



Highlights of [GAO-08-773](#), a report to congressional committees

Why GAO Did This Study

The Department of Defense (DOD) has begun implementing the National Security Personnel System (NSPS), its new human capital system for managing civilian personnel performance. As of May 2008, about 182,000 civilian employees were under NSPS. DOD's implementation of NSPS will have far-reaching implications for DOD and civil service reform across the federal government. Based on our prior work looking at performance management in the public sector and DOD's challenges in implementing NSPS, GAO developed an initial list of safeguards that NSPS should include to ensure it is fair, effective, and credible. Congress required GAO to determine (1) the extent to which DOD has implemented internal safeguards to ensure the fairness, effectiveness, and credibility of NSPS; and (2) how DOD civilian personnel perceive NSPS and what actions DOD has taken to address these perceptions. To conduct this work, GAO analyzed relevant documents and employee survey results; interviewed appropriate officials; and conducted discussion groups with employees and supervisors at 12 selected installations.

What GAO Recommends

GAO is recommending that DOD improve the implementation of some safeguards and develop and implement an action plan to address employee concerns about NSPS. DOD generally concurred with our recommendations, with the exception of one requiring predecisional review of ratings.

To view the full product, including the scope and methodology, click on [GAO-08-773](#). For more information, contact Brenda S. Farrell at (202) 512-3604 or farrellb@gao.gov.

HUMAN CAPITAL

DOD Needs to Improve Implementation of and Address Employee Concerns about Its National Security Personnel System

What GAO Found

While DOD has taken some steps to implement internal safeguards to ensure that NSPS is fair, effective, and credible, the implementation of some safeguards could be improved. Specifically, DOD has taken steps to (1) involve employees in the system's design and implementation, (2) link employee objectives and agency goals, (3) train employees on the system's operation, (4) require ongoing performance feedback between supervisors and employees, (5) better link individual pay to performance, (6) allocate agency resources for the system, (7) include predecisional safeguards to determine if rating results are fair and nondiscriminatory, (8) provide reasonable transparency, and (9) provide meaningful distinctions in employee performance. GAO believes continued monitoring of all of these safeguards is needed to ensure that DOD's actions are effective as more employees become covered by NSPS. GAO also determined that DOD could immediately improve its implementation of three safeguards. First, DOD does not require a third party to analyze rating results for anomalies prior to finalizing employee ratings, and therefore it is unable to determine whether ratings are fair and nondiscriminatory before they are finalized. Second, the process lacks transparency because DOD does not require commands to publish final rating distributions, though doing so is recognized as a best practice by DOD and GAO. Third, NSPS guidance may discourage rating officials from making meaningful distinctions in employee ratings because it indicated that the majority of employees should be rated at the "3" level, on a scale of 1 to 5, resulting in a hesitancy to award ratings in other categories. Without steps to improve implementation of these safeguards, employee confidence in the system will ultimately be undermined.

Although DOD employees under NSPS are positive regarding some aspects of performance management, DOD does not have an action plan to address the generally negative employee perceptions of NSPS. According to DOD's survey of civilian employees, employees under NSPS are positive about some aspects of performance management, such as connecting pay to performance. However, employees who had the most experience under NSPS showed a negative movement in their perceptions. For example, the percent of NSPS employees who believe that NSPS will have a positive effect on DOD's personnel practices declined from 40 percent in 2006 to 23 percent in 2007. Negative perceptions also emerged during discussion groups that GAO held. For example, employees and supervisors were concerned about the excessive amount of time required to navigate the process. Although the Office of Personnel Management issued guidance recommending that agencies use employee survey results to provide feedback to employees and implement an action plan to guide their efforts to address employee assessments, DOD has not developed an action plan to address employee perceptions. While it is reasonable for DOD to allow employees some time to accept NSPS because organizational changes often require time to adjust, it is prudent to address persistent negative employee perceptions. Without such a plan, DOD is unable to make changes that could result in greater employee acceptance of NSPS.