we ultimately go to pay banding or will we continue with the GS system? And, is the government willing to put forward a pay banding policy that is dually accepted by both management and the workforce?

The pay for performance scheme as intended by the DoD is a problem for federal employees in Hawaii, Alaska and other parts of the world where federal employees receive a Cost of Living Allowance or COLA. A law that is not associated with NSPS regulates the COLA. As such, the COLA is not included in any of the performance calculations. The federal areas that receive COLAs will eventually see their pay and benefits fall behind the rest of the federal employees. This will ensure that the alleged intended reasons for the NSPS, "to make the federal workforce more mobile and flexible," will not be met and the laws of the unintended consequences will prevail. The federal employees will become less mobile and they will resist movement to Hawaii, Alaska and other foreign COLA areas in the DoD.

The ratings and pay schemes also go hand in hand with parts of the NSPS ruled illegal, namely the kangaroo court called the National Security Labor Relations Board (NSLRB). If an employee didn't like his rating or pay designation, they could appeal it to the NSLRB, a management alleged independent third party to determine if the rating was fair or not. The NSLRB would then issue a decision in favor of the worker and overturn the employee rating given by management or not. However, if the rating were to be overturned, the very same manager who gave the wrong rating to begin with would then be able to determine if the pay designation can be raised as well. That system in and of itself is a fallacy.

However, based on the fact that Congress authorized an independent third party, the Pentagon is attempting to create an NSLRB comprised of three members to be chosen only by the Secretary of Defense; Judge Sullivan correctly ruled that part of NSPS illegal

as well. As the UDWC had claimed for months, and as Judge Sullivan ultimately ruled, this is far from independent.

All of this brings me back to the subject of today's hearing, "Preparing for Transition…". For three years now Congress and the workers have given the Pentagon and OPM more than ample opportunities to live up to the letter of the law. Yet the government has turned a deaf ear to our pleas, forcing IFPTE and several other UDWC member unions to successfully sue the government.

As I have said from day one, the NSPS won't work until it gains employee buy in, and given the stubborn way by which the government has gone about unilaterally creating this system, coupled with the court's decision, this is a system that is far from gaining a buy-in from the workers. And, at this point, I believe that the grave missteps by this government make it nearly impossible to ever achieve the acceptance of the rank and file. In short, the NSPS we have today, after all of the resources we have wasted on it, won't work. The government has failed miserably in gaining the trust of the workers and public for this to succeed.

The government has failed and continues to fail to adequately train the employees and the managers in the implementation of pay for performance. We are very concerned because the same managers that the government has said are unable to properly recognize or deal with performance issues will be making decisions on important issues of pay and benefits. The totality of the training that we have seen or even know about is an online, optional half-hour training. The government has failed to properly train the managers in the most important aspects of the implementation of NSPS and that is to gain the credibility, trust, and respect of all of the stakeholders of NSPS. Without the trust and

respect or credibility of the managers implementing the NSPS, the productivity of the federal employee will suffer. The NSPS will lower employee morale because the pay for performance system will destroy teamwork and sharing. The DoD's pay scheme will pit worker against worker and will allow for individual gains and selfishness.

Thank you again for the invitation to testify today. I look forward to answering your questions.

Testimony of Don Bongo
Vice President, Hawaii Federal Employees Metal Trades Council, AFL-CIO, CLC

I would like to thank Chairman Voinovich and the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia for holding today's hearing. I know I speak for all the Federal workers here in Hawaii when I extend to you a warm Hawaiian welcome!

I want to also extend my very heartfelt note of appreciation and welcome to my Senator, Senator Daniel Akaka. Senator Akaka's outstanding efforts in Congress, to bring fairness and equity to the NSPS, is not only important to the workers here at the shipyard, but to all DoD workers worldwide. Senator Akaka, I thank you for giving me the opportunity to testify here today.

I would like to join my good friend and colleague Ben Toyama, in reiterating that my statements here are not only on behalf of my union, the Hawaii Federal employees Metal Trades Council, but also on behalf of the United DoD Workers Coalition (UDWC), of which the Metal Trades Department is a member. The UDWC, as the committee is well aware, is a coalition of 36 DoD unions working hand in hand together on this NSPS issue. I did attend most of the UDWC meet and confer meetings as a representative of the Union until my deployment with the Hawaii National Guard to Iraq.

I am a returning combat veteran, returning from Iraq on Jan. 19, 2006. I have spent the past 6 months in LSA, Anaconda, Iraq. I have served the Pearl Harbor Naval Shipyard & IMF, the 29th BDE, Hawaii National Guard and the military with pride and honor, and I continue to do so.

The NSPS as we know it today is nothing more than an unworkable and illegal personnel system that was created unilaterally by the Pentagon and OPM. The NSPS is not about national security but about destroying the collective bargaining rights of the employee Unions and to diminish the rights of the military veterans in the Federal service. It is too bad and so sad that the DoD uses a system called National Security Personnel System to attack the rights of veterans, the very veterans who volunteered to lay their lives on the line for our National Security.

The NSPS alleges to improve the ability to hire, promote and retain federal employees. This will be accomplished at the expense of the military veterans as the veteran preferences and rights will be diminished with the implementation of subjective rules that will not take into account the rights of veterans. The NSPS will change the Reduction In Force rules so a veteran will no longer have the right to "bump" into a job that the veteran is qualified for, that is being held by a non-veteran. Another change in the RIF rules will not allow a veteran to retreat to a previously held position if the veteran's current position is abolished. The government will testify that they have not changed the rules regarding veterans, but they have changed all of the other rules under NSPS so that the veterans really have lost most of their protection they enjoyed under the current laws. For instance, the government has changed the rule on the definition of a competitive area in a RIF that will render moot all of the veteran rights in a RIF. The government's reason was that they did not want to "inconvenience" the employees during a RIF. I believe that our veterans must be treated better then an "inconvenience" to the government.

The Pay for Performance system that the government intends to implement is also problematic to the employees and more so, to the disabled veterans. The managers that will be required to rate the performance of the employees do not, and will not have the appropriate training to deal with the problems of a disabled veteran, much less, the rest of the federal employees. The current managers that have problems with the current performance appraisal systems will be required to implement a much more complex system without the understanding or ability to meet the objectives of the NSPS.

NSPS won't work until the NSPS gains support from the employees and the managers that are required to implement the system. That support won't come until there is integrity and trust in the true intentions of the government. The very name of the personnel system, Nations Security Personnel System is obscene and is taking advantage of the service and sacrifices of the military members that serves to provide for our National Security. The very name of the personnel system, NSPS invokes to me a failed and corrupt system of evil intent and deceit to sell a bad system to the American public.

Thank you again for the invitation to testify today. I look forward to answering your questions.

SEN Voinovich
SES Ms. Maureen Kleintop, Deputy Chief of Staff, Total Force Manpower and Personnel, COMPACFLT
Senate Oversight of Government Management - 12 Apr 06
Q. 1
Preparing for Transition: Implementation of the National Security Personnel System

Preparing for Transition: Implementation of the National Security Personnel System (NSPS)

Question. How much are you spending on training and implementation?

Answer. As part of NSPS training and implementation requirements, the Department of Navy (DON) tracks NSPS training and implementation costs for the DON Program Office and the Major Commands in the following categories (totals for COMPACFLT from Fiscal Year 2005 thru Fiscal Year 2006 to date are shown):

- Design and Implementation: $300,000
- Training Development, Support, and Execution: $337,000
- Human Resources Automated Systems: n/a
- Program Evaluation: n/a
- Program Office Operations: $282,000

We report our training and implementation costs on a quarterly basis. The DON NSPS Program Office sums the Command input and prepares a summary report for submission to the NSPS Program Executive Office. The most significant implementation costs are yet to be expended and will occur in the conversion to the NSPS system on April 30, 2006. At that time individual employee pay for those employees in a within-grade-increase waiting period will be permanently increased to account for the time invested toward their next within-grade increase. This cost for approximately 170 conversions is estimated at $131,608 for COMPACFLT Headquarters only.

SEN Voinovich
SES Ms. Maureen Kleintop, Deputy Chief of Staff, Total Force Manpower and Personnel, COMPACFLT
Senate Oversight of Government Management - 12 Apr 06
Q. 2
Preparing for Transition: Implementation of the National Security Personnel System

Preparing for Transition: Implementation of the National Security Personnel System (NSPS)

Question. What mechanisms do you have for evaluating and assessing the effectiveness of your training activities? Do you plan to use employee surveys to determine the effectiveness of training?

Answer. Each course has pre-course and post-course benchmarks that measure the learning that occurred as a result of the course. Training courses include an evaluation form to solicit employee feedback on the quality of the subject matter, material, and training delivery. These two tools, along with feedback provided by employees individually and through their Implementation Team members, will serve as the basis for assessment of training. Additional employee surveys to determine effectiveness of training are not planned at this time.

SEN Voinovich
SES Ms. Maureen Kleintop, Deputy Chief of Staff, Total Force Manpower and Personnel, COMPACFLT
Senate Oversight of Government Management - 12 Apr 06
Q. 3
Preparing for Transition: Implementation of the National Security Personnel System

Preparing for Transition: Implementation of the National Security Personnel System (NSPS)

Question. How are you all measuring and tracking success of NSPS implementation?

Answer. The Department of Navy (DON) is developing an evaluation plan that will fulfill or, where appropriate, complement the DoD PEO draft Evaluation Plan. The DoD and DON plans will evaluate NSPS formatively, examining Lessons Learned from the implementation of early spirals for use during the later spirals, and summatively, by examining the impact of NSPS on the DON workforce and organization, as well as the impact on the Human Resources Management system. The summative evaluation is the most substantive area of investigation, and will get information from sources such as:

- Metrics, which will be compiled from various databases, tracked and compared to baseline data;
- Surveys of employees and supervisors, including:
  - The Defense Manpower Data Center Status of Forces survey, administered twice a year, which measures employee and supervisor satisfaction and commitment through dozens of in-depth questions (this information can distinguish between NSPS employees and those who are not yet converted);
- Focus groups, in order to obtain a deeper understanding of the impact of NSPS on employees and supervisors;
- Site Histories, which will enable metrics to be analyzed in the context of other organizational events;
- Special Studies, conducted by DoD, which will enable the in-depth study of certain issues if and when appropriate; and
- After-Action Reviews, conducted by DoD, which would enable the formal sharing of lessons learned across the DOD and DON.

