



Report to Congress:

Department of Defense Progress on Design and
Implementation of the New DoD
Personnel Management System and
Appointment Procedures
As Authorized by
Section 9902(a) and (b) of
Title 5, United States Code,
As Amended by
Section 1101(a) and (b) of the
National Defense Authorization Act
for Fiscal Year 2012
(Public Law 112-81)

June 2016

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Introduction

The National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2010 (Public Law 111-84), repealed the statutory authority for the Department of Defense (DoD) National Security Personnel System and amended section 9902 of title 5, U.S.C., to provide the Secretary of Defense authority to:

- promulgate agency rules and regulations, in coordination with the Director of the Office of Personnel Management (OPM), providing for:
 - A new performance appraisal system that is fair, credible, and transparent; and
 - Redesigned procedures for use within DoD to make appointments to positions within the competitive service in a way that supports the mission, managers, and applicants; and
- establish, at the Secretary's discretion, a fund to be known as the DoD Civilian Workforce Incentive Fund to incentivize DoD employees based on team or individual performance and to attract or retain employees with particular or superior qualifications or abilities.

Section 1102(b) of NDAA for FY 2012 (Public Law 112-81), requires the Secretary of Defense to submit plans for a new performance management system and workforce incentives, as authorized by section 9902(a)¹ of title 5, U.S.C., and for flexibilities relating to appointments, as authorized by section 9902(b)², to the "covered committees" as defined in section 1101(b)(3)³. Section 1102(b) also requires the Secretary to report semiannually, beginning the end of June 2013, until the personnel authorities are fully implemented, on the progress on the implementation of the authorities.

The Department submitted its plans for the new personnel authorities by letter dated March 29, 2013. Subsequent progress reports were submitted by letter on June 28, 2013, December 12, 2013, July 24, 2014, December 31, 2014, June 29, 2015, and December 29, 2015. This is the seventh progress report on the implementation of the authorities. This progress report covers the period of November 2015 through May 2016.

¹ Section 9902(a) of title 5, U.S.C., as amended by section 1101(a) of NDAA FY2012, requires the Secretary of Defense, in coordination with the Director of the Office of Personnel Management (OPM), to promulgate DoD regulations providing for a fair, credible, and transparent performance appraisal system for linking performance bonuses and other performance-based actions to employee performance appraisals, a process for ensuring on-going performance feedback throughout the appraisal period, development of attractive career paths, and development of performance assistance plans, referred to in this report as the new DoD performance management system and workforce incentives.

²Section 9902(b) of title 5, U.S.C., as amended by section 1101(b) of NDAA FY2012, requires the Secretary of Defense, in coordination with the Director of OPM, to promulgate DoD regulations to redesign the procedures used in DoD for making appointments to positions in the competitive civil service in order to better meet mission requirements, respond to selecting official and applicant needs, produce high-quality candidates, reduce fill-time, produce and promote competition in conformance with the merit system principles, referred to in this report as flexibilities relating to appointments.

³ The term "covered committees" means the Committees on Armed Services of the Senate and House of Representatives, the Committee on Homeland Security and Governmental Affairs of the Senate, and the Committee on Oversight and Government Reform of the House of Representatives.

Progress Summary

Since the last progress report to Congress in December 2015, a tremendous amount of work has gone into preparing for the phased implementation of the Defense Performance Management and Appraisal Program, which officially began in April 2016. Two major training events were held in December 2015 and January 2016 to prepare selected individuals to train employees throughout their organizations. Many useful resources were developed to assist with preparing organizations for transition, including information briefings, a Readiness Consideration Guide & Checklist, and training videos and user guides for the MyPerformance Tool. The new MyPerformance tool was developed to streamline and automate performance management processes and increase efficiency in tracking and monitoring performance. All of these resources are available to Components through the launch of the DoD CAC-enabled New Beginnings webpage in February 2016. Additionally, eight lessons of instructor-led and web-based training were developed and shared with the Components to assist with training the performance management program content.

