

CREATING A FOUNDATION FOR THE 21ST CENTURY FEDERAL WORKFORCE

THE 2008 ASSESSMENT OF THE IMPLEMENTATION OF THE
DEPARTMENT OF DEFENSE
NATIONAL SECURITY PERSONNEL SYSTEM

Working for America



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
DECEMBER 2008

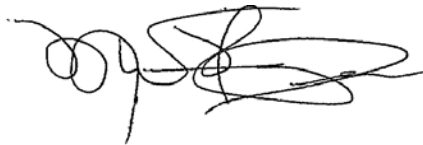
A MESSAGE FROM THE DIRECTOR

I am pleased to provide this report of the U.S. Office of Personnel Management's (OPM) second independent assessment of the National Security Personnel System (NSPS) -- an alternative personnel system (APS) implemented by the Department of Defense (DoD). As in 2007, we worked closely with DoD to complete this assessment, which helps to fulfill OPM's statutory obligation to evaluate initiatives to improve strategic human capital management of the Government's civilian workforce.

When OPM issued its 2007 assessment report, DoD had completed three spirals of the NSPS phased implementation plan. At that time, NSPS covered approximately 112,000 civilian employees. Since then, two more spirals have been converted, bringing the total of covered employees to about 187,000.

The results of the assessment are presented here as a "snapshot in time" of the Department's efforts as of May 30, 2008. As in last year's report, we have summarized the findings in a dashboard format to provide a comprehensive overview of DoD's progress in implementing NSPS, and to identify areas where attention is recommended.

I want to acknowledge the excellent cooperation we received from DoD in conducting this assessment. We trust our findings will be valuable in supporting successful implementation of this critical personnel system.

A handwritten signature in black ink, appearing to read "M. Hager", with a stylized flourish at the end.

Michael W. Hager
Acting Director

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An Assessment of the Implementation of the Department of Defense
National Security Personnel System

Executive Summary

The Federal Government continues its efforts to modernize personnel systems to ensure an effective civilian workforce. Agencies have been implementing alternative personnel systems (APS) since the early 1970s, focusing mostly on performance management and pay systems. APSs may be established under three types of authority: (1) discrete legislation for an agency or a community of agencies, (2) the [demonstration project](#) provisions of Chapter 47 of title 5 United States Code, or (3) under new provisions of title 5. Congress gave the Department of Defense (DoD) authority under the 2004 National Defense Authorization Act (NDAA) to implement a major new personnel initiative. The National Security Personnel System (NSPS) was designed to modernize DoD's 50-year-old civil service system to enable DoD to better attract, recruit, retain, compensate, reward, and manage employees.

To date, DoD has implemented NSPS for approximately 187,000 employees. This represents an increase of about 74,000 employees since OPM published its first assessment of the system in May 2007. DoD expects to convert approximately 14,000 -15,000 additional employees in early FY 2009. This report is OPM's second independent assessment of NSPS. The 2007 report can be found at www.opm.gov/aps/reports/index.asp.

OPM has an overarching leadership role in the strategic management of the Government's human capital, which includes a responsibility to assess the management of human capital by Federal agencies. This report provides the results of analysis of DoD's progress in implementing the NSPS authorities. The report also gives a description of the assessment framework and methodology OPM uses for this ongoing evaluation. The framework has been modified slightly from the May 2007 report, but does not significantly impact the longitudinal nature of the study. Based on the response to last year's report, we believe this analysis is a valuable tool in helping DoD in its ongoing implementation of NSPS. It also provides lessons learned and key insights for other agencies implementing, or contemplating implementation of an APS.

Background

The Department of Defense (DoD) faces immense challenges today and for the foreseeable future, and requires an agile and responsive civilian workforce to support its military forces.

Civilian jobs need to be aligned with the mission of the Department and the organization. An accountable, flexible, results-oriented civilian workforce is needed to promote DoD's vision of efficiently responding to difficult situations, proactively seeking solutions, expanding workforce capabilities, improving the capacities of allies abroad, and strengthening its global force posture. NSPS has been implemented as a tool to help the Department achieve this vision.

In the 2004 NDAA, Congress recognized the need for DoD to design and implement a new, flexible, and contemporary human resources management system. The NDAA provided authority to the Secretary of Defense and the Director of the Office of Personnel Management to create NSPS. The system is performance-based with a focus on mission and adaptable competencies and structure, enabling managers to have the right people in the right jobs at the

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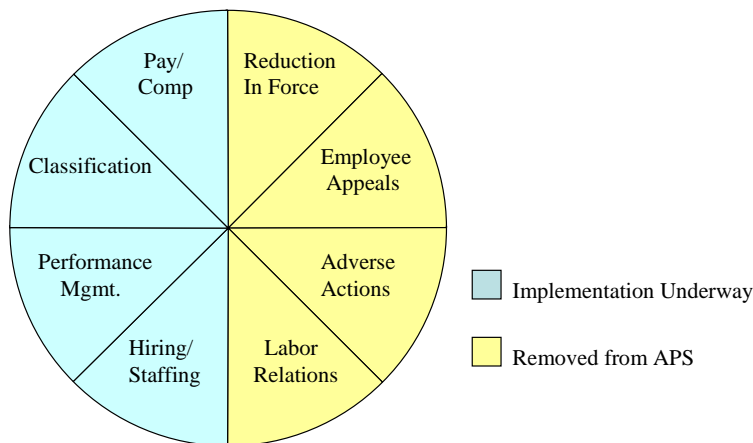
right time. It accelerates the Department's efforts to create a Total Force (military, civilian personnel, Reserve, Guard, and contractors) operating as one cohesive unit.

The initial implementing regulations for NSPS were published on November 1, 2005, providing DoD the authority to establish a program with eight components:

- performance-based and market-sensitive pay;
- occupational classification;
- performance management;
- staffing and workforce shaping;
- reduction in force;
- labor relations;
- adverse actions; and
- employee appeals.