SEN Voinovich
SES Ms. Maureen Kleintop, Deputy Chief of Staff, Total Force Manpower and Personnel, COMPACFLT
Senate Oversight of Government Management - 12 Apr 06
Q. 4
Preparing for Transition: Implementation of the National Security Personnel System

Preparing for Transition: Implementation of the National Security Personnel System (NSPS)

Question. How will you all attempt to identify and track changes in the culture of the workforce?

Answer. The DoN contracted the Corporate Leadership Council to conduct a "Building a High Performance Culture" survey throughout the DoN in early 2005. In the future, DoN will use the Defense Manpower Data Center Status of Forces survey, conducted twice a year, which will contain "employee engagement" questions as well as general questions regarding NSPS. The survey can distinguish between NSPS employees and those not yet converted. The DON plans to use the survey results to identify and track cultural changes over time.

SEN Voinovich
SES Ms. Maureen Kleintop, Deputy Chief of Staff, Total Force Manpower and Personnel, COMPACFLT
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Q. 5
Preparing for Transition: Implementation of the National Security Personnel System

Preparing for Transition: Implementation of the National Security Personnel System (NSPS)

Question. What is your relationship with the NSPS Program Executive Office?

Answer. The DON has a Program Management Office (PMO) that is double-hatted, reporting to both the DON and the DOD NSPS Program Executive Office (PEO). The DON PMO staff works very closely with the NSPS Program Executive Office (PEO). They provide oversight and guidance across the DON Major Commands by ensuring all DON organizations conform to the NSPS PEO readiness assessment guidelines; and by serving as a conduit for information regarding NSPS issues. At Commander, U.S Pacific Fleet, Morena Gullett serves as the command's Program Manager (PM). She is part of the DON's PMO's program management team and is in constant communication with the DON's PMO. The relationship with the NSPS Program Executive Office (PEO) is via the PMO. Although our PM has direct access to the PEO staff, we prefer to vet NSPS issues via the DON's PMO.

Question. How much visibility does the NSPS Program Executive Office have over your implementation and training?

Answer. The NSPS PEO has access to implementation and training data as collected by the Defense Civilian Personnel Data System (DCPDS). The DCPDS' vast reporting capacity will provide all the statistical data required for the PEO to measure and evaluate NSPS performance in Spiral 1.1 activities. Also, the PEO has developed a Readiness Assessment tool to track the status of progress in NSPS preparations. The tool allows organizations to assess their readiness to deploy NSPS and allows Components and their Major Commands to actively monitor each organization's implementation status.

Question. Should the PEO have greater visibility into your activities?

Answer. No. The PEO has visibility via the reporting capacity in the Defense Civilian Personnel Data System and through the Readiness Assessment Tool.

SEN Voinovich
SES Ms. Maureen Kleintop, Deputy Chief of Staff, Total Force Manpower and Personnel, COMPACFLT
Senate Oversight of Government Management - 12 Apr 06
Q. 6
Preparing for Transition: Implementation of the National Security Personnel System

Preparing for Transition: Implementation of the National Security Personnel System (NSPS)

Question. Do you anticipate that there will be some managers who will not want the responsibility under NSPS of evaluating their employees and making compensation decisions based on those evaluations?

Answer. Yes, we expect that there may be a few supervisors/managers who will have difficulty in exercising their performance management responsibilities under NSPS. We are providing our supervisors/managers with the necessary tools to carry out their responsibilities through training courses such as "Coaching for High Performance" and "Performance Management Course." Additionally, the COMPACFLT NSPS Program Management staff will continue to provide supervisors with extensive technical assistance on all aspects of performance management.

Question. What will you do with these individuals? Will you seek to transfer them to senior non-management positions?

Answer. The first remedial action will be to provide the supervisor having difficulty with additional support through performance management training and guidance from his/her supervisor. Reassigning a supervisor to a non-supervisory position is an option that may be considered if counseling and training does not resolve the problem.

SEN Voinovich
SES Ms. Maureen Kleintop, Deputy Chief of Staff, Total Force Manpower and Personnel, COMPACFLT
Senate Oversight of Government Management - 12 Apr 06
Q. 7
Preparing for Transition: Implementation of the National Security Personnel System

Preparing for Transition: Implementation of the National Security Personnel System (NSPS)

Question. On a related question, do you anticipate that there will be some employees who will not want to be subject to the new evaluation and compensation system and will either quit or retire?

Answer. It is possible that a few employees may resign or retire because of NSPS. However, to prevent this, we have maintained open lines of communication and training to employees to ensure they understand the new system. We have also assured employees that NSPS does not eliminate employees' rights under EEO, Veterans' Preference, or Merit Principles.

Question. Is this of concern to you? Have you given some thought as to how you might handle these types of developments?

Answer. At this time, there is no indication that there are many employees who plan to retire or resign because of NSPS. However, we will continue to address employee concerns as they are raised through additional communication and training. We plan to hold monthly "Learning Lunch" sessions on a variety of NSPS related subjects to help our employees make a successful transition to the new pay-for-performance environment.

SEN Akaka
SES Ms. Maureen Kleintop, Deputy Chief of Staff, Total Force Manpower and Personnel, COMPACFLT
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Q. 1
Preparing for Transition: Implementation of the National Security Personnel System

Preparing for Transition: Implementation of the National Security Personnel System (NSPS)

One concern with the move to a pay for performance system is that it will lead to quotas on the number of individuals who can be rated as outstanding or highly successful - even though this action is prohibited under the National Security Personnel System (NSPS).

Question. What specific training is being given to managers to ensure that quotas or the forced distribution of ratings are not used?

Answer. The DOD NSPS training course curriculum stresses the prohibition against forced distributions. The participant guide for the Performance Management for Supervisors and Managers course states: "Forced distribution of ratings (setting pre-established limits for the percentage or number of ratings that may be assigned) is not permitted." To strengthen the message during training, this topic is addressed during the pre-course and post-course benchmarking exercise. Both the instructor guide and instructor training direct instructors to stress this point. The prohibition against forced distribution will be addressed in our internal performance management guidance and will be monitored during the ratings review process.

SEN Akaka
SES Ms. Maureen Kleintop, Deputy Chief of Staff, Total Force Manpower and Personnel, COMPACFLT
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Q. 2
Preparing for Transition: Implementation of the National Security Personnel System

Preparing for Transition: Implementation of the National Security Personnel System (NSPS)

Question. The recently released NSPS guide states that the Department of Defense (DoD) may change the probationary period for employees in certain occupations. Will the probationary period change for any occupations under Spiral 1.1, and if so, which ones?

Answer. At this time, COMPACFLT has no plans to request longer probationary periods for any of its headquarters positions.

SEN Akaka
SES Ms. Maureen Kleintop, Deputy Chief of Staff, Total Force Manpower and Personnel, COMPACFLT
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Q. 3
Preparing for Transition: Implementation of the National Security Personnel System

Preparing for Transition: Implementation of the National Security Personnel System (NSPS)

Mr. Toyama testified that while the law governing veterans' preference remains unchanged under NSPS, the changes limiting bump and retreat rights and the changes to the definitions of occupational group and geographic groups during a reduction in force (RIF) severely limits veterans' preference.

Question. What is your response to Mr. Toyama's characterization of veterans' preference rights under NSPS?

Answer. NSPS regulations preserve veterans' preference as the second highest retention factor, the same as in current regulations. While competitive groupings are made more flexible with NSPS than in current regulations, such groupings must be set based on business related needs. Because veterans' preference is a higher retention factor than performance or seniority, regardless of the competitive area and competitive group set, preference eligible personnel will have higher retention status than non-preference eligible personnel.

SEN Akaka
SES Ms. Maureen Kleintop, Deputy Chief of Staff, Total Force Manpower and Personnel, COMPACFLT
Senate Oversight of Government Management - 12 Apr 06
Q. 4
Preparing for Transition: Implementation of the National Security Personnel System

Preparing for Transition: Implementation of the National Security Personnel System (NSPS)

As an experienced personnel specialist, you know that training is very expensive. Unfortunately, efforts to evaluate the cost of training in the federal government are often hindered by the lack of accurate, reliable and consistent data. You testified that the effectiveness of some of the training programs has been evaluated.

Question. What infrastructure is in place to evaluate the training programs and provide a comprehensive picture of costs, expenses, and other financial information related to NSPS training activities?

Answer. The DON plans to perform a thorough evaluation of all NSPS training programs. The effectiveness of NSPS training will be assessed through evaluation methodologies that measure learning data, applied behavioral changes on the job, and the contribution of training upon business impact results. The DON is also hosting facilitated panel discussions on training effectiveness during lessons learned conferences after each spiral conversion. The DON recently established a Training Program Evaluation Branch within the Office of Civilian Human Resources that will function as part of a supporting infrastructure in measuring and overseeing NSPS training effectiveness.

The DON NSPS PMO has implemented an Implementation Cost Tracking Process to track all DON NSPS related expenses. Every Quarter each Major Command is required to submit their NSPS related expenses to the PMO. Training is one of the expense categories. The NSPS PMO aggregates all of the responses from the DON Major Commands to enable quarterly tracking and reporting of DON NSPS expenses.

Question. What data are you collecting on training and were you given data standards by the NSPS Program Executive Officer?

Answer. We are collecting training data on course attendance/completion, pre-course and post-course benchmark results, and course evaluation feedback data. The DON's Office provided data gathering standards and templates. The NSPS Program Executive Office provided the overall course data standards, and developed the course benchmarks and evaluation forms as part of the DoD-provided curriculum. The training data is entered in the Defense Civilian Personnel Data System.

SEN Akaka
SES Ms. Maureen Kleintop, Deputy Chief of Staff, Total Force Manpower and Personnel, COMPACFLT
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Q. 5
Preparing for Transition: Implementation of the National Security Personnel System

Preparing for Transition: Implementation of the National Security Personnel System (NSPS)

Question. How much money are you spending on training for Spiral 1.1 and how much to you expect to spend on Spirals 1.2 and 1.3?