In working toward full implementation of the New Beginnings personnel authorities, the Department continues to consider and, as appropriate, incorporate employee input through the pre-decisional process, the national-level labor-management DoD Roundtable forum, and the Roundtable Implementation Working Group. Several initiatives have made considerable progress through the pre-decisional process since the last progress report.

Progress on the New DoD Performance Management and Appraisal Program

The Department is fully focused on the successful implementation of the Defense Performance Management and Appraisal Program and in ensuring Components are fully prepared for phased implementation, which officially began in April 2016. The Performance Management and Appraisal Program emphasizes transparency and accountability, continuous two-way communication between employees and rating officials, the importance of linking individual development plans to mission goals, and encourages recognizing and rewarding throughout the performance cycle.

To institute policy for the new performance program prior to deployment, the Department published Department of Defense Instruction (DoDI) 1400.25, Volume 431, “DoD Civilian Personnel Management System: Performance Management and Appraisal Program” on February 4, 2016. This instruction establishes and implements policy and procedures, delegates authority, and assigns responsibilities regarding the civilian performance management program within DoD. The policy has been widely disseminated and is available on the official DoD website for DoD issuances and on the New Beginnings webpage. The supporting “Department of Defense Performance Plan, Progress Review, and Appraisal,” DD Form 2906, is a fillable PDF form used to document the performance plan, progress review(s), and rating of record, and is available on the official forms webpage for supervisors and employees who do not have access to the MyPerformance tool. The DD Form 2906 is being programmed into the MyPerformance tool and will be fully operational later this calendar year.

Implementation

Phased implementation into the Defense Performance Management and Appraisal Program began in April 2016 with the following organizations transitioning to the new program, totaling approximately 13,000 employees (does not include locations where local bargaining is ongoing):

- Office of the Secretary of Defense
- Department of the Army-Civilian Human Resources Agency
- Department of the Navy-Office of Civilian Human Resources, Headquarters
- Defense Information Systems Agency
- National Defense University
- Washington Headquarters Services
- Defense Legal Services Agency Headquarters
- Defense POW/MIA Accounting Agency
- Defense Security Cooperation Agency
- Defense Technology Security Administration
- Office of Economic Adjustment

Training

To assist organizations transitioning in 2016, two training events were conducted to prepare Components prior to program implementation. In December 2015, an on-site, in-depth review of the proposed performance management instructor-led training content was held in Alexandria, Virginia and attended by Component and union representatives. The purpose of this week-long event was to thoroughly review training content, seeking input and perspectives to incorporate revisions into the training materials.

The revised version of the performance management training lessons was presented at the January Train-the-Trainer (T3) event, also hosted in Alexandria, Virginia and attended by roughly 240 trainers across the Department, employee representatives involved in the development of the Program, and representatives from OPM. In this week-long event, professional trainers presented the eight-lesson performance management training suite to attendees, with the goal of newly trained trainers returning to their organization with the knowledge and skills to train other designated trainers in their respective organizations. This training strategy results in a cascading effect of training throughout each organization. This event was kicked off by the Deputy Assistant Secretary for Civilian Personnel Policy, followed by a much-lauded labor-management panel presentation highlighting the importance of the cultural change associated with the new performance program as well as the benefits derived from labor-management forums and the pre-decisional process. As phased implementation continues through 2018 and additional organizations transition into the Defense Performance Management and Appraisal Program, plans are being finalized for additional training events. A T3 event is tentatively planned for September 2016 to train organizations transitioning in 2017.

In addition to the eight lessons of instructor-led training, eight lessons of web-based training; mirroring the instructor-led training content, were developed and provided to Components in March 2016 through Joint Knowledge Online. While the Department strongly recommends instructor-led training as the most effective method, web-based training content allows Components to combine

existing instructor-led and web-based training content in a blended training approach, providing Components with greater flexibility in training their workforce. Finally, a web-based sustainment training course, designed to refresh course material for employees and supervisors who have already taken training, is currently under development and scheduled to be completed in September 2016.

