

**Statement of Deputy Secretary of Defense Gordon England**  
**NSPS**  
**Before the Senate Committee on Homeland Security and Governmental Affairs**  
**20 September 2006**

Chairman Collins, Senator Lieberman, Members of the Committee,

Many thanks for the opportunity to appear before you today to discuss the status of implementation of the National Security Personnel System (NSPS) at the Department of Defense. I'm pleased to appear together with Linda Springer, from the Office of Personnel Management, since our close collaboration has been the bedrock of the NSPS effort since the beginning.

My last hearing with this Committee on NSPS was in November 2005, just after the final regulations were published in the Federal Register. Today, NSPS implementation is well underway – I'd like to give you an update on our progress. The Program Executive Officer, Mary Lacey, and I will be pleased to take your questions.

NSPS remains vital to the success of the Department's mission.

This is a critical time for America. America and her friends and allies face a ruthless adversary that targets civilians, adapts extremely quickly, and aims to destroy our way of life.

Since 2001, the Department has been reorienting the capabilities and approaches of its military forces. Like the military, the Department's civilian workforce needs to become more agile, adaptable, and responsive – and more closely integrated with their military counterparts.

In the wake of 9/11, Congress helped initiate this process by granting the Department of Defense the authority to create – in close cooperation with the Office of Personnel Management – an appropriate new civilian human resources management system. NSPS is designed to provide maximum flexibility to meet national security requirements, while continuing to protect our most valuable resource – our people. Bringing NSPS on line is good for this Department's employees, the Department as a whole, and for the Nation.

NSPS makes sense practically, as well as strategically. The Department of Defense is the nation's largest employer. It uses over 40 different pay systems, and it includes 43 unions and almost 1,600 local bargaining units. Its sheer size can make it a challenge to implement Department-wide policies – like the Government travel charge card policy, or the DoD drug testing program, or direct deposit arrangements. One thing NSPS does is to help simplify and improve the way we do business, in addition to its primary focus on people.

More than four months ago, on 30 April 2006, the Department launched the first phase of NSPS implementation, entitled Spiral 1.1. This phase included 11,000 employees from 12 different DoD organizations, located across the United States.

Spiral 1.1 has been most successful. The accuracy rate of the technical conversion process is 100% – and everyone has been paid correctly!

The first employee to convert was Carmen Lerro – a student employee and Office Technician for the Department of the Navy. From the outset, he took on additional assignments, and he managed to save the organization about \$5,300 dollars in labor costs. His initiative and hard work brought him greater responsibilities, and led to a salary increase made possible under the new NSPS system. NSPS rewards good performance.

NSPS implementation includes a significant degree of uniformed military involvement in shaping and preparing the civilian workforce. Lt. Gen. Terry Gabreski, a member of the second panel at today’s hearing, can provide details about her own role. She is but one of many senior military leaders directly involved in the process. That close partnership supports one of NSPS’s key goals – closer civilian/ military integration.

NSPS implementation is also prompting a deep and broad dialogue regarding the Department’s mission. A central tenet of NSPS is creating clear linkages among the purpose of individual jobs, the goals of specific organization, and the mission of the Department as a whole. NSPS helps strengthen and clarify our shared sense of purpose.

Implementation of Spiral 1.1 did not end on 30 April 2006. Instead, this first phase, like NSPS as a whole, is an iterative process. The Department continues to seek and incorporate feedback about successes to date and needed improvements. On 20 June 2006, I joined our NSPS team for a workshop to review progress and chart the way forward. The feedback from the leaders on the “front line” of implementation is upbeat and positive.

One important key to Spiral 1.1’s success has been the extensive set of consultations carried out with all relevant stakeholders, from supervisors, managers, and employees, to union partners, to OPM, to Congress, to a number of public interest groups. The Department has held meetings, focus groups, and town halls, and has taken in thousands of comments. It has not been possible to accept every single suggestion, but each one has been read, or listened to, and the Department has changed and adapted in response. That practice of consultation continues throughout the implementation of Spiral 1.1 and in the preparations for Spiral 1.2.