Answer. The COMPACTFLT Spiral 1.1 training costs to date are $337,000. The composition of Spiral 1.2 and Spiral 1.3 has not been decided yet, we therefore cannot estimate training costs for those Spirals.

Question. Mr. Vajda testified that NSPS training was basically an unfunded mandate. How is Navy balancing NSPS training with other necessary employee training programs? Are existing programs being scaled back or eliminated to cover the cost of NSPS training, and, if so, what programs are being scaled back and by how much?

Answer. At COMPACFLT, attendance of NSPS-specific courses is mandatory for civilian employees, supervisors, managers, and military supervisors of civilians. Training in the technical and behavioral aspects of NSPS will be a priority and will have top leadership support. The Commander, U.S Pacific Fleet, has incorporated NSPS as part of his operational goals and priorities. Training in behavioral and technical skills required for the success of NSPS will be supported as well as other mission-essential training programs. To date, COMPACFLT has not scaled back any other training programs to accommodate NSPS training.

SEN Akaka
SES Ms. Maureen Kleintop, Deputy Chief of Staff, Total Force Manpower and Personnel, COMPACFLT
Senate Oversight of Government Management - 12 Apr 06
Q. 6
Preparing for Transition: Implementation of the National Security Personnel System

Preparing for Transition: Implementation of the National Security Personnel System (NSPS)

Question. I believe it is essential to involve managers and employees throughout the development and training process of NSPS to ensure that different perspectives are heard. How are you incorporating the concerns raised by managers and employees and would you provide us with an example of how an issue raised has resulted in changes to the training curriculum.

Answer. We have built credibility into each aspect of our deployment plan by involving people. The face-to-face communication structure provided by the implementation team, as well as event and training evaluations allows us to effectively incorporate employees' feedback into our strategies. Change to the training curriculum occurred when several of our implementation team trainers attended the initial DoD NSPS Performance Management "Train-the-Trainer" conference. Based on their feedback, the course was revised to include an overview of the entire performance system and a final capstone exercise to practice the system from start to finish. This change immensely improved the value of the course as documented by employee feedback received from the first session held April 10-11, 2006.

SEN Akaka
SES Ms. Maureen Kleintop, Deputy Chief of Staff, Total Force Manpower and Personnel, COMPACFLT
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Q. 7
Preparing for Transition: Implementation of the National Security Personnel System

Preparing for Transition: Implementation of the National Security Personnel System (NSPS)

Training plays a key role in helping DoD address the challenges of transformation and cultural change associated with NSPS. However, like all programs, training must be carefully managed. As I noted in my opening remarks, I am concerned that all employees may not be receiving the same training or information.

Question. What steps have been taken to ensure that training activities are consistent across the Department and that all employees are receiving the same information?

Answer. The DON identified the behavioral and technical competencies needed to be successful under NSPS and a course curriculum to meet those competencies. The DON is using a blended approach of E-Learning courses, using Navy Knowledge On-Line, and classroom training to address the behavioral and technical competencies. All DON and COMPACFLT activities, regardless of Spiral, will receive the same course curriculum. After Spiral 1.1's NSPS specific training, as developed by DOD's Program Executive Office is completed, COMPACFLT will provide lessons learned and recommendations via the DON and DOD lessons learned process. We envision DOD will update and improve the training courses and material for the next Spirals. COMPACFLT will continue to follow the standardized DOD-provided training.

SEN Akaka
SES Ms. Maureen Kleintop, Deputy Chief of Staff, Total Force Manpower and Personnel, COMPACFLT
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Q. 8
Preparing for Transition: Implementation of the National Security Personnel System

Preparing for Transition: Implementation of the National Security Personnel System (NSPS)

It is essential that the training being delivered to employees in Spiral 1.1 be evaluated to determine how well it is working before employees in Spirals 1.2 and 1.3 are trained and brought under NSPS.

Question. Are attendees at train-the-trainer events tested or evaluated after the program to ensure they are ready to train other employees on NSPS? If so, please describe the testing or evaluation process.

Answer. COMPACFLT trainers are evaluated by providing "beta" classes attended by the training cadre. They are evaluated on a common set of criteria and provided with constructive feedback that they incorporate before conducting the training. The criteria helps ensure the most qualified people in the organization are selected as trainers. There is no testing or evaluations of the attendees of Train-the-trainer events at the DON level.

Question. How are the online training programs evaluated?

Answer. Online training programs are evaluated via employee feedback.

Question. How are online participants tested to ensure that they understand the information provided? Is it any different from the evaluation process for classroom training programs?

Answer. Navy Knowledge Online courses include tests that must be passed in order to earn a certificate. The evaluation process differs by course content rather than the method of course delivery.

Question. How are you evaluating other training programs? Please describe this process and how long the evaluation process lasts.

Answer. Each training event includes a participant evaluation feedback mechanism that goes to the course provider and the Pacific Fleet Training Manager. This feedback is ongoing and allows the Training Manager to determine if the training program is meeting mission requirements. The DON recently established a Training Program Evaluation Branch within the Office of Civilian Human Resources that will function as part of a supporting infrastructure in measuring and overseeing NSPS training effectiveness.

The Spiral 1.1 lessons learned conference will be held May 31 through June 1, 2006. The Spiral 1.1 training benchmark and training evaluation analysis will be completed by the end of June 2006.

SEN Akaka
SES Ms. Maureen Kleintop, Deputy Chief of Staff, Total Force Manpower and Personnel, COMPACFLT
Senate Oversight of Government Management - 12 Apr 06
Q. 9
Preparing for Transition: Implementation of the National Security Personnel System

Preparing for Transition: Implementation of the National Security Personnel System (NSPS)

Question. You testified that employees under the Commander of the U.S. Pacific Fleet are under the leadership of six Flag Officers and four Senior Executive Service Members, all of whom are required to take NSPS training. Are the training programs different for military managers and civilian managers, and, if so, what are the differences?

Answer. No, the programs are identical for military managers and civilian managers.

SEN Akaka
SES Ms. Maureen Kleintop, Deputy Chief of Staff, Total Force Manpower and Personnel, COMPACFLT
Senate Oversight of Government Management - 12 Apr 06
Q. 10
Preparing for Transition: Implementation of the National Security Personnel System

Preparing for Transition: Implementation of the National Security Personnel System (NSPS)

Question. I am pleased to hear that the Navy will host 20 training sessions for Hawaii employees this month. However, it is critical to have ongoing training if a performance based pay system is to be implemented successfully. What plans do you have to provide additional training to employees in Spiral 1.1 on NSPS after implementation at the end of the month?

Answer. COMPACFLT will provide additional training to employees on specific NSPS topics such as compensation and pay pool management. Training sessions and "just in time" refresher courses are scheduled throughout the upcoming months highlighting the performance management content provided in the initial training. The topics will specifically align and support the current stage of the performance management cycle.

SEN Akaka
SES Ms. Maureen Kleintop, Deputy Chief of Staff, Total Force Manpower and Personnel, COMPACFLT
Senate Oversight of Government Management - 12 Apr 06
Q. 11
Preparing for Transition: Implementation of the National Security Personnel System

Preparing for Transition: Implementation of the National Security Personnel System (NSPS)

The training programs, such as HR Elements for Spiral 1.1 gives a good overview of NSPS. However, I am interested in the more targeted training programs that will help managers and employees actually carry out the goals of NSPS.

Question. What specific training have managers and employees received on measuring performance and conducting employee evaluations and how many employees have completed this training?

Answer. Training is included in the Performance Management course. As of the date of the hearing, April 12, 2006, 26 supervisory/managerial personnel had completed this training and 165 were scheduled to attend by the end of April. This portion of the curriculum will be provided again in July/August as "just in time" training during the mid-year appraisal phase of the performance cycle.

Question. What specific training have managers and employees received about developing performance expectations and how many employees have completed this training?

Answer. Training is included in the Performance Management course. As of the date of the hearing, April 12, 2006, 26 supervisory/managerial personnel had completed this training and 165 were scheduled to attend by the end of April. This portion of the curriculum will be provided again in October 2006, during the planning phase of the 2007 performance cycle.

Question. What specific training have managers and employees received on the new RIF procedures and how many employees have completed this training?

Answer. Training is included in the Human Resource Elements course. As of the date of the hearing, April 12, 2006, 208 personnel had completed this training. Workforce shaping curriculum, including RIF, will be provided as required in conjunction with any future restructuring actions.

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(The information follows:)

Naval Shipyards routinely conduct qualification and skills training, which are essential to successful mission execution and accomplishment of the Naval Shipyards' work. Training is provided in core competency areas such as Security, Safety, Health, Equal Employment Opportunity, Prevention of Sexual Harassment, New Employee Orientation, and other specialized technical areas on regular basis. The NAVSEA Systems Command NSPS Implementation Team identified and will project NSPS implementation training costs and their resident financial impacts. It is fundamental to Naval Shipyards that essential and critical training programs will not be scaled back or eliminated to cover the cost of NSPS training. NSPS Naval Shipyard training will be funded out of normal operating budgets by using established funding protocols to prioritize all training requirements and create a balance between NSPS and other Shipyard training requirements.

Senate Oversight of Government
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(The information follows:)

The Department of Defense (DoD) will not cover Federal Wage System (FWS) employees in the initial implementation phases of the NSPS Human Resources system. Before including FWS employees in NSPS Human Resources system, DoD plans additional analysis, studies, and collaboration with labor representatives to determine the appropriate application of NSPS to the trade and craft environment. The NSPS Program Executive Office has recently indicated its plans to start the Spiral 2 development phase. Along with other groups, the Federal Wage System employees will transition into NSPS in one of the Spiral 2 phases. The design approach for Spiral 2 will incorporate a collaborative process with numerous stakeholders and will incorporate lessons learned during the Spiral 1 design experience.

A planning team will be convened during June 2006 to develop the overarching strategy and ensure an integrated approach to the expanded NSPS HR system. In addition to focusing on the FWS employees, Spiral 2 will also review the HR system design for National Guard technicians, and explore inclusion of Non-Appropriated Fund (NAF) employees, service school professors, and mariners.