The Defense Performance Management and Appraisal Program training emphasizes supervisory responsibilities and their key role throughout the performance management cycle. This directly addresses a New Beginnings initiative aimed at increasing emphasis on holding supervisors accountable for their leadership behaviors and fulfilling their supervisory responsibilities during the initial one-year probationary period and throughout every performance appraisal cycle. The Performance Management and Appraisal Program policy emphasizes supervisor accountability by: (1) encouraging continuous two-way communication, (2) requiring a minimum of three documented performance discussions throughout the performance cycle, and (3) requiring the number of supervisory performance elements to be equal to or greater than non-supervisory performance elements. The issuance of the Under Secretary of Defense (USD) Memorandum “Department of Defense (DoD) New Supervisor Training,” dated April 27, 2011, requires initial training be provided to new managers/supervisors and sustainment training be provided every three years on topics essential to supervisors fulfilling their supervisory responsibilities throughout each performance appraisal cycle. The Performance Management and Appraisal Program Training complements the USD Memorandum and underscores supervisory responsibilities throughout the performance management cycle.

Resources and References

In preparation for implementation in April 2016, a series of resources and references were created to help with the transition and made available on the CAC-enabled New Beginnings webpage after its February 2016 launch. A Readiness Consideration Guide & Checklist was developed to help ensure each organization accomplished all pre-transition activities on time and attained a sufficient level of preparedness prior to its implementation date. Prior to the official launch of the MyPerformance Tool in March 2016, many training resources were developed to familiarize employees and supervisors with the new tool prior to implementation, including an Employee User Guide, Rating Official User Guide, MyPerformance demonstration briefing, talking points, and a series of training videos which provide demonstrations on specific tasks. The MyPerformance tool was developed through ongoing discussions between labor and management, resulting in a CAC-enabled, DoD-wide automated performance management platform which offers a consistent and uniform process for managing performance management processes, thereby, increasing the transparency, accountability, and timeliness of program administration. The MyPerformance tool guides senior leaders, supervisors, HR professionals, and employees through each step of the performance management process and offers reporting features which support data collection, assessment, and evaluation.

A Performance Management and Appraisal Program Toolkit was created to function as a desk reference guide for HR professionals and managers, and is now available on the New Beginnings webpage along with other tip sheets and checklists for use in interpreting DoDI 1400.25, Volume 431. The Performance Management and Appraisal Program Toolkit explains:

- the 3-level rating pattern;
- linking mission, organizational goals, and individual performance plans;
- writing SMART objectives (Specific, Measurable, Achievable, Relevant, Time-Bound);
- Planning, Monitoring, and Evaluating performance;
- recognizing and rewarding throughout the performance cycle;
- special circumstances impacting performance management and appraisal;
- supervisory responsibilities in the performance management process; and
- the importance of regular and recurring feedback between employees and rating officials during the appraisal period of April 1 through March 31.

Awards

DoDI 1400.25, Volume 451, “DoD Civilian Personnel Management System: Awards” is being reissued to ensure alignment with the Department’s decisions on recommendations from the Design Teams regarding streamlining and standardizing the application of monetary and non-monetary rewards and recognition across DoD. An Awards Toolkit is being developed to supplement DoDI 1400.25, Volume 451, to provide comprehensive information and guidance to supervisors, human resources personnel, and employees on the process of recognizing and administering awards.

Progress on Flexibilities Relating to Appointments

The Department continues to enhance the Hiring Manager’s Toolkit to meet the intent of the New Beginnings Design Team on several hiring initiatives. For example, the Design Team recommended establishing workforce planning and new employee onboarding as steps in the DoD hiring process model. In response, extensive information on pre- and post-hiring activities, including workforce planning and onboarding checklists, were added to the Hiring Manager’s Toolkit to meet the intent of the Design Team. In addition, working groups have been established to identify and share employee onboarding and orientation best practices, and to ensure that hiring stakeholder roles and responsibilities are clearly defined.