While DoD had authority to develop these components, implementation of the employee appeals, adverse actions, and labor relations systems was held up due to a court challenge. Although the court decided in favor of DoD, the 2008 NDAA language prompted removal of the staffing, reduction-in-force, employee appeals, adverse actions, and labor relations components. Subsequently, the 2009 NDAA amended the 2008 NDAA language to reinstate DoD's authority to implement staffing authorities. Proposed rules addressing the 2008 changes were posted in the [Federal Register](#) on May 22, 2008 with final rules published on September 26, 2008. Figure E-1 depicts the current status of NSPS implementation status.

Figure E-1: DoD Alternative Personnel System Implementation Status



The 2007 OPM assessment recognized that the establishment of a dedicated NSPS Program Executive Office (PEO), separate from the Human Resources organization, was central to the system's successful implementation. The PEO continues to play a vital role in the ongoing implementation of NSPS, not only by providing the highest level of oversight to foster consistency and fairness across the agency, but also by driving the development and deployment of improved management tools critical for successful implementation. The 2007 OPM assessment report also concluded DoD should anticipate and plan for the risk of losing

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implementation momentum given future senior leadership turnover. Since then, DoD has experienced the departure of the initial Program Executive Officer and other key DoD leadership. However, the PEO structure provided a solid foundation for this transition, and there is no indication of detrimental effect to the program due to this turnover.

Assessment Framework and Scope

OPM developed the APS Objectives-Based Assessment Framework (Framework) to answer the growing need for a standard methodology for evaluating human capital transformation. The Framework is an evaluation template used to determine the extent to which an agency has adequately prepared for and is progressing on the strategic human capital transformation goals and objectives of its APS. Based on research findings that certain personnel system changes are effective for public sector organizations, the Framework assesses the extent to which these changes are being implemented and meeting the intended goals and objectives. It is also designed to investigate preparedness and progress with respect to alternative personnel systems or components of such systems. The Framework is designed to focus on alternative pay systems and is intended to be used repeatedly over time to yield longitudinal results.

The Framework incorporates the OPM Human Capital Assessment and Accountability Framework (HCAAF), now codified in [5 CFR part 250](#). The HCAAF provides a single, consistent definition of human capital management across the Federal Government. It also provides guidance for agency planning, implementation, and evaluation of human capital management systems. The APS assessment criteria are based on the HCAAF, historical data, and best-practice knowledge of the requirements for successful human capital transformation.

OPM has developed the Alternative Personnel System Objectives-Based Assessment Framework Handbook which is available at <http://www.opm.gov/aps/reports/APSHandbook.pdf>. The Handbook provides detailed explanation of the assessment criteria and methodology.

The Framework is an evaluation template for determining the extent to which an agency has adequately prepared for and is progressing on the strategic human capital transformation goals and objectives of its APS. It is designed with two distinct evaluation components – Preparedness and Progress. The Preparedness component evaluates the systems and activities agencies put in place to implement the APS, while the Progress component assesses the outcomes of the APS itself. Once an agency has demonstrated results in all Preparedness elements of the Framework, there is no requirement to reassess the component. Since the 2007 report concluded DoD had yielded results in all Preparedness elements, this report addresses only the Progress dimensions of the Framework.

As was done last year, OPM convened an expert panel to evaluate DoD's progress in implementing NSPS using the APS Objectives-Based Assessment Framework. The 2008 panel members have demonstrated competencies in design, implementation, and evaluation of demonstration projects and/or alternative personnel systems; Federal human capital leadership; program evaluation; and the design and implementation of major human capital systems.

The results of the panel's analysis are presented as a "snapshot in time" of DoD implementation efforts. A summary of DoD's ratings on Progress can be found in the following Executive

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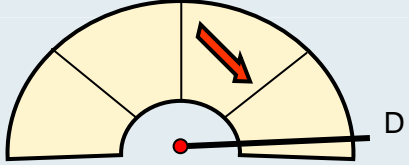
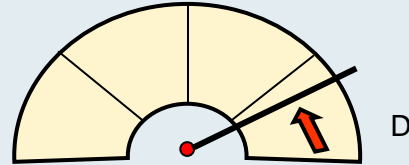
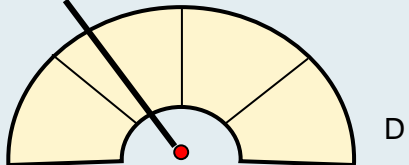
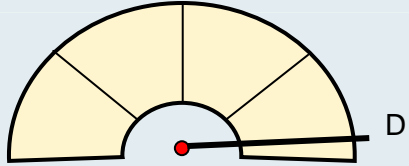
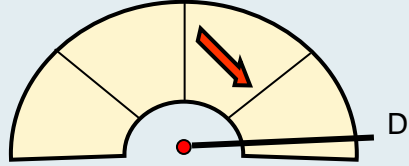
Dashboard. The dashboard provides senior OPM policymakers, stakeholders, and the public with an overview of OPM's assessment of the status of NSPS implementation, and identifies areas requiring attention.

Figure E-2 provides a summary of the Progress component, which is comprised of multiple dimensions.

- Each dimension consists of a number of elements.
- Each element is weighted equally toward the combined dimension rating.
- The needle on the dashboard represents the rating for the dimension.
- For each element, a rating of "D" indicates progress is demonstrated at this time; a rating of "N" indicates progress is not demonstrated at this time; and a rating of "NR" indicates the element has not been rated because data are not available at this time.
- A trend arrow is provided to indicate the direction of change since the 2007 report. If no arrow is shown, there was no rating for that dimension in 2007.

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**Figure E-2: Alternative Personnel System (APS) Assessment:
DOD Progress (As of 5/30/2008)**

PROGRESS		
Dimension	Element Rating (D/N/NR)	Status
Mission Alignment Line of Sight Accountability	D D	N  D
Results-Oriented Performance Culture Differentiating Performance* Pay-for-Performance Cost Management	D D D	N  D
Workforce Quality Recruitment** Flexibility Retention Satisfaction and Commitment	D N NR D	N  D
Equitable Treatment Fairness Transparency Trust	D D D	N  D
Implementation Plan Execution Work Stream Planning and Status Performance Management System Execution Employee Support for the Program	D D D	N  D
<p>D = Progress demonstrated at this time N = Progress not demonstrated at this time NR = Not ratable; no data available</p> <p>*Differentiating Performance is composed of two indicators, one of which was not demonstrated ** Recruitment is composed of two indicators, one of which was not ratable</p> <p align="center">Office of Personnel Management's assessment of Department of Defense's Alternative Personnel System as of May, 2008</p>		

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DoD has demonstrated progress in all five of the Progress dimensions. Although there was a slight decline in the level of demonstrated progress in the Results-Oriented Performance Culture dimension, DoD demonstrated progress on 83% of the supporting indicators. Specifically, DoD received a “did not demonstrate” rating on one of two indicators under the Differentiating Performance element. While there was distinction in performance ratings during the last performance cycle, employee perception of differences in performance being recognized in a meaningful way has not improved. Two of the Progress dimensions, Workforce Quality and Equitable Treatment (formerly Employee Perceptions), were not evaluated last year due to lack of available data. The most significant improvement from last year’s report was in the area of Equitable Treatment (Fairness, Transparency, and Trust).

Recommendations

DoD has built a strong implementation foundation which includes the Program Executive Office (PEO) and a component level NSPS support structure that enables a consistent approach across components and from spiral to spiral. However, change of this magnitude requires a significant shift in culture for employees and managers to fully embrace the new flexibilities and benefits of a performance-based compensation system. For that reason, we recommend DoD continue to focus on agency-wide issues and share lessons learned across components. We also recommend DoD emphasize the importance of change management as an enabler to successful technical transition and respective culture change.

Last year we recommended that DoD make every effort to capture performance plan data in its department-wide Human Resources Information System (HRIS) or in an automated roll-up from components’ HRISs. We continue to emphasize automation and use of information technology to gather department-wide data. While a large amount of data was available at the DoD level, other data necessary to evaluate certain aspects of NSPS was not. Specifically, lack of department-wide data on recruitment, retention, and turnover rates will impact DoD’s and OPM’s ability to evaluate their ability to retain high performers, keep employees satisfied and committed, attract high-quality new hires, and transition low performers out of the organization.

Conclusions and Next Steps

We conclude:

- There is linkage between employee performance objectives and organizational goals; employees are held accountable for their part in meeting those goals; there is distinction in performance as evidenced by the variation in performance ratings; and there is a positive correlation between pay increases, cash awards, and performance ratings.
- There is strong DoD and component level senior leadership support for NSPS implementation. Program offices and dedicated resources have been allocated from the highest policy level to the component and organization implementation levels.

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- There is a high level of transparency in the entire migration process, including implementing issuances, training availability, performance evaluation data and findings, and lessons learned. However, DoD needs to focus on the drop in employee perceptions that their performance ratings are a fair reflection of their performance. Continuous clear, factual, and open communication is essential to positively effect the culture shift associated with changing a system as longstanding as the Federal Government's pay and performance system.
- The PEO has established a system with multiple layers of oversight and controls to ensure fairness of NSPS. Qualitative and employee perception data validate the transparency of NSPS policy, business rules, performance ratings, and associated pay increases and awards.
- There has been no impact to the level of trust and confidence employees have in their supervisors.
- There are still a number of employee concerns evident in the perception data. Historically, however, employees covered under new APSs have expressed an initial decrease in acceptance and buy-in of new alternative personnel systems. Employee perception gradually improves (normally within 3-5 years) to eventually exceed baseline values. The foundation the DoD PEO has established is strong and, with continuous education, experience, and maturity of the system, we fully expect NSPS will mirror the historical trend.

OPM will continue to periodically assess the progress of NSPS with particular focus on areas the assessment panel has identified as needing improvement. When appropriate, we will reassess preparedness for any new element of the APS as it is rolled out.

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Overview

Introduction

This report reflects the outcome of OPM's second evaluation of the Department of Defense National Security Personnel System (NSPS). The first assessment report, dated May 2007, can be found at <http://www.opm.gov/aps/reports/DODImplementation.pdf>. The 2007 report concluded DoD effectively planned for NSPS implementation and demonstrated progress in most of the areas evaluated. OPM committed to conduct periodic assessments of NSPS to help DoD identify specific areas in which to focus its future efforts. This report fulfills that commitment and is intended to assist DoD in institutionalizing the successes realized as NSPS continues to be expanded throughout the Department.

Federal agencies face unprecedented challenges in their missions, including increased complexity, pace, and public awareness. New requirements are driving the need for a transformation of the civilian workforce. Employees are being asked to assume new and different responsibilities and to be more strategic, flexible, and accountable. The Federal Government faces a significant loss of institutional knowledge due to the "brain drain" the Government will experience as 60 percent of its workforce becomes retirement eligible within the next 10 years. Recruitment and retention are top priorities for maintaining an effective workforce.

Overall, as evidenced by the human capital results of the President's Management Agenda, agencies recognize the need to improve their ability to recruit and retain highly motivated and qualified employees. Evidence shows agencies need a greater focus on results-oriented performance management and performance-based pay. Most Federal agencies use the General Schedule (GS) pay system, in which employee pay increases within a grade level are based nearly exclusively on seniority, rather than performance. Under the GS system, employees receive annual pay increases and periodic within-grade pay increases based on satisfactory performance over a given period of time. This system has not always met agencies' needs for results-oriented performance management.

To compensate, Federal agencies have begun designing and implementing alternative personnel systems (APS) to address longstanding performance management and compensation issues. APS is a commonly accepted acronym for the host of personnel systems outside of the competitive Civil Service. An APS may be established under a number of authorities: (1) discrete legislation for a single agency or community of agencies, (2) the demonstration project provisions of chapter 47 of title 5 U.S.C., or (3) under new provisions of title 5, which, for example, allowed the DoD to set up a contemporary human resource management system. While APSs can cover various aspects of human resources management, current emphasis is on moving away from traditional classification and pay systems toward alternative systems where market rates and performance are central drivers of pay.

OPM's Charge

OPM is statutorily charged with improving strategic human capital management of the Government's civilian workforce, including associated planning and evaluation efforts. To support this effort, OPM developed an APS assessment framework in 2007, based on criteria designed to measure successful APS implementation (see Appendix D). OPM used the framework to assess NSPS planning and implementation and issued its report in May 2007. The results of OPM assessments, including the DoD NSPS assessment, have been used to improve existing human capital management policies, programs, and operations.

NSPS Background

The Department of Defense faces immense challenges today and requires an agile and responsive civilian workforce to support its military forces. More than ever, civilian jobs need to be aligned with the mission and strategic priorities of the Department and the organization.

An accountable, more flexible, results-oriented civilian workforce is needed to promote DoD's vision of efficiently responding to difficult situations, proactively seeking solutions, expanding workforce capabilities, improving the capacities of allies abroad, and strengthening its global force posture. NSPS has been implemented as a tool to help the Department achieve its vision.

In the 2004 National Defense Authorization Act, Congress recognized that DoD needed a new flexible and contemporary human resources management system. It provided authority to the Secretary of Defense and the Director of the Office of Personnel Management to establish NSPS. The system is mission focused and performance-based, putting the right people in the right jobs at the right time. It accelerates the Department's efforts to create a Total Force (military, civilian personnel, Reserve, Guard, and contractors) operating as one cohesive unit.

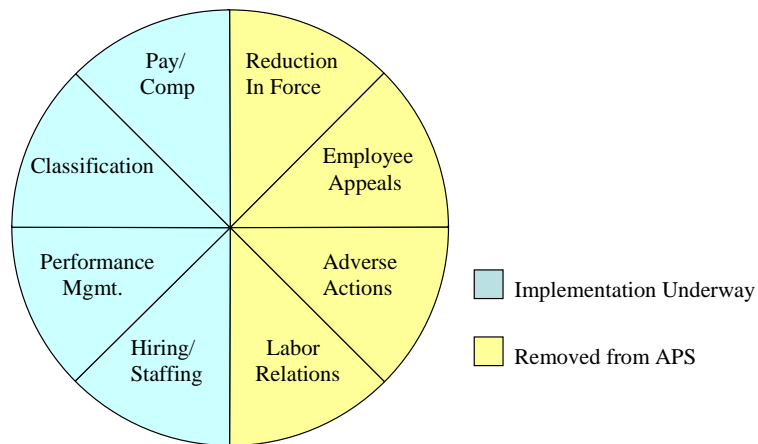
The final implementing regulations for NSPS were published on November 1, 2005, giving DoD the authority to establish a program with eight components:

- performance-based and market-sensitive pay;
- occupational classification;
- performance management;
- staffing and workforce shaping;
- reduction in force;
- labor relations;
- adverse actions; and
- employee appeals.

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To date, DoD has implemented NSPS across its civilian workforce impacting approximately 187,000 employees, but the system no longer has eight distinct components. While DoD originally had authority to develop these eight components, implementation of the employee appeals, adverse actions, and labor relations systems was held up due to a court challenge. Although the court decided in favor of DoD, the 2008 NDAA language prompted removal of the staffing, reduction-in-force, employee appeals, adverse actions, and labor relations components. Subsequently, the 2009 NDAA amended the 2008 NDAA language to reinstate DoD's authority to implement staffing authorities. Proposed rules addressing the 2008 changes were posted in the [Federal Register](#) on May 22, 2008 with final rules published on September 26, 2008. Figure 1 depicts the current status of NSPS implementation.

Figure 1: DoD Alternative Personnel System Implementation Status



DoD's Authorities

As mentioned previously, the National Defense Authorization Act of 2004 provided authority for DoD to implement a new human resources management system covering classification, pay/compensation, reduction in force, hiring/staffing, performance management, employee appeals, adverse actions, and labor relations. Employee appeals, adverse actions, and labor relations were enjoined by the courts and have since been withdrawn from NSPS. In addition, while DoD initially implemented changes to reduction in force, the provisions were not actively called on before regulatory changes driven by the NDAA of 2008 (Public Law 110-181, January 28, 2008) directed DoD to conform to Governmentwide rules for reduction in force for employees under NSPS.

As noted above, the 2008 and 2009 NDAAs affected other DoD authorities related to NSPS implementation. Specifically, the NDAAs amend NSPS authorities in title 5, United States Code, retaining the basic authority for performance-based pay and classification and compensation flexibilities, but substantially modifying other NSPS provisions. The amended NSPS law –

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- Brings NSPS under Governmentwide labor-management relations rules.
- Excludes Federal Wage System (blue collar) employees from coverage under NSPS.
- Requires DoD to collectively bargain procedures and appropriate arrangements for bringing DoD bargaining unit employees under NSPS prior to conversion of these employees.
- Brings NSPS under Governmentwide rules for disciplinary actions and employee appeals of adverse actions.
- Brings NSPS under Governmentwide rules for workforce shaping (reduction in force, furlough, and transfer of function).
- Mandates that all employees with a performance rating above “unacceptable” or who do not have current performance ratings receive no less than sixty percent of the annual Governmentwide General Schedule pay increase (with the balance allocated to pay pool funding for the purpose of increasing rates of pay on the basis of employee performance).

DoD continues to implement the remaining components described below:

Classification

DoD is placing jobs in broad “pay bands” based on the nature of the work being performed and required competencies. Progress in those bands depends on performance, complexity of the job, and market conditions. System goals include creating less detailed position descriptions, protecting classification appeal rights, allowing flexibility in assigning employees new or different work, and promoting broader skill development and advancement opportunities within and across pay bands.

Pay/Compensation

DoD is basing annual raises and bonuses on performance and providing higher pay raises to high-performing employees. Rate range increases are sensitive to the overall labor market and may vary by pay band. Local market supplement increases may be provided based on occupational local market conditions. Rate ranges and local market supplements are reviewed annually.

Performance Management

The focus of the performance management initiative is the establishment of direct links between pay, performance, and mission accomplishment, as well as the identification of meaningful distinctions in employee performance. DoD’s goals are to create a system that is fair, credible, transparent, and robust enough to support pay decisions.

NSPS Implementation Status

Early on, DoD established a dedicated NSPS Program Executive Office (PEO), separate from the Human Resources organization, to guide system design and implementation. The Department also has many years of experience with conducting a variety of alternative personnel systems. This experience allowed the agency to apply the lessons learned from those projects to support NSPS development and to apply best practices to the implementation. See OPM’s [2007 APS status report](#) for more details.

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DoD is implementing NSPS using an event driven phased approach, converting employees when training is complete and when they are prepared to make the transition. The Department has implemented the majority of the first two phases - Spiral 1 and 2. Spiral 1.1, 1.2, and 1.3 were implemented between April 2006 and April 2007 while Spiral 2.1 and 2.2 were rolled out between mid-October 2007 and mid-April 2008. Spiral 2.3 implementation began in the fall of 2008. Due to the timing of performance cycles and associated results, this assessment covers only Spiral 1 deployment.

OPM's Evaluation Approach

Implementation of NSPS in DoD provides an ideal opportunity for OPM to assess how flexible, contemporary human resource systems meet human capital goals and objectives. The results of this assessment will influence whether such systems are authorized on a Governmentwide scale. Accordingly, OPM developed a standard framework, the APS Objectives-Based Assessment Framework (Framework), based on qualitative and quantitative data analysis to provide a consistent evaluation approach. A detailed description of the Framework and our evaluation process can be found at Appendix C.

OPM's Alternative Personnel System (APS) Objectives-Based Assessment Framework

OPM developed the Alternative Personnel System (APS) Objectives-Based Framework (Framework) as a structure for determining the extent to which an agency has adequately prepared for and is progressing on the strategic human capital transformation goals and objectives of its implemented APS. The Framework is based on research findings that certain personnel system changes are effective for public sector organizations. It assesses the extent to which these changes are being implemented and are meeting their intended goals and objectives. It is not designed to evaluate systems that are in a pre-implementation status. The Framework is designed with a focus on alternative pay systems and is intended to be used repeatedly over time to yield longitudinal results.

OPM has developed the Alternative Personnel System Objectives-Based Assessment Framework Handbook which is available at <http://www.opm.gov/aps/reports/APSHandbook.pdf>. It describes the comprehensive assessment criteria and explains the assessment methodology in more detail.

The Framework incorporates OPM's Human Capital Assessment and Accountability Framework (HCAAF) now codified in [5 CFR part 250](#), effective May 28, 2008. The [HCAAF](#) provides a single, consistent definition of human capital management across the Federal Government. It requires and provides guidance for agency planning, implementation, and evaluation of human capital management systems. The APS assessment criteria are based on the HCAAF, historical data, and best-practice knowledge of the requirements for successful human capital transformation.

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The Framework provides a comprehensive methodology for evaluating agency preparedness for and progress on implementation of an APS. In the Framework, there are five Preparedness dimensions that measure effective planning and implementation of the APS, and five Progress dimensions that measure the human capital impact of the APS. The Preparedness dimensions of Leadership Commitment, Open Communication, Training, Stakeholder Involvement, and Implementation Planning were not evaluated this year since the 2007 evaluation results indicated DoD had demonstrated results in those dimensions. The Progress component (Mission Alignment, Results-Oriented Performance Culture, Workforce Quality, Equitable Treatment, and Implementation Plan Execution) was the focus of this year's evaluation.

About the Report

As in 2007, OPM convened an expert panel to analyze data aligned with and supporting the APS Assessment Framework. The 2008 panel members have demonstrated expertise in design, implementation, and evaluation of demonstration projects and/or alternative personnel systems; Federal human capital leadership; program evaluation; and the design and implementation of major human capital systems.

OPM developed a draft data collection plan and conferred with DoD to validate the availability and applicability of each data item as it applied to NSPS. Some information was gathered by OPM while other data was provided by DoD. OPM and DoD collaborated on data collection throughout the evaluation process to ensure the team had access to all available information.

The results of the panel's analysis are presented as a "snapshot in time" of DoD implementation efforts as of May 2008. A summary of DoD's ratings on Progress can be found in the Executive Dashboard (Figure 2). The dashboard provides senior OPM policymakers and the public with an overview of the APS's implementation status and identifies areas where attention is recommended.

While there is now (as of October 2008) approximately 187,000 employees under NSPS, this assessment addresses the implementation progress of only Spiral 1 (see Table 1) since much of the Progress criteria looks at employee perceptions of various aspects of the performance management system. Employees in Spiral 2.1 and 2.2 had not yet experienced a full performance management cycle at the time this evaluation was conducted.

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Implementation Phases

The number of employees converted in each spiral, upon completion of Spiral 2.2 conversions, is shown in Table 1. Other pertinent data such as rating cycle timing for each spiral is also provided.

Table 1: Phased Implementation of NSPS

Spiral	Army	Navy	Air Force	4th Estate*	Total	End of Rating Cycle
1.1	2,666	4,437	3,114	1,543	11,760	October 2006
1.2	16,583	9,343	35,758	8,257	69,941	October 2007
1.3	26,698	8,022	1,114	317	36,151	October 2007
2.1	9,680	7,814	5	160	17,659	October 2008
2.2	17,092	20,138		14,240	51,470	October 2008
				Total	186,981	

* This includes every organization, collectively, under the purview of the Department of Defense that is not part of the Department of the Army, Department of the Navy, or Department of the Air Force. It does not include the Defense Intelligence Agency, the National Geospatial-Intelligence Agency, or the National Security Agency/Central Security Service.

DoD Implementation Assessment Results: Progress

A summary of DoD's ratings on Progress can be found in the Executive Dashboard on the next page (Figure 2). This Figure shows the level of Progress DoD has demonstrated, provides senior OPM policymakers and the public with an overview of DoD's APS status, and readily identifies areas requiring special emphasis.

Figure 2 provides a summary of the dimension ratings.

- Each dimension consists of a number of elements.
- Each element is weighted equally toward the combined dimension rating.
- The combined elements represent the total status rating on any dimension.
- The needle on the dashboard represents the rating for the dimension.
- A rating of either "D" (preparedness/progress is demonstrated at this time); "N" (preparedness/progress is not demonstrated at this time); or a rating of "NR" (the element has not been rated because sufficient data are not available at this time) was given to each element based on the criteria in the evaluation framework.
- The trend arrow is provided to indicate the direction of change since the 2007 report. If no arrow is shown there was no rating for that dimension in 2007.

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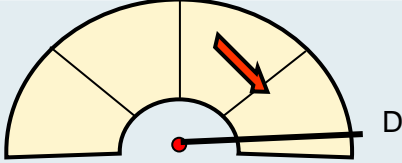
Figure 2: DoD's Alternative Personnel System (APS) Assessment
As of: May, 2008

PROGRESS		
Dimension	Element Rating (D/N/NR)	Status
Mission Alignment Line of Sight Accountability	D D	
Results-Oriented Performance Culture Differentiating Performance* Pay-for-Performance Cost Management	D D D	
Workforce Quality Recruitment** Flexibility Retention Satisfaction and Commitment	D N NR D	
Equitable Treatment Fairness Transparency Trust	D D D	
Implementation Plan Execution Work Stream Planning and Status Performance Management System Execution Employee Support for the Program	D D D	
<p>D = Progress demonstrated at this time N = Progress not demonstrated at this time NR = Not ratable; no data available</p> <p>*Differentiating Performance is composed of two indicators, one of which was not demonstrated ** Recruitment is composed of two indicators, one of which was not ratable</p> <p align="center">Office of Personnel Management's assessment of Department of Defense's Alternative Personnel System as of May, 2008</p>		

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Mission Alignment

Definition: The program effectively links individual, team, and unit performance to organizational goals and desired results.

PROGRESS		
Dimension	Element Rating (D/N/NR)	Status
Mission Alignment Line of Sight Accountability	D D	
<p>D = Progress demonstrated at this time N = Progress not demonstrated at this time NR = Not ratable; no data available</p> <p style="text-align: center;">Office of Personnel Management's assessment of Department of Defense's Alternative Personnel System as of May, 2008</p>		

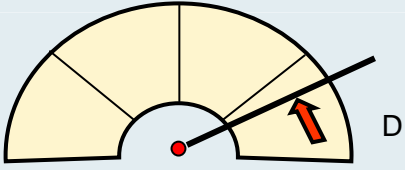
DoD received a rating of “demonstrated” on all indicators in both elements comprising Mission Alignment. This is an improvement from the 2007 evaluation when one indicator under Line of Sight was not ratable.

- DoD has established a process by which individual performance objectives are aligned with organizational goals, and has demonstrated that a majority of employees covered by NSPS have performance plans that reflect this alignment.
- A high percentage (81%) of employees indicated they know how their work relates to their agency’s goals and priorities.
- NSPS employees to a greater extent, as compared to non-NSPS employees, believe their managers are effectively communicating the goals and priorities of the organization.
- A majority of sampled employee performance plans have credible measures, although this percentage should improve as employees and managers gain more experience with the application of SMART (Specific, Measurable, Aligned, Realistic/Relevant, and Time-Bound) performance objectives.
- To a great extent (86%), NSPS employees feel they are held accountable for achieving results.

This evidence suggests NSPS effectively links individual, team, and unit performance to organizational goals and desired results and employees are held accountable for those results.

Results-Oriented Performance Culture

Definition: The program promotes a high performing workforce by differentiating between high and low performers and by rewarding employees on the basis of performance while effectively managing payroll costs.

PROGRESS		
Dimension	Element Rating (D/N/NR)	Status
Results-Oriented Performance Culture Differentiating Performance* Pay-for-Performance Cost Management (<i>new indicator</i>)	D D D	N 
<p>D = Progress demonstrated at this time N = Progress not demonstrated at this time NR = Not ratable; no data available</p> <p>*Differentiating Performance is composed of two indicators, one of which was not demonstrated</p> <p>Office of Personnel Management's assessment of Department of Defense's Alternative Personnel System as of May, 2008</p>		

DoD received a rating of “demonstrated” on all three elements comprising Results-Oriented Performance Culture, although they did receive a rating of “not demonstrated” on one indicator under Differentiating Performance. This is a slightly lower status rating than 2007 where all indicators were rated “demonstrated.”

- There was clear distinction in ratings for NSPS employees in the 2007 performance year. The standard NSPS rating criteria are geared to level 3; and most of the workforce was rated at that level, with 41% rated higher and 2% rated lower.
- Recommended ratings were reviewed by the appropriate leadership to ensure consistency and fairness across each pay pool as well as across groups of pay pools under a common authority. There was no evidence of forced distribution of ratings.
- While there was distinction in performance ratings, employee perception decreased slightly when asked if they believed differences in performance were recognized in a meaningful way. There was a slight decrease in positive responses from Spiral 1.1 employees who would have completed their first full evaluation cycle under NSPS at the time the 2007 survey was deployed (37% in 2006 to 33% in 2007). This indicator was rated “demonstrated” in 2007 based on 2006 survey results where Spiral 1.1 employees responded more positively than DoD employees overall (37% to 32%). [*This indicator was rated not demonstrated.*]
- There is a high association between performance ratings and pay raises/awards when constraints such as top of the pay band and other statutory limitations are considered. Higher performers receive larger salary increases and awards than lower performers.

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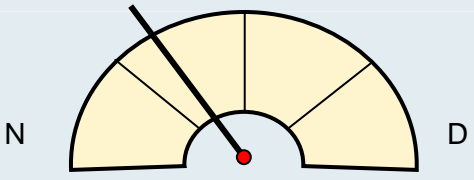
- NSPS employees believe their pay raises depend on how well they perform their jobs to a much greater extent than DoD employees as a whole (43% and 25% respectively).
- Employee perception that awards are dependent on how well an employee does his or her job is slightly more positive with NSPS employees than DoD overall.
- Policy, issuances, and controls are well established to ensure costs are managed and within expenditure authorization levels. Direct costs are managed at all levels – from individual pay pool pay-outs to total award and pay expenditures across DoD.

The evidence suggests NSPS promotes a high performance workforce by differentiating between high and low performers, by rewarding employees on the basis of performance while effectively managing payroll costs.

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Workforce Quality

Definition: Agency retains its high performers, keeps employees satisfied and committed, attracts high-quality new hires, and transitions its low performers out of the organization.

PROGRESS		
Dimension	Element Rating (D/N/NR)	Status
<p>Workforce Quality</p> <p>Recruitment*</p> <p>Flexibility</p> <p>Retention</p> <p>Satisfaction and Commitment</p>	<p>D</p> <p>N</p> <p>NR</p> <p>D</p>	
<p>D = Progress demonstrated at this time N = Progress not demonstrated at this time NR = Not ratable; no data available * Recruitment is composed of two indicators, one of which was not ratable</p> <p style="text-align: center;">Office of Personnel Management's assessment of Department of Defense's Alternative Personnel System as of May, 2008</p>		

DoD received a rating of “demonstrated” for the Recruitment and Satisfaction and Commitment elements although one indicator under Recruitment was rated “not ratable.” In addition, they received a “not demonstrated” rating for Flexibility, and a “not-ratable” rating for Retention. No data was available to support an evaluation of this dimension in 2007; therefore, no trend arrow is shown.

- Supervisors of employees in spiral 1.1 and 1.2 believe his/her work unit is able to recruit people with the right skills to a greater extent than DoD supervisors as a whole (48% to 44% respectively).
- Other hard data is not yet available to determine if implementation of NSPS has had any effect on the ability to attract high-quality new hires. [*This indicator was rated not ratable.*]
- While it is clear supervisors feel, to some degree, they have the flexibility to use the pay setting and reassignment flexibilities in NSPS, there is still little to no change in the perception of their ability to use other flexibilities affecting ease of hiring, relocating, or promoting employees. While supervisors were also asked about the use of recruitment, relocation, retention and student loan incentives, these are governmentwide authorities and therefore not considered in this assessment. [*This indicator was rated not demonstrated.*]
- There is insufficient data available to make a definitive assessment of the effects of NSPS on turnover rates of low performers and retention of high performers. [*This indicator was rated not ratable.*]
- Survey responses indicate NSPS employees continue to be very satisfied with their work.

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- NSPS employees have no greater intention of looking for another job in the coming year than DoD employees overall.
- Of the 10 reasons posed to employees on how important each was as a reason for planning to look for a new job, performance-based pay systems ranked seventh (just above base realignment and closures and other).

Overall, DoD successfully demonstrated the program is making progress in some areas of recruitment and maintaining employee perceptions of satisfaction and commitment. It is too early to have sufficient data on the effect on retention after implementation of NSPS. However, DoD did not demonstrate full use of available flexibilities that could have positive impact on recruitment and retention in this changing environment.

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Equitable Treatment

Definition: The program promotes an environment of fairness and trust for employees, consistent with the Merit System Principles and free of Prohibited Personnel Practices.

PROGRESS		
Dimension	Element Rating (D/N/NR)	Status
<p>Equitable Treatment Fairness (<i>new indicator</i>) Transparency Trust</p>	<p>D D D</p>	
<p>D = Progress demonstrated at this time N = Progress not demonstrated at this time NR = Not ratable; no data available</p> <p style="text-align: center;">Office of Personnel Management's assessment of Department of Defense's Alternative Personnel System as of May, 2008</p>		

DoD received a rating of “demonstrated” on all three elements comprising the Equitable Treatment dimension. No data was available to support an evaluation of this dimension in 2007; therefore, no trend arrow is shown.

- There are considerable implementation issuances, guidance, and controls in place within the NSPS system to ensure fairness and/or quickly highlight where a problem might exist to ensure prompt attention and quick resolution.
- There was no change (considering survey margin of error) to employee perceptions of fairness of performance appraisal reconsiderations for Spiral 1.1 pre- and post-completion of the first performance evaluation cycle under NSPS. There was also no difference between NSPS and DoD overall. [Note: only Spiral 1.1 data was considered because that was the only group having completed a full performance evaluation cycle before the deployment of the 2007 employee survey.]
- DoD is collecting data on rating reconsiderations and is closely monitoring resolution status. Procedures for reconsideration are clearly communicated in training materials, on NSPS websites, and other NSPS units’ notices; and systems are in place to ensure DoD procedures are followed.
- While NSPS (Spiral 1.1) employee perceptions that the performance appraisal was a fair reflection of their performance dropped slightly after the first performance cycle under NSPS, this drop could have been a reflection of the more rigorous system and higher performance standards implemented with NSPS.
- There continues to be a high perception that prohibited personnel practices are not tolerated and managers/supervisors are effectively dealing with reports of prejudice and discrimination (73% NSPS vs. 66% DoD overall).

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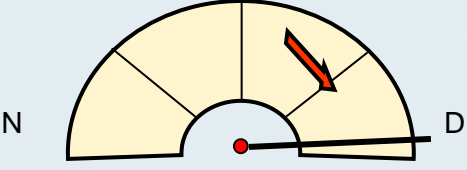
- Criteria and standards for the performance management process, assignment of ratings, and associated pay increases are well defined, included in employee training, facts sheets, and videos, and posted on numerous DoD websites.
- Pay pool results, including distribution of ratings, share assignments, pay pool share values, and lessons learned were typically presented in town hall and other organization meetings, posted on unit intranet sites, and/or included in employee notices.
- Survey results reflect a strong understanding that NSPS employees' pay increases depend on how well they perform their jobs (53% positive responses from NSPS employees versus 32% for DoD overall).
- NSPS employees continue to have trust and confidence in their supervisors. There was essentially no difference in positive responses between NSPS and DoD overall.

Overall, DoD successfully demonstrated that the program is promoting an environment of fairness and trust for employees, consistent with Merit System Principles and free of Prohibited Personnel Practices.

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Implementation Plan Execution

Definition: Agency demonstrates progress in implementing the program in accordance with its comprehensive planning process.

PROGRESS		
Dimension	Element Rating (D/N/NR)	Status
Implementation Plan Execution Work Stream Planning and Status Performance Management System Execution Employee Support for the Program	D D D	
D = Progress demonstrated at this time N = Progress not demonstrated at this time NR = Not ratable; no data available		
Office of Personnel Management's assessment of Department of Defense's Alternative Personnel System as of May, 2008		

DoD received a rating of “demonstrated” on all three elements comprising Implementation Plan Execution. In 2007, DoD received a “demonstrated” rating for the first two elements of this dimension, while the Employee Support for the Program indicator was not ratable.

- NSPS has demonstrated progress in implementing the program in accordance with its comprehensive planning process as evidenced by its project plan, Readiness Assessment Tool, checklists, training, and other measures and deliverables.
- DoD demonstrated that the majority of employees covered by NSPS had performance plans created by the required date, received annual performance reviews within the identified timeframes, and are receiving mid-year and end of year performance feedback.
- Employees expect NSPS to improve key personnel practices (hiring new employees, disciplining/correcting poor work performance, rewarding good work performance, and ensuring individual performance supports organizational mission effectiveness) to a greater extent than what they have seen to date. The gap in “has improved” versus “will improve” [personnel practices] demonstrates employee expectations of further advancements and maturity of NSPS. Given the scope and age of NSPS, this gap is to be expected and should provide DoD a roadmap for additional improvements.

Overall, DoD successfully demonstrated that the program is in compliance with the work stream planning process, performance management system execution is timely, and there is employee support for NSPS.

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Evaluation Summary

OPM's recommendations are based on:

- The assessment panel's discoveries while applying the evaluation criteria for alternative personnel systems.
- The panel's expert knowledge and research on best practices.
- A review of progress against the NSPS key performance parameters.
- Strategic assumptions identified in the initial 2004 NSPS requirements document.

Through this assessment, DoD has demonstrated successful progress in NSPS implementation. Panel members identified a few areas in which improvements will serve to further enhance the progress made thus far in implementing NSPS and facilitate future implementation spirals.

It is important to keep in mind this evaluation assessed the progress of Spiral 1 only. This was DoD's first group of employees to be converted in to NSPS. Employee survey data should be viewed as indicators, not trends, until additional data becomes available over time.

General observations are noted below:

- Employees and supervisors are compensated based on their performance.
- Distinctions in performance and associated pay increases are being made.
- NSPS employees feel they are held accountable for achieving results.
- Controls are in place to manage overall costs while providing flexibility to manage to budget at the organization levels.
- While supervisors perceive a greater ability to set pay for new hires and more easily effect reassignments, other available flexibilities have not been widely used.
- Supervisory feedback data indicates there has been little improvement in the hiring process. The infrequent use of existing human resources flexibilities (Governmentwide and NSPS specific) could be a contributing factor.
- While there is little quantitative data on the effect of NSPS on retention of employees, employee survey data indicates NSPS employees have no greater intent to look for another job than do others in DoD. Performance-based pay was rated #7 of 10 in importance of reasons why employees would look for a new job.

Recommendations

Mission Alignment:

- Experience with and consistency in the application of SMART (specific, measurable, aligned, realistic/relevant, and time-bound) objectives, partnered with enhanced communication between employees and supervisors would facilitate improvement in employee understanding and perception of how they support the goals and mission of their organization and/or component.

Results Oriented Performance Culture:

- While distinctions in performance are being made, there continues to be an employee perception issue with differences in performance being recognized in a meaningful way. This appears to stem from comparisons with other multi-level and pass/fail performance management systems and the shift in rating distribution – an outcome of new rating criteria under NSPS. Consistent, transparent, and supportive communication of new performance rating definitions is needed to effect the culture change needed for long-term acceptance and employee internalization of changes of this magnitude.
- Given the differences in rating criteria where there are both NSPS and non-NSPS 5-level systems, it is recommended that DoD assess any potential impact to employees in a potential reduction in force.
- Collection and analysis of pay progression data under NSPS, particularly as it relates to high and low performers, will be necessary to address employee perceptions of pay equity and overall fairness of NSPS.

Workforce Quality:

While it