Following the development and approval of the overarching strategy, Spiral 2 Working Groups will be formed to flesh out the details, identify and explore various design options, draft system requirements, and prepare the system design proposals. The analysis will include how the Monroney Amendment would apply in a pay-for-performance system.

Senate Oversight of Government
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Security Personnel System
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(The information follows:)

As a human resources executive with 36 years of Federal service, I welcome the concepts of accountability, flexibility and results that are core to the National Security Personnel System (NSPS). Besides paying more for good performance, it will allow us to compensate employees who fill difficult or especially valuable positions at COMPACFLT Headquarters. As such, I believe that NSPS will strengthen our ability to accomplish COMPACFLT's mission. It will be an enabler in refining our role as a warfighting headquarters, even as we continue our years-long effort to man, train and equip today's and tomorrow's operational maritime forces. My enthusiasm also comes from the top leadership support I currently enjoy in implementing this major transformation and team of HR professionals that are supporting me.

Preparing for Transition: Implementation of the National Security Personnel System

SEN Voinovich
Mr. Jeffrey Wataoka,
Dir, Pacific HRSC
Senate Government
Reform
12 Apr 06
Q. 1

Question. How much are you spending on training and implementation?

Answer. First, there were different aspects to training and implementation of NSPS. One aspect was formal (e.g. all employees were required to take classroom training such as HR Elements for HR Practitioners and Performance Management and online courses such as Goal Setting, Effective Communication and Managing Upward). The other aspect was informal (e.g. reading newsletters and attending informal briefing sessions). The formal training cost was approximately $55,800 while the informal training was about $12,400.

Preparing for Transition: Implementation of the National Security Personnel System

SEN Voinovich
Mr. Jeffrey Wataoka,
Dir, Pacific HRSC
Senate Government
Reform
12 Apr 06
Q. 2

Question. What mechanisms do you have for evaluating and assessing the effectiveness of your training activities? Do you plan to use employee surveys to determine the effectiveness of training?

Answer. One formal means to evaluate and assess the effectiveness of our training activities was to deliver pre-course and post-course learning benchmarks to all attendees. The scores are evaluated and assessed. I have reviewed the results and can certify that the training was effective. This is further collaborated by the actual processing of personnel actions under NSPS by our office staff. We also recently deployed a survey to determine the effectiveness of training.

Preparing for Transition: Implementation of the National Security Personnel System

SEN Voinovich
Mr. Jeffrey Wataoka,
Dir, Pacific HRSC
Senate Government
Reform
12 Apr 06
Q. 3

Question. How are you measuring and tracking success of NSPS implementation?

Answer. At this point, NSPS has been successfully implemented. As an example of this success, accurate computation of the within grade increase buy-in was calculated and employees placed in their proper pay bands. These actions were documented by the Notification of Personnel Action (i.e. SF 50) for employees.

Preparing for Transition: Implementation of the National Security Personnel System

SEN Voinovich
Mr. Jeffrey Wataoka,
Dir, Pacific HRSC
Senate Government
Reform
12 Apr 06
Q. 4

Question. How will you all attempt to identify and track changes in the cultural of the workforce?

Answer. One of my goals is to embed high performance behaviors and employee engagement drivers in our office staff. Largely, this will be done through the performance plans for our employees and supervisors (i.e., by the planning, monitoring, appraising and rewarding aspects of performance management with the ultimate goal of achieving a high performing organization).

Preparing for Transition: Implementation of the National Security Personnel System

SEN Voinovich
Mr. Jeffrey Wataoka,
Dir, Pacific HRSC
Senate Government
Reform
12 Apr 06
Q. 5

Question. What is your relationship with the NSPS Program Executive Office? How much visibility does the NSPS Program Executive Office have over your implementation and training? Should the PEO have greater visibility in your activities?

Answer. Although I have had direct contact with the Program Executive Office (PEO), indirect communication to our office has been the norm. The PEO provides direction and guidance to the Navy's Program Management Office who then communicates information to the Project Officers. The PEO has significant visibility over our implementation and training (e.g. they coordinate the training of trainers). I believe the system established for communicating direction and guidance is good.

Preparing for Transition: Implementation of the National Security Personnel System

SEN Voinovich
Mr. Jeffrey Wataoka,
Dir, Pacific HRSC
Senate Government
Reform
12 Apr 06
Q. 6

Question. Do you anticipate that there will be some managers who will not want the responsibility under NSPS of evaluating their employees and making compensation decisions based on those evaluations? What will you do with these individuals? Will you seek to transfer them to senior non-management positions?

Answer. First, our managers have readily adapted to their duties and responsibilities under NSPS. I recognize there could be situations in which some managers will not want the new responsibilities to achieve the goals prescribed by the NSPS and action may need to be taken such as transferring them to non-management positions. I believe for the most part formal action will not be necessary as managers who are not suited for their new responsibilities will soon recognize this and voluntarily seek non-management positions.

Preparing for Transition: Implementation of the National Security Personnel System

SEN Voinovich
Mr. Jeffrey Wataoka,
Dir, Pacific HRSC
Senate Government
Reform
12 Apr 06
Q. 7

Question. On a related question, do you anticipate that there will be some employees who will not want to be subject to the new evaluation and compensation system and will either quit or retire? Is this of concern to you? Have you given some thought as to how you might handle these types of developments?

Answer. For our office, no employee has quit or retired because of NSPS nor do I expect this to happen. Actually, quite the opposite has happened. Two employees who recently left our office returned knowing our office was part of Spiral 1.1 and a third employee plans to return in the near future. The reasons for returning may not be entirely based on NSPS but it certainly is not an obstacle for their return. I suspect some employees may be apprehensive about the new evaluation and compensation aspects of NSPS. From the outset of NSPS implementation, the Department of Defense and Department of the Navy have emphasized building credibility and trust in the new system. For our employees, I have emphasized how they can benefit from the new system; this includes recognition and rewarding of employees based on their personal contribution to our mission, open communication with supervisors, encouraging them to take ownership of their performance and success and promoting broader skill development and advancement opportunities in pay bands. These are more than concepts. To build credibility and trust, there must be action in accord with the concepts. One aspect of doing this involves developing individual development plans for all employees in a collaborative manner so they can develop competencies needed for their present work and also to help meet their future career goals. To assure this happens, all supervisors have a goal to do this no later than the end of our performance cycle (i.e., 31 October 2006).

Preparing for Transition: Implementation of the National Security Personnel System

SEN Akaka
Mr. Jeffrey Wataoka,
Dir, Pacific HRSC
Senate Government
Reform
12 Apr 06
Q. 1

One concern with the move to a pay for performance system is that it will lead to quotas on the number of individuals who can be rated as outstanding or highly successful - even though this action is prohibited under the National Security Personnel System (NSPS).

Question. What specific training is being given to managers to ensure quotas or the forced distribution of ratings is not used?

Answer. From the very beginning of NSPS training by the Department of Defense and Department of the Navy, it was emphasized that quotas or forced distribution of ratings was prohibited. This message was communicated many times including to all of our supervisors and employees. The formal training on Performance Management further emphasized this point.

Preparing for Transition: Implementation of the National Security Personnel System

SEN Akaka
Mr. Jeffrey Wataoka,
Dir, Pacific HRSC
Senate Government
Reform
12 Apr 06
Q. 2

Question. The recently released NSPS guide states that the Department of Defense (DoD) may change the probationary period for employees in certain occupations. Will the probationary period change for any occupations under Spiral 1.1 and, if so, which ones?

Answer. As NSPS is a performance-based system, it is critical to assess an employee's fitness for service upon initial entry into the Department of Defense. Currently, the one year probationary period under NSPS has not changed although the Department of Defense has the option of establishing longer probationary periods for select occupations.

Preparing for Transition: Implementation of the National Security Personnel System

SEN Akaka
Mr. Jeffrey Wataoka,
Dir, Pacific HRSC
Senate Government
Reform
12 Apr 06
Q. 3

Mr. Toyama testified that while the law governing veteran's preference remains unchanged under NSPS, the changes limiting bump and retreat rights and the changes to the definitions of occupational group and geographic groups during a reduction in force (RIF) severely limits veterans' preference.

Question. What is your response to Mr. Toyama's characterization of veterans' preference rights under NSPS?

Answer. There is more flexibility for activities to utilize competitive groupings under NSPS but these groupings must be based on business related needs. The decision by the activity to select a certain grouping cannot be arbitrary and capricious as reduction in force may be contested by affected employees to the Merit Systems Protection Board. The retention factors for reduction in force under NSPS are tenure, veteran's preference, performance rating and credible service; in this regard, veteran's preference does not change from the current system; performance management and credible service flip flops between the NSPS and the current system.

Preparing for Transition: Implementation of the National Security Personnel System

SEN Akaka
Mr. Jeffrey Wataoka,
Dir, Pacific HRSC
Senate Government
Reform
12 Apr 06
Q. 4

As an experienced personnel specialist, you know that training is very expensive. Unfortunately, efforts to evaluate the cost of training in the federal government are often hindered by the lack of accurate, reliable and consistent data. Ms. Kleintop testified that the effectiveness of some of the training programs has been evaluated.

Question. What infrastructure is in place to evaluate the training programs and provide a comprehensive picture of costs, expenses, and other financial information related to NSPS training activities? What data are you collecting on training and were you given data standards by the NSPS Program Executive Officer?

Answer. First, I consider the training to our staff to be an investment which I expect to pay big dividends in the future; this will more than offset the cost of the training. As an example, there are 400 Office of Personnel Management standards for the General Schedule while there would be only 15 standards under NSPS. Classification under NSPS will be simpler and we would be able to do it faster and with less resources. With respect to evaluating the training programs, formal evaluations of classroom and online training were provided by employees. Moreover, for the classroom training, pre-learning and post-learning course benchmarks were administered; the evaluation showed that the training provided increased the knowledge of employees on NSPS requirements. The data we collected included the title of the course for each employee and the number of hours of the training session. I was not provided any data standards by the NPSP Program Executive Officer.