The Department’s rigorous training program is another reason for the success of NSPS to date. 3,500 NSPS trainers were trained and given the responsibility to train the participants in Spiral 1.1 and future spirals. Training has been offered in a number of different formats – on the web, in large presentations, and in small groups. Over 200,000 training events have taken place and over 1 million hours of NSPS training provided, to date. Supervisors have also been trained in “soft skills” – how to communicate and build a team. The goal is to make sure that all participants are comfortable with the new system and understand their roles in making it successful. Systematic training will continue to be a central element of NSPS implementation.

One important tool for ongoing consultation and training is the regularly updated NSPS website. The website now has over 6,000 subscribers, and over 15 million “hits” to date. Through its

“Contact Us” feature, the NSPS team has already responded to over 1,600 inquiries from Department personnel.

One area for improvement, identified in the first phase, is the need to give individual organizations greater flexibility in the timing of their conversions. In Spiral 1.1, all participating organizations converted on the same date. In Spiral 1.2, organizations will complete their conversions any time within a four-month window. This will let leaders ensure that their organizations are ready, that training has been completed, and that concerns have been addressed, before they move forward.

A great deal has been achieved in NSPS implementation so far, but a great deal more remains to be accomplished. NSPS will remain an event-driven process that includes learning from each step and applying those lessons to further efforts.

The next major phase is the Spiral 1.2 conversion, to be carried out between October 2006 and January 2007. This phase will include more than 66,000 employees, some of them based overseas, and will bring the total number of employees who have transitioned to NSPS to over 77,000. That is substantial progress.

The Department of Defense and OPM are also beginning to work on the design of NSPS for other pay systems, such as the Federal Wage System, which covers wage grade employees. Unions, the Federal Managers Association, and other stakeholders will be involved in that design process.

Bringing the science and technology reinvention labs into NSPS depends on a determination by the Secretary of Defense, as required by law. The Department should have enough accumulated experience in 2008 to compare the NSPS and lab systems. The Department is committed to doing what is best for the labs, and the comparison will be made objectively and fairly.

The court case *AFGE v. Rumsfeld*, now making its way through the legal system, has created some complications in the important area of labor relations. The Department does continue to abide strictly by the court’s February 2006 ruling. However, NSPS is designed to be a DoD-wide system, bringing the greatest benefits to the Department, and to the American taxpayer, when the system is allowed to operate as a cohesive whole.

The Department remains hopeful that the courts will rule in our favor. If the decision is unfavorable, or delayed, the Department may come back to Congress next year to seek clarification, to allow full implementation of NSPS.

For example, the Department might ask Congress to consider an extension of the time line for the labor relations system – to allow sufficient time to implement adjustments to the system consistent with any court decisions. Meanwhile, the Department will continue to press ahead on the human resources part of the program.

So far, expenditures for NSPS implementation track with expectations. The program has an estimated budget of 158 million dollars over the Future Years Defense Program (FYDP), for

system design, training, automation and operating costs. The Department is committed to funding this vital system. The Department is only implementing and funding those provisions of NSPS that are not enjoined by the courts.

The Department is evaluating and monitoring the program with metrics. To do so, we are drawing on existing surveys, and some of the tools used over the past 25 years to evaluate demonstration projects. The Department is working closely with OPM and other experts to ensure a rigorous evaluation process.

The NSPS performance management system is subject to a determination by the Secretary of Defense to verify that the system meets the criteria specified in the NSPS statute. The performance management process is the heart of the NSPS program. Its basic goal is creating an environment in which all employees can excel. To do that, it establishes clear linkages between job objectives and organizational goals, and provides for ongoing feedback and appraisal. The Department is partnering with OPM on this specific effort, too.

The Department is committed to an open, ongoing process of communication and consultation about NSPS with all key stakeholders, including our unions.

NSPS is the right thing to do, for the Department of Defense and for America. I'd like to thank the Department's NSPS Office, and all those involved in the process, for their hard work and dedication. I'd also like to thank the Members of Congress for working with us to make NSPS a success.