



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

STATEMENT OF
CHARLES D. GRIMES III
DEPUTY ASSOCIATE DIRECTOR FOR EMPLOYEE SERVICES
U.S. OFFICE OF PERSONNEL MANAGEMENT

before the

SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANGEMENT, THE FEDERAL
WORKFORCE AND THE DISTRICT OF COLUMBIA
COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

on

THE NATIONAL SECURITY PERSONNEL SYSTEM REPEAL AND PERFORMANCE
MANAGEMENT IN THE FEDERAL GOVERNMENT

June 9, 2010

Chairman Akaka, Ranking Member Voinovich, and Members of the Subcommittee:

On behalf of the Office of Personnel Management (OPM), thank you for the opportunity to participate in this hearing to examine the transitioning of employees from the National Security Personnel System (NSPS) back into the General Schedule classification and pay system, as well as performance management in the Federal Government.

As you know, the National Defense Authorization Act (NDAA) for FY 2010 repealed NSPS and required that employees covered by that system be moved back to their former personnel systems by January 1, 2012. For most employees, this means they will be returned to the General Schedule classification and pay system. This transition is proceeding on schedule; the Department of Defense (DOD) has said that it expects around 75 percent of NSPS employees will be back under the General Schedule by the end of the current fiscal year.

I will let DOD describe its own efforts to educate employees about the transition. I know they have created a website especially dedicated to this effort, which includes a Transition Guide and Frequently Asked Questions, among other tools. I believe these have helped employees understand what they should expect to happen as a result of the repeal of NSPS.

You asked me specifically to discuss pay retention and position classification after the transition. When employees are moved back into the General Schedule (GS) from NSPS, DOD will classify

all positions in accordance with classification standards and guidance issued by OPM. The Department will apply the same criteria in classifying the positions of transitioning NSPS employees that agencies use when classifying any Federal job, whether it is being filled by an employee who is new to the Government or by someone who is transferring from another agency, or from a different pay system with pay bands or other features that differ from the GS system.

For example, each NSPS position in a band that encompasses GS-9, GS-11, GS-12, and GS-13 work must be evaluated against OPM standards and guidance to determine which grade is appropriate, based on the duties, responsibilities, and qualification requirements. Also, jobs within new occupational series which DOD, in coordination with OPM, established uniquely for NSPS, will be placed into their appropriate GS occupations as those positions are converted back to the General Schedule.

Let me elaborate very briefly on what OPM's position classification standards provide and how agencies apply them. The classification standards for GS positions provide information agencies use in determining the occupational series, title, and grade level for all positions performing white collar work in the Federal Government. Classification standards typically describe the kind of work covered by the standard and include background information, such as examples of the kinds of assignments that are common to the occupation. The standards also provide official job titles and criteria for determining appropriate grade levels.

While OPM's classification standards are designed to provide consistency in the way work is classified across the Government, they are not intended to eliminate the need for judgment. Rather, the standards aim to provide a structure that facilitates consistent classification across Federal agencies and occupations. Individual contributions within a job may affect its classification over time. It is possible, for example, that some transitioning employees will return to GS positions that will be classified at a higher grade level than the positions they held before becoming covered by NSPS because the positions now require more knowledge, more complex work, or less supervision, or because of similar changes that occurred over time as the employee grew within the position. These kinds of factors are routinely taken into account in classifying Federal jobs. However, we do not expect this to result in significant increases in grade levels for the majority of employees transitioning back from NSPS.

At the same time, we recognize that there are many employees who earned salaries under NSPS that substantially exceed what they would be receiving had they remained under the General Schedule and never been covered by NSPS. In some cases, this is attributable to the fact that some NSPS pay ranges are 5 percent higher than corresponding GS ranges. Also, NSPS created broad bands that encompassed multiple grades, which allowed some employees to reach pay levels beyond that for the GS grade level that would normally be assigned. The law that terminated NSPS provides that no employee will suffer any loss or decrease in pay when converted out of NSPS. That provision protects the rate of basic pay in effect immediately before an employee is converted out of NSPS. Chapter 53 of title 5 of the United States Code provides a mechanism for employees in such circumstances to avoid experiencing the decrease in their pay that would otherwise occur when they move back to the GS system, but it will not guarantee them that their pay will necessarily increase at the same rate it would have increased had they remained in NSPS.

Under the law, when NSPS employees are placed in positions for which the maximum rate of pay is lower than their NSPS salary, they will continue to receive their NSPS salary. However, when GS pay rates are adjusted each January, employees receiving retained pay will receive 50 percent of the increase in the maximum rate of basic pay for their grade until that rate of pay rises to meet or exceed their retained rate of pay. At that point, they will be placed in the highest step (step 10) of their grade and will begin receiving 100 percent of each annual general increase in GS pay rates. The entitlement to retained pay eases these employees' transition back to the General Schedule and ensures that they will not experience a precipitous drop in pay when they return to the General Schedule system.

It is important to note that employees in this situation are receiving higher pay – and will continue to do so – than they would have received if they had remained in the General Schedule pay system all along. If they had remained in the GS system, their pay never would have exceeded the regular maximum rate for step 10 of their GS grade. They benefited from being in NSPS, and that benefit continues through the retained rate they receive upon conversion back to the GS. Also, their future retirement benefit will be the same as or higher than it would have been if they had not been covered by NSPS, depending on whether the average salary used in the retirement computation was earned while they were in NSPS or receiving retained pay. Moreover, agency contributions under the Thrift Savings Plan are higher for these employees than they would have been had the employees never been in NSPS.

Meanwhile, Mr. Chairman, as you noted in your invitation to this hearing, the NDAA also provided the Department of Defense with certain personnel flexibilities. In particular, you asked us to comment on the implementation of the authority for the Secretary, in coordination with the Director of OPM, to issue regulations waiving most of the requirements of title 5 of the United States Code that deal with performance management and to design a new performance appraisal system for the Department. The same section of the Act also provided a similar authority for the Department to redesign its hiring procedures, in coordination with OPM. Although DOD has not yet approached OPM about a proposal for how this authority might be exercised, we have worked closely with DOD, among other agencies, in developing our Governmentwide hiring reform initiative, which was recently launched by the President. We at OPM are very grateful for DOD's participation in helping identify and implement needed changes in the hiring process. We believe, when they are fully implemented, these changes will greatly enhance the hiring process from the perspective of both the job applicant and the hiring agency, and we are excited about how much we expect these changes to assist DOD and the Government as a whole in efficiently placing the right person in the right job at the right time.

Finally, Mr. Chairman, you also asked about our plans for changes to the Government's performance management system. Director Berry has been talking with various stakeholders and gathering their feedback on different approaches to Governmentwide performance management reform. However, we have not yet formulated any specific plans in this regard, so it would be premature for me to discuss any particular proposal at this time.

Thank you again for the opportunity to discuss these matters with you. I would be happy to respond to any questions you may have.