Preparing for Transition: Implementation of the National Security Personnel System

SEN Akaka
Mr. Jeffrey Wataoka,
Dir, Pacific HRSC
Senate Government
Reform
12 Apr 06
Q. 5

Question. How much money are you spending on training for Spiral 1.1 and how much do you expect to spend on Spiral 1.2 and 1.3? Mr. Vadja testified that NSPS training was basically an unfunded mandate. How is Navy balancing NSPS training with other necessary employee training programs? Are existing programs being scaled back or eliminated to cover the costs of NSPS training and, if so, what programs are being scaled back and by how much?

Answer. We expended about $68,200 on NSPS training to implement training requirements as a Spiral 1.1 activity. We do not expect to expend any further funds on Spiral 1.2 and 1.3 activities. My understanding is the Department of the Navy generally budgets for training as part of the overall operations and maintenance requirements and not as a separate line item. Apparently, this is what Mr. Vadja from the Department of Army was referring to when he indicated NSPS training was an unfunded mandate. For our office, I budgeted for the NSPS training without sacrificing other required training (e.g. in the midst of NSPS training, several employees attended training on delegated examining and priority placement program).

Preparing for Transition: Implementation of the National Security Personnel System

SEN Akaka
Mr. Jeffrey Wataoka,
Dir, Pacific HRSC
Senate Government
Reform
12 Apr 06
Q. 6

Question. I believe it is essential to involve managers and employees throughout the development and training process of NSPS to ensure that different perspectives are heard. How are you incorporating the concerns raised by managers and employees and would you provide us with an example of how an issue raised has resulted in changes to the training curriculum.

Answer. For our office, positive comments were made regarding the required training so major changes to the curriculum were not necessary. Instead, as an example, the amount of emphasis on certain aspects of the training was deemed important by employees and supervisors such as development of good job objectives; this resulted in more time being devoted to this aspect of the training session.

Preparing for Transition: Implementation of the National Security Personnel System

SEN Akaka
Mr. Jeffrey Wataoka,
Dir, Pacific HRSC
Senate Government
Reform
12 Apr 06
Q. 7

Training plays a key role in helping DoD address the challenges of transformation and cultural change associated with NSPS. However, like all programs, training must be carefully managed. As I noted in my opening remarks, I am concerned that all employees may not be receiving the same training or information.

Question. What steps have been taken to ensure that training activities are consistent across the Department and that all employees are receiving the same information?

Answer. I agree that training must be carefully managed. This does not necessarily mean all employees must receive the same training or information. As an example, employees in our office received 24 hours of training on HR Elements for HR Practitioners while significantly less hours of HR Elements training is provided to employees outside of the human resources office. This makes sense since we must administer the rules and regulations governing staffing, classification, workforce shaping, etc. I believe it is important for employees to receive the training and information so they can understand what is required of them, the impact of NSPS on their career and to properly perform their duties and responsibilities.

Preparing for Transition: Implementation of the National Security Personnel System

SEN Akaka
Mr. Jeffrey Wataoka,
Dir, Pacific HRSC
Senate Government
Reform
12 Apr 06
Q. 8

It is essential that the training being delivered to employees in Spiral 1.1 be evaluated to determine how well it is working before employees in Spiral 1.2 and 1.3 are trained and brought under NSPS.

Question. Are attendees at train-the-trainer events tested or evaluated after the program to ensure that they are ready to train other employees on NSPS? If so, please describe the testing or evaluation process. How are the online training programs evaluated? Are online participants tested to ensure that they understand the information provided? Is it any different from the evaluation process for classroom training programs? How are you evaluating other training programs? Please describe this process and how long the evaluation process lasts.

Answer. The trainers are generally evaluated by the pre-learning and post-learning course benchmarks administered to all attendees and the evaluation comments. The online training does not include pre-learning and post-learning benchmark evaluation but employees provide an overall evaluation of the course. Our supervisors have sought feedback from our employees and others outside our office for the online courses. As part of the "lessons learned" process, all of the human resources service centers in Spiral 1.1 shared their evaluation of the online courses which was documented so input can be provided by the Program Executive Office to activities under Spiral 1.2 and 1.3. I am not evaluating other programs at the present time but expect to in the near future (e.g. pay pool management training will likely be provided in August 2006); since learning is an ongoing initiative, the evaluation process will continue in the future.

Preparing for Transition: Implementation of the National Security Personnel System

SEN Akaka
Mr. Jeffrey Wataoka,
Dir, Pacific HRSC
Senate Government
Reform
12 Apr 06
Q. 9

Question. Ms. Kleintop testified that employees under the Commander of the U. S. Pacific Fleet are under the leadership of six Flag Officers and four Senior Executive Service Members, all of whom are required to take NSPS training. Are the training programs different for military managers and civilian managers, and, if so, what are the differences?

Answer. We do not have any military managers in our office but my understanding is the training for military and civilian managers is the same.

Preparing for Transition: Implementation of the National Security Personnel System

SEN Akaka
Mr. Jeffrey Wataoka,
Dir, Pacific HRSC
Senate Government
Reform
12 Apr 06
Q. 10

Question. I am pleased to hear that the Navy will host 20 training sessions for Hawaii employees this month. However, it is critical to have ongoing training if a performance based pay system is to be implemented successfully. What plans do you have to provide additional training to employees in Spiral 1.1 on NSPS after implementation after the end of the month?

Answer. I agree that it is critical to have ongoing training if performance based pay system is to be implemented successfully. We plan to provide formal training on individual development plans and informal training on pay pool administration to all employees in the near future. Additionally, we will continue to provide NSPS training to all new employees.

Preparing for Transition: Implementation of the National Security Personnel System

SEN Akaka
Mr. Jeffrey Wataoka,
Dir, Pacific HRSC
Senate Government
Reform
12 Apr 06
Q. 11

The training programs, such as HR Elements for Spiral 1.1 gives a good overview of NSPS. However, I am interested in the more targeted training programs that will help managers and employees actually carry out the goals of NSPS.

Question. What specific training have managers and employees received on measuring performance and conducting employee evaluations and how many employees have completed this training? What specific training have managers and employees received about developing performance expectations and how many employees have completed this training?

Answer. All managers and employees received formal training on developing performance expectations, measuring performance and conducting employee evaluations in the Performance Management session. Additional information on these issues has been communicated to employees in "all hands" sessions.

Question. What specific training have managers and employees received on the new RIF procedures and how many employees have completed this training?

Answer. All employees in our office received training on the new RIF procedures in the HR Elements for HR Practitioners course.

Hearing Date: April 12, 2006
Committee: Senate Hearing
Member: Senator Voinovich
Witness: Mr. Michael Vajda
Question: #1

Question: How much are you spending on training and implementation?

Answer: FY05 Training Costs were $224,246.00. Total implementation costs to include program evaluation, automated systems, design and implementation, etc. for FY05 were $3,060,913.33

FY06 Training Costs were $1,560,216.00. Total implementation costs to include program evaluation, automated systems, design and implementation, etc. for FY06 were $6,688,245.62

Hearing Date: April 12, 2006
Committee: Senate Hearing
Member: Senator Voinovich
Witness: Mr. Michael Vajda
Question: #2

Question: What mechanisms do you have for evaluating and assessing the effectiveness of your training activities? Do you plan to use employee surveys to determine the effectiveness of training?

Answer: We administer pre-course and post-course tests that measure the extent of learning that occurred. Training courses include an evaluation form to solicit student feedback on the quality of the curriculum, instructors, and overall effectiveness of training. These tools, along with feedback provided from the Army Civilian Personnel Evaluation Agency survey of Spiral 1.1 participants has served as a solid basis for assessment. We closely review all training evaluation forms. A specific study of training conducted in the Washington DC area in support of Spiral 1.2 activities reflected an average rating of 4 on a 5 point scale. Ratings for executive sessions were even higher at an average of 4.5.

Hearing Date: April 12, 2006
Committee: Senate Hearing
Member: Senator Voinovich
Witness: Mr. Michael Vajda
Question: #3

Question: How are you all measuring and tracking the success of NSPS implementation?

Answer: The US Army Civilian Personnel Evaluation Agency (CPEA) has developed an evaluation plan as a blueprint of how NSPS will be evaluated corporately. The evaluation is formative, with evaluation data collected, analyzed, and tracked over several years. The CPEA approach uses comparison groups, baseline data, and a longitudinal design, since the structural changes associated with NSPS will likely take a number of years to demonstrate success. Evaluation data will come from a variety of sources including attitude surveys, automated data, readiness indicators, focus groups/targeted interviews, and lessons learned.

The Army Civilian Attitude Survey provides workforce opinion data. The survey targets certain groups (e.g., Army Spiral 1.1 employees, supervisors, females) and measures attitudes and opinions over time. This approach allows Army to compare views of NSPS and non-NSPS personnel longitudinally. Areas to be covered in the attitude survey include background data on survey participants (e.g., personal demographics, supervisor status, conversion spiral); awareness of organizational mission or goals; attitudes toward the work, the organization, the leaders, leaders' practices; attitudes toward NSPS and its features; supervisor views of HR management tools, authorities, processes, and quality; and workforce views related to performance culture (i.e., performance management, pay for performance) and retention.

Baseline data from automated sources enable "before and after" comparisons of groups at different points in time. For the Army NSPS evaluation, CPEA collected baseline data on the Civilian Human Resource Agency (CHRA) employees and organizations that make up Army Spiral 1.1 just before they were converted into NSPS. As these data were collected, they were clearly identified as "pre-implementation." When other, non-CHRA employees and organizations convert to NSPS (e.g., Army Spiral 1.2), similar pre-implementation analyses are conducted, and follow up data collected for the Army Spiral 1.1 activities that converted earlier. Most of the data comes from routinely archived automated systems, making historical tracking of data for units in a particular spiral relatively easy and efficient. The primary system that baseline data comes from is the Defense Civilian Personnel Data System (DCPDS), which contains workforce demographic, personnel transaction, performance, and training data.

Hearing Date: April 12, 2006
Committee: Senate Hearing
Member: Senator Voinovich
Witness: Mr. Michael Vajda
Question: #3

The PEO developed a web-based Readiness Tool to standardize and monitor the implementation process for components/organizations as they transition into NSPS. Built on a user Hierarchy, the tool is a mechanism to assist Components, Army Commands, Army Service Component Commands, and Direct Reporting Units as they move into NSPS. The tool identifies areas requiring particular attention during the transition process. The Readiness Tool enables commands to relay implementation/deployment tasks, assess the readiness of organization, monitor implementation status and provide a standard rollup reporting process.

Focus groups and targeted interviews are conducted at a sample of representative Army sites and activities once personnel have sufficient operational experiences with NSPS to discuss their views on NSPS features and practices. For example, CPEA is currently conducting a DoD-wide Performance Management System Review to ensure that the performance management system follows the statutory design criteria in 5 USC 9902(b). The review method calls for structured interviews with commanders, managers, supervisors, and employees, and focus group sensing sessions with supervisors and employees. This is in addition to analysis of program statistical data, review of performance appraisals and objectives, and review of command and local performance management and pay pool operations regulations and guidance.

Hearing Date: April 12, 2006
Committee: Senate Hearing
Member: Senator Voinovich
Witness: Mr. Michael Vajda
Question: #4

Question: How will you all attempt to identify and track changes in the culture of the workforce?

Answer: The Army Civilian Attitude Survey and "before and after" group comparisons are the primary vehicles for identifying and tracking changes in culture over time. The survey will be used to track responses to NSPS issues over the next five years. Baseline data is tracked over time for each spiral activity. That is, for each NSPS spiral activity a profile of metrics (e.g., average time to fill jobs, use of hiring flexibilities, grievances, average performance appraisal levels, formal disciplinary/adverse actions, number of unfair labor practices, average yearly salary increases) is developed and followed over time. Changes are tracked and compared against non-spiral groups and total Army data not only for the metrics piece, but also for survey data.

Hearing Date: April 12, 2006
Committee: Senate Hearing
Member: Senator Voinovich
Witness: Mr. Michael Vajda
Question: #5

Question: What is your relationship with the NSPS Program Executive Office? How much visibility does the NSPS Program Executive Office have over your implementation and training? Should the PEO have greater visibility into your activities?

Answer: Army works extremely closely with the NSPS Program Executive Office. The Department of the Army has a NSPS Program Manager (PM) that is dual-hatted, reporting both to Army management and the DoD NSPS Program Executive Office (PEO). The Army NSPS Program Management Office (PMO) staff works very closely with the DoD NSPS PEO and staff. The Army PMO provides oversight and guidance across Army Commands, Army Service Component Commands and Direct Reporting Units. They also ensure that all Army organizations conform to the NSPS PEO readiness assessment guidelines, implementation milestones and implementing issuances. The PMO staff serves as a conduit for NSPS information from the PEO and Army leadership. Army fully participates with the PEO in the NSPS design, development and implementation including participation in design workshops, PEO and PMO planning In Progress Reviews (IPRs) and leadership sessions. The NSPS PEO hosts a monthly Overarching Integrated Product Team meeting which is attended by senior executive leadership from each of the components. Issues of mutual concern are discussed and resolved at these sessions. These sessions provide the components the opportunity to frankly exchange information and influence the NSPS program and transition decisions. Additionally Army fully participates in the all PEO led Working Group to include critical areas like Training, Program Evaluation and Compensation. These workgroups meet at minimum on a monthly basis and on an as required basis.

The NSPS PEO has access to implementation and training data as collected by the Defense Civilian Personnel Data System (DCPDS). The vast reporting capacity of DCPDS provides all of the statistical data required for the PEO to measure and evaluate NSPS performance in transitioning activities. The comprehensive NSPS program evaluation process will provide the PEO and Army on-going status and progress assessment.

Greater visibility on the part of the PEO is not needed. The PEO has visibility via the reporting capacity of the DCPDS. It also has the ability to monitor transition preparation through the NSPS Readiness Tool. Biweekly PEO/PMO IPRs also provide a direct communication method for feedback and to discuss current/ongoing status or issues.

Hearing Date: April 12, 2006
Committee: Senate Hearing
Member: Senator Voinovich
Witness: Mr. Michael Vajda
Question: #6

Question: Do you anticipate that there will be some managers who will not want the responsibility under NSPS of evaluating their employees and making compensation decisions based on those evaluations? What will you do with these individuals? Will you seek to transfer them to senior non-management positions?

Answer: Yes, we expect that there may be a few supervisors/managers who will have difficulty in exercising NSPS supervisory requirements. In fact we have some supervisors who find it difficult to exercise their responsibilities under the current system. We do not believe that NSPS will serve to drive this number significantly higher. Our first effort will be to help support the supervisor by providing them the mentoring, coaching and training they need to become comfortable with their responsibilities. We specifically targeted the Army HR community to be the Spiral 1.1 representative. Our belief was that this would help prepare our HR professionals to become expert advisors and consultants to managers on the implementation and on going use of NSPS. This support structure should help minimize undo anxiety associated with the performance management and compensation aspects of NSPS. Additionally, Army already utilizes a five level performance management system that is based on rating of measurable mission related objectives. Therefore, this aspect of NSPS is not a radical departure from the Army norm.

Should mentoring and coaching fail, every effort would be made to place an otherwise valuable employee in a non-supervisory position.

Hearing Date: April 12, 2006
Committee: Senate Hearing
Member: Senator Voinovich
Witness: Mr. Michael Vajda
Question: #7

Question: On a related question, do you anticipate that there will be some employees who will not want to be subject to the new evaluation and compensation system and will either quit or retire? Is this of concern to you? Have you given some thought as to how you might handle these types of developments?

Answer: We believe that it is inevitable that some anxiety will accompany any major change and NSPS is not an exception in that regard. However, we anticipate that the vast majority of employees will wait and see how NSPS unfolds. In Army we are committed to assuring that our employees are treated in a fair and equitable manner. Our belief is that the NSPS experience for employees will bear this out and they will become at least as comfortable with this system as they are with the current one.

Our marketing, training and communication efforts serve to help alleviate workforce anxieties by delivering clear and consistent messages. Senior leadership is on board and continues to educate the workforce through the chain of command. At this time, there is no indication that there are employees who plan to retire or resign because of NSPS.

Hearing Date: April 12, 2006
Committee: Senate Hearing
Member: Senator Akaka
Witness: Mr. Michael Vajda
Question: #1

Question: One concern with the move to a pay for performance system is that it will lead to quotas on the number of individuals who can be rated as outstanding or highly successful – even though this action is prohibited under the National Security Personnel System (NSPS). What specific training is being given to managers to ensure that quotas or the forced distribution of ratings are not used?

Answer: The DoD NSPS training course curriculum stresses the prohibition against forced distributions. The participant guide for the Performance Management for Supervisors and Managers course states: "Forced distribution of ratings (setting pre-established limits for the percentage or number of ratings that may be assigned) is not permitted." The Army training highlights the impact of forced distributions through graphs and illustrations. These essentially show that forced ratings can either dilute or inflate share value. A particular point of emphasis in our courses is that managers must accurately rate and compensate employees for performance. Army intends to aggressively use oversight vehicles to include the Performance Review Authority to assure that results achieved justify ratings received. The Civilian Personnel Evaluation Agency will also closely review this program area during their annual on site inspections of Army activities.

Hearing Date: April 12, 2006
Committee: Senate Hearing
Member: Senator Akaka
Witness: Mr. Michael Vajda
Question: #2

Question: The recently released NSPS guide states that the Department of Defense (DoD) may change the probationary period for employees in certain occupations. Will the probationary period change for any occupations under Spiral 1.1, and, if so, which ones?

Answer: Army did not change any probationary periods for Spiral 1.1 employees.

Hearing Date: April 12, 2006
Committee: Senate Hearing
Member: Senator Akaka
Witness: Mr. Michael Vajda
Question: #3

Question: Mr. Toyama testified that while the law governing veterans' preference remains unchanged under NSPS, the changes limiting bump and retreat rights and the changes to the definitions of occupational group and geographic groups during a reduction in force (RIF) severely limits veterans' preference. What is your response to Mr. Toyama's characterization of veterans' preference rights under NSPS?

Answer: The NSPS Workforce Shaping regulations provide a streamlined, more mission-centric, and less disruptive RIF process. Regulations retain veterans' preference rights but provide more emphasis on performance rather than seniority. The four retention factors in RIF remain the same but have a different focus: (1) tenure; (2) veterans' preference; (3) performance; and (4) seniority. With the elimination of career conditional tenure in NSPS, veterans' preference (the second factor) becomes an even more critical factor when developing retention registers for the order of displacement or release within the streamlined competitive area. Depending upon the reason for a reduction, employees may be grouped within a smaller competitive area which will limit the disruption to the entire workforce. Only employees within the competitive area compete for placement during that RIF. The NSPS rules limiting a RIF to one round may also benefit veterans with better performance ratings who hold lower tenure than the non-veteran with more seniority. For example, the veterans returning from the Global War on Terrorism (GWOT) will be considered for placement within their competitive group prior to placement of the senior non-veteran employees.

Hearing Date: April 12, 2006
Committee: Senate Hearing
Member: Senator Akaka
Witness: Mr. Michael Vajda
Question: #4

Question: As an experienced personnel specialist, you know that training is very expensive. Unfortunately, efforts to evaluate the cost of training in the federal government are often hindered by the lack of accurate, reliable, and consistent data. Ms. Kleintop testified that the effectiveness of some of the training programs have been evaluated. What infrastructure is in place to evaluate the training programs and provide a comprehensive picture of costs, expenses, and other financial information related to NSPS training activities? What data are you collecting on training and were you given data standards by the NSPS Program Executive Officer?

Answer: Currently, there is no infrastructure in place to support this evaluation. It is completed manually when required. We are collecting training data on course attendance/completion, pre-course and post-course benchmark results, and course evaluation feedback data. The training data is entered in the Defense Civilian Personnel Data System using standard course codes and standard definitions that have been provided by the NSPS PEO.

Hearing Date: April 12, 2006
Committee: Senate Hearing
Member: Senator Akaka
Witness: Mr. Michael Vajda
Question: #5

Question: How much money are you spending on training for Spiral 1.1 and how much do you expect to spend on Spirals 1.2 and 1.3? You testified that NSPS training was basically an unfunded mandate. How is Army balancing NSPS training with other necessary employee training programs? Are existing programs being scaled back or eliminated to cover the cost of NSPS training, and, if so, what programs are being scaled back and by how much?

Answer: Spiral 1.1 training costs are estimated at approx $325,000
Estimated costs for Spiral 1.2 are $1.6 million.
Final costs for Spiral 1.3 cannot be projected until the final list of transitioning organizations is identified.

During FY 06, the Army Vice Chief imposed a resource restriction that included limited outside hiring and mandated a cut back to only mission essential training and travel. The savings provided some funding for critical programs to operate. NSPS has been designated as mission essential and attendance at NSPS-specific courses is mandatory for Army civilian employees, supervisors, managers, and military supervisors of civilians. Training in the technical and soft skill aspects of NSPS will be considered essential and will have top leadership support.

Hearing Date: April 12, 2006
Committee: Senate Hearing
Member: Senator Akaka
Witness: Mr. Michael Vajda
Question: #6

Question: I believe it is essential to involve managers and employees throughout the development and training process of NSPS to ensure that different perspectives are heard. How are you incorporating the concerns raised by managers and employees and would you provide us with an example of how an issue raised has resulted in changes to the training curriculum?

Answer: Managers and employees are offered the opportunity to provide comments, ask questions, and raise concerns about NSPS through a variety of avenues.

Questions and concerns from Army employees are redirected to the Army NSPS Program Office. As questions are received and answered, they are added to our Frequently Asked Questions (FAQ) and made available to all trainers and NSPS Transition Managers. One of the frequently asked questions that has been incorporated into Transition Manager Training and Pay Pool Workshop training concerns pay pool funding and whether or not employees from different funding sources may be included in the same pay pool. They development of Army Executive Level training was a result of Army senior leaders asking for the training geared toward strategic planning and decision making.

Hearing Date: April 12, 2006
Committee: Senate Hearing
Member: Senator Akaka
Witness: Mr. Michael Vajda
Question: #7

Question: Training plays a key role in helping DoD address the challenges of transformation and cultural change associated with NSPS. However, like all programs, training must be carefully managed. As I noted in my opening remarks, I am concerned that all employees may not be receiving the same training or information. What steps have been taken to ensure that training activities are consistent across the Department and that all employees are receiving the same information?

Answer: Army has developed a very specific, detailed training plan that is designed to assure consistency across the Army community. The Army NSPS training plan lays out very precise roles and responsibilties, curriculum, and training delivery strategies. All Army training is being conducted by combined Human Resource and Management Teams that have been trained in Army unique Train the Trainer sessions. All Army trainers are directed to one central Army web site to down load training materials and instructor instructions. Army training materials are consistently updated to reflect Army policy decisions.

Hearing Date: April 12, 2006
Committee: Senate Hearing
Member: Senator Akaka
Witness: Mr. Michael Vajda
Question: #8, Part 1

Question: It is essential that the training being delivered to employees in Spiral 1.1 be evaluated to determine how well it is working before employees in Spirals 1.2 and 1.3 are trained and brought under NSPS.

• *Are attendees at train-the-trainer events tested or evaluated after the program to ensure that they are ready to train other employees on NSPS? If so, please describe the testing or evaluation process*

Answer: Army trainers must attend an Army unique Train the Trainer session that has been developed to assure consistent training execution. Army trainers are evaluated via the course evaluation and when warranted, additional training and mentoring are provided.

Hearing Date: April 12, 2006
Committee: Senate Hearing
Member: Senator Akaka
Witness: Mr. Michael Vajda
Question: #8, Part 2

• *How are the online training programs evaluated? Are online participants tested to ensure that they understand the information provided? Is it any different from the evaluation process for classroom training programs?*

Answer: At this time, Army functional training is being accomplished through classroom sessions only. Army Soft Skill Training is being done on-line and is evaluated via an on-line test for each session.

Hearing Date: April 12, 2006
Committee: Senate Hearing
Member: Senator Akaka
Witness: Mr. Michael Vajda
Question: #8, Part 3

• *How are you evaluating other training programs? Please describe this process and how long the evaluation process lasts.*

Answer: All NSPS Training includes course evaluations. This process will be a continuous part of Army's training program.

Hearing Date: April 12, 2006
Committee: Senate Hearing
Member: Senator Akaka
Witness: Mr. Michael Vajda
Question: #9

Question: Ms. Kleintop testified that employees under the Commander of the U.S. Pacific Fleet are under the leadership of six Flag Officers and four Senior Executive Service Members, all of whom are required to take NSPS training. Are the training programs different for military managers and civilian managers, and, if so, what are the differences?

Answer: Army training courses are the same for Military and Civilian Supervisors and Managers.

Hearing Date: April 12, 2006
Committee: Senate Hearing
Member: Senator Akaka
Witness: Mr. Michael Vajda
Question: #10

Question: I am pleased to hear that the Army will host three sessions for Hawaii employees this month. However, it is critical to have ongoing training if a performance based pay system is to be implemented successfully. What plans do you have to provide additional training to employees in Spiral 1.1 on NSPS after implementation at the end of the month?

Answer: Army employees are trained using a unique curriculum that combines HR Elements and Performance Management. This assures that the employees and supervisors receive a comprehensive training experience that covers all aspects of NSPS.

Following the Army NSPS Mock Pay Pool Exercise, we developed briefings for employees and supervisors describing common shortfalls in self-assessments and providing tips to guide final assessments. Considerable improvement was noted in the final pay pool experience.

In order to assure that supervisors selected post conversion are properly trained, we are in the process of developing a course entitled HR for NSPS Supervisors that is designed to train new supervisors in all provisions of NSPS. Sustainment training and continued soft skill training remain a high priority for Army.

Hearing Date: April 12, 2006
Committee: Senate Hearing
Member: Senator Akaka
Witness: Mr. Michael Vajda
Question: #11, Part 1

Question: The training programs, such as HR Elements for Spiral 1.1 gives a good overview of NSPS. However, I am interested in the more targeted training programs that will help managers and employees actually carry out the goals of NSPS.

• *What specific training have managers and employees received on measuring performance and conducting employee evaluations and how many employees have completed this training?*

Answer: Army has developed a specific set of soft skill courses that are designed to provide training for managers, supervisors and employees with training in the skills that will be necessary to be successful under the NSPS performance system. A specific Supervisor learning chain and a specific employee chain have been developed that are designed to enhance skills in the areas of communication, coaching, performance management and the like. To date, soft skill course completions for Army exceed 12,000 separate instances.

In addition to the soft skills, the Army NSPS Supervisor Course and NSPS Employee course contain detailed instruction on the performance cycle and employee evaluation. The completion rate for Spiral 1.1 was 100%.

Hearing Date: April 12, 2006
Committee: Senate Hearing
Member: Senator Akaka
Witness: Mr. Michael Vajda
Question: #11, Part 2

• What *specific training have managers and employees received about developing performance expectations and how many employees have completed this training?*

Answer: All Army Manager, Supervisors and Employees are required to attend NSPS training prior to be converted. Managers and Supervisors receive detailed training on the NSPS performance management system. The training includes detailed discussion of the performance cycle, establishing job objectives, etc. The NSPS Employee course also includes detailed discussion on performance management. To date over 11,000 Army managers, supervisors, and employees have completed the training.

Hearing Date: April 12, 2006
Committee: Senate Hearing
Member: Senator Akaka
Witness: Mr. Michael Vajda
Question: #11, Part 3

• What *specific training have managers and employees received on the new RIF procedures and how many employees have completed this training?*

Answer: Reduction in Force Training is a critical component of the Army Supervisor Course and the Army HR for HR Practitioners Course. This assures that the key advisors and decision makers in the RIF process are fully trained. Employees receive a RIF overview in the Army Employee Course.

Post-Hearing Questions for the Record
Submitted to Mr. John Priolo, Past President
Chapter 19, Federal Managers Association
From Senator Daniel K. Akaka

"Preparing for Transition: Implementation of the National Security Personnel System"

April 12, 2006

1. One concern with the move to a pay for performance system is that it will lead to quotas on the number of individuals who can be rated as outstanding or highly successful – even though this action is prohibited under the National Security Personnel System (NSPS). What specific training is being given to managers to ensure that quotas or the forced distribution of ratings are not used?

   My Reply:
   To date no specific training with respect to quotas has been given to Pearl Harbor Naval Shipyard supervisors as PHNSY is in Spiral 1.3.and implementation of NSPS has yet to be scheduled. I have sent a letter to the Federal Times which I have been told will be published in a future issue, which I will quote here.

   " Interesting juxtaposition of the May 8, 2006 Federal Times articles on the beginning of DoD pay reform and the warning of Comptroller General David Walker about the perils of a ballooning budget and massive deficit.

   An old poker expression "a Smith and Wesson beats four aces" comes to mind; except now it is "budgetary concerns beats good intentions". Prior to my December 2004 retirement I was worried that Pay for Performance would be jeopardized by funding issues in the face of operational demands no matter the quality of performance. Back when I managed people and not process I was told how many Outstanding ratings I could give. Then it only affected retention; not pay. My concerns are now even deeper with the current and future financial situation.

   When the choice is between keeping ships at sea and aircraft flying vice rewarding superior personnel performance, in the midst of a financial crunch, no matter what the law says about quotas, what will any rational person think will happen."

   Also, under NSPS, while the money for pay raises is supposed to be fenced the Secretary of Defense can adjust pay bands in any direction, which could be used to break the fence.

2. I strongly believe that successful strategic training programs require stakeholder involvement in developing training materials. How has the Federal Managers Association been involved in the development of NSPS training programs?

   My Reply:

My FMA Chapter (Chapter 19) has been invited to participate in the Dry Runs of the Contractor Provided Training which began the week of May 9, 2006. I am told that the initial presentations need a lot of improvement.

3. Do your members believe that the soft skills training they received are sufficient in going forward with NSPS – especially in communicating with employees on areas as crucial as performance evaluations?

   My Reply:
   I have been told that the soft skills training provided to date does not provide the needed quality. The government Trainers could provide much better training in the necessary details. They just need the permission to provide the training.

   Also, there is no specific funding for training so the cost must be taken out of hide.

4. As you know, Hawaii General Schedule (GS) employees receive non-foreign COLA rather than locality pay – which will be eliminated under NSPS in exchange for market based adjustments. Has DoD discussed with you how pay will be structured under NSPS for employees in Hawaii and do either of you have any suggestions about how the pay for performance system and pay bands should be constructed in regards to non-foreign COLA?

   My Reply:
   DoD has not discussed how pay will be structured under NSPS.

   My suggestion is as follows: Add a market based adjustment to COLA. If the MBA was 12 .5%, with the current 25% COLA rate then Hawaii federal employees would receive 12.5% MBA and 14.5% COLA. The extra 2% would be to compensate for the federal taxes paid on the MBA. As the MBA increased the COLA portion would decrease until eventually COLA would disappear.

5. Ms. Kleintop testified as to the pre-implementation training in preparation for NSPS, including town hall meetings. Were you satisfied with the pre-implementation training and what suggestions would you have for additional training?

   My Reply:
   I attended several town hall meetings as well as pre-implementation training prior to my retirement. Subsequently more sessions have been held. The training and meetings, though well intended, were ineffective at best as specifics were not available. New information is now available. The government trainers should be allowed to provide the training.

6. The Department of Defense has said that the merit principles and prohibited personnel practices will be protected under NSPS. Ms. Kleintop indicated that training sessions have been held in these two areas. Are your members satisfied with the level of training

in these areas, and do you believe that the structure of NSPS will allow managers to adhere to the Merit System Principles?

My Reply:
Over the years PHNSY has done an outstanding job providing periodic training on merit principles and prohibited personnel practices. I am confident that this will continue under NSPS.

7. Have managers received any training on writing accomplishments or pay pool management – two areas that would impact the ability of managers to make meaningful distinctions when evaluation workers whose pay will be dependent on those distinctions? If so, how would you rate the effectiveness of this training?

My Reply:
Not to date for Spiral 1.3. However, the government trainers have the necessary information to present that training if they were allowed.

8. You testified about the challenges with internet based training compared with classroom training. Are computers available to employees on their job sites and will they be provided with time to review training material or are they expected to access the information from their personal computers on their own time?

My Reply:
With the advent of the Navy Marine Corps Intranet there are fewer Computer Work Stations available and Log On time has increased. First line supervisors are expected to be on the deck plates and thus have little inclination to review training materials. Since no money has been provided to date for training, then time to review training materials will be difficult to find. The key is to use classroom training as this becomes the supervisor's assignment for the day. It would even be more efficient if the training were conducted off base.

9. Secretary England has testified that 85 percent of NSPS training will be in the classroom. Are you finding this to be the case, and how would you rate the effectiveness of online training compared to classroom training for NSPS?

My Reply:
During the last few years of my federal career I was an Authorizing Official for the government charge card used to purchase Apprentice Program materials. Initially the training was done in a classroom. After a while it was done on line. I would force my way through the on line training, which was too generic to do any good, until I met the requirements to get my certificate. Then I would call up the person in the shipyard who knew the answers to my questions because I could not get them on line. Computer based training should be limited and avoided if possible.

Post-Hearing Questions for the Record
Submitted to Mr. Benjamin Toyama, International Vice President
Western Federal Area, International Federation of Professional and Technical Engineers
AFL-CIO
From Senator Daniel K. Akaka

"Preparing for Transition: Implementation of the National Security Personnel System"

April 12, 2006

1. I strongly believe that successful strategic training programs require input from employees and their union representatives, such as the International Federation of Professional and Technical Engineers (IFPTE), in developing training materials. Although employees covered by collective bargaining agreements are not in Spiral 1.1, what are your expectations for IFPTE 's involvement in the development of future NSPS training programs?

   A. Answers
   The Unions including the International Federation of Professional and Technical Engineers were not consulted or included in the development of any of the training materials. The fact of the matter is that after DoD developed and conducted part of the training, they had to stop and re-do the training material. They had determined that the NSPS training was not being accepted or understood by the managers, so DoD put the training on hold for about three months and came out with an entire new training package.

   My expectations for IFPTE's involvement in future is not high because the DoD has not included the Unions in any meaningful discussions or meetings to honestly or openly discuss the issues. I believe spiral 1.1, is intended to develop an understanding of NSPS and to discover the problems associated with NSPS. I feel that this is unfair to the Unions because the Unions will not be able to represent the membership in this important "pilot".

   I would think that if the DoD would want to develop a successful NSPS they would include the Unions as a full partner in the development of the NSPS. Negotiations with the Unions are an important part of ensuring that all of the voices of the employees are heard and more important, understood.

2. As discussed in your testimony, Hawaii General Schedule (GS) employees receive non-foreign COLA rather than locality pay – which will be eliminated under NSPS in exchange for market based adjustments. Has DoD discussed with you how pay will be structured under NSPS for employees in Hawaii and do you have any suggestions about how the pay for performance system and pay bands should be constructed in regards to employees who receive non-foreign COLA?

A. Answers

DoD has not discussed with me or any other Union how the pay of the employees in Hawaii or areas where GS employees receive non-foreign COLA rather than locality pay. The negative impact to employees under COLA will be tremendous; the employees could be faced with a 12.5% lost of pay. The reason for this is Hawaii's market based adjustments would be 12.5% and the current COLA is 25%. The problem is that COLA is based on the cost of living and the market-based adjustment is based on the labor market. The consequence of that policy is reflected in the difference in employee wages across the country.

Currently, Houston Texas, with a low cost of living, but a high cost labor market enjoys a 33% market based adjustment and Alaska and Hawaii with a low cost labor market but high cost of living would get only 12.5% market based rate adjustment. NSPS would reverse the current policy intended to fairly compensate Federal employees working in high cost locations.

I would suggest that the federal employees in areas that currently apply COLA to the employees' wages be covered in a hybrid system of compensation that would merge both the market based adjustment and the COLA. This would allow the DoD employees to be fairly and equally compensated as other federal employees in Hawaii and Alaska and other COLA areas. Failure to equate the wages of the DoD employees to the rest of the federal employees will result in difficulties in recruitment and retaining of the DoD employees. A simple rule such as; "The Market rate adjustment of the DoD employees in current COLA areas will not be less then the current COLA rate of the respective areas."

3. Ms. Kleintop testified as to the pre-implementation training in preparation for NSPS, including town hall meetings. Were you satisfied with the pre-implementation training and NSPS information provided to employees to date, and what suggestions would you have for additional training?

   a. Answers

   The training mentioned by Ms. Kleintop was a meeting and not training. There was no exchange of ideas or clarification of the issues, and there were no discussions to properly understand the issues surrounding NSPS. Most of the time, after the meetings there was more confusion rather then less. I am not satisfied with any of the alleged training to date because the facilitator or "instructor" did not have answers to most of the questions and in many instances questions were not entertained.

   I would suggest that the training plan and the lesson plans be discussed with the Unions prior to the conducting training for the employees. This would allow the training plan to be able to answer the questions of the employees rather than to create more questions. With the Unions' participation I believe the training plans will have substance and employee buy-in to the NSPS.

4. Secretary England previously testified that 15 percent of NSPS training would be conducted online. Are computers available to your members on their job sites and will they be provided with time to review NSPS training material or are they expected to access the information from their personal computers on their own time?

   A. Answers

   Most of the IFPTE members do have computers available to them, however management has not entered into discussions with the Union regarding the NSPS training. We do not know if we will be allowed official time to complete the NSPS training. The on-line "training" I have seen so far is more like a notice then a training program. I believe the alleged training is more of an awareness program and not training.

   Benjamin Toyama
   Western Region International
   Vice-president, IFPTE

Post-Hearing Questions for the Record
Submitted to Mr. Don Bongo, Vice President
Hawaii Federal Employees Metal Trades Council, AFL-CIO
From Senator Daniel K. Akaka

"Preparing for Transition: Implementation of the National Security Personnel System"

April 12, 2006

1. I strongly believe that successful strategic training programs require input from employees and their union representatives, such as the Metal Trades Council, in developing training materials. Although employees covered by collective bargaining agreements, both General Schedule and Wage Grade, are not in Spiral 1.1, what are your expectations for the Metal Trades Council 's involvement in the development of future NSPS training programs?

   a. Answer
   I expect that the Metal Trades Department and the DoD to enter into negotiations to be able to develop a proper training plan that would ensure that the NSPS is properly implemented.

2. Has the Metal Trades Council – at the local or national levels – been consulted on how wage grade employees will be treated under NSPS?

   a. Answer

   No, the Unions have not been consulted on how wage grade employees will be treated under NSPS. I am very concern that the changes to the employee performance appraisal system under NSPS will endanger the military and civilian workforce. NSPS places too much attention to the "bottom line" or the cost and not enough on safety and quality. We have seen the effects of a production program driven by cost and schedule. The U.S. Marine Corps "MV-22 Osprey" program killed a lot of Marines in the attempt to save the program's cost and schedule. Quality and safety were not as important as cost and schedule.

   NSPS will also drive cost and schedule at the risk of safety and quality. This is extremely dangerous in Pearl Harbor because the Union membership repairs Nuclear submarines. NSPS also drives competition between the employees because of the performance appraisal system that favors production rather than teamwork.

3. Ms. Kleintop testified as to the pre-implementation training in preparation for NSPS, including town hall meetings. Were you satisfied with the pre-implementation training and NSPS information provided to employees to date, and what suggestions would you have for additional training?

   a. Answer

   No, there was no training available. I believe a comprehensive training program to ensure that NSPS is properly and fairly implemented is essential and a training program to be able to hold the managers accountable to the proper application of the NSPS is necessary.

4. As you know, Secretary England previously testified that 15 percent of NSPS training would be conducted online. Are computers available to your members on their job sites and will they be provided with time to review NSPS training material or are they expected to access the information from their personal computers on their own time?

   a. Answer

   Most of the Union membership does not have a computer available to them at the workplace or jobsites. We do not know if the employees will be allowed to conduct the training on the job. The Navy does not have the facilities to allow the employees to access a computer on the jobsites.

Don Bongo
Vice-president
Hawaii Federal Employees
Metal Trades Council

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