As another part of DoD’s progress towards full implementation of Hiring Flexibility initiatives, Defense Civilian Personnel Advisory Service (DCPAS) is developing materials for the DoD HR community that communicate best practices for the sharing of recruitment certificates and alternatives available to fill positions. Again, we will leverage the Hiring Manager’s Toolkit and the DCPAS website to ensure that both hiring managers and their HR service providers are able to access and use this material to improve their hiring success.

Progress on Training and Development

The Department continues to make steady progress in improving training, education, and professional development in a number of areas impacting supervisors, employees, and HR staff

alike. The current supervisory training framework is grounded in supervisory, managerial, and leadership competencies. These competencies are aligned with the role and responsibilities of a supervisor and are threaded throughout the performance management and appraisal program training. Predictive assessment tools, in addition to toolkits and other training offerings, are also available to round out the tools and activities available for those interested in supervising as well as those currently supervising or accountable for selecting supervisors as an integral part of manager and supervisor succession. This training framework also incorporates a number of trustpoint-related learning objectives to ensure supervisors are well-positioned to effectively execute their supervisory roles and responsibilities in their daily interactions and behavior with employees. Lessons 2, 3, and 5 of the Defense Performance Management and Appraisal Program training content provide learning around self-awareness, engagement and feedback, not only for supervisors but for employees as well. Additionally, a number of leadership development programs exist at the Component and Enterprise level as another resource to provide training to employees to develop a pool of potential managers for the Department. The combination of the supervisory training framework, predictive assessment tools, toolkit aids, and various training interventions align to support the supervisory role and ultimately the supervisor-employee relationship overall.

The Department is marketing the May 2016 launch of a Mentoring Resource Portal to deliver mentoring resources and promote the benefits of a mentoring culture across the DoD enterprise. A number of links to current successful practices within DoD and across the federal government can be accessed for quick use. While the portal contains a platform of resources for all employees, special attention is given to the needs of supervisors regarding forming mentoring relationships and/or programs in a variety of individual and organizational settings.

While a significant portion of the learning and development effort is focused on supervisors, the Department also endeavors to improve training for HR practitioners by maximizing knowledge transfer between HR practitioners in all functional areas. As an end result, this training effort should also improve the quality of customer service. The variety of training provided by Human Resource University continues to be leveraged as a primary resource for mandatory functional training to sharpen HR skills and competencies. The HR functional community has developed multiple learning modules addressing cutting edge HR topics to be delivered to a wide audience of HR practitioners across the Department in July 2016. A workshop on the Mentoring Resource Portal will also be presented highlighting the repository of information available to all HR staff, particularly those participating in intern and rotation programs within the HR functional community.

The Defense Chief Learning Officer Council remains actively engaged in the learning and development needs necessary to successfully implement and sustain the New Beginnings flexibilities, authorities and incentives. Current capabilities and best practices have been adopted where appropriate as the phased implementation progresses. The cultural and attitudinal shifts brought on by this effort remain at the forefront of training and evaluation efforts across multiple segments of the Components and Enterprise as a whole.

Progress on Workforce Incentives

As mentioned in the last report to Congress, an inventory of Federal Wage System (FWS) trade schools and apprentice programs is underway. The Office of the Secretary of Defense functional community managers, in collaboration with Components and workforce planning staffs, continue their effort to inventory current FWS trade school and apprentice programs, focusing on funding sources that should be taken into consideration when reviewing workforce data trends, as well as skills and competency-gap closure strategies. The FWS training and funding inventory is scheduled to be completed by the end of FY 2016, which will provide greater insight into the current state of resources available to shape current and future skills gaps.

Conclusion

The Department remains committed to working toward full implementation of the New Beginnings personnel authorities, as well as successful phased implementation of the DoD Performance Management and Appraisal Program, as organizations continue to transition through 2018. As always, our talented personnel are the Department's greatest asset, and we are focused on implementing programs and policies that strengthen it.