

Testimony

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Committee on Homeland Security and Governmental Affairs

Subcommittee on the Oversight of Government Management, the  
Federal Workforce and the District of Columbia

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Preparing for Transition: Implementation of the National Security  
Personnel System

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# **Department of Defense National Security Personnel System: Communication Begets Implementation**

**Statement of**

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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 addition, 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 30<sup>th</sup> – 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 12<sup>th</sup> annual Mid-Year Conference. Most recently, Mary Lacey attended our 68<sup>th</sup> 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 30<sup>th</sup>, 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 its components. For those expected to enroll in the system on April 30<sup>th</sup>, 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 implementation.

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<sup>HR</sup> 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 21<sup>st</sup> 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<sup>1</sup>, the federal government is not considered an employer of choice for the majority of graduating 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

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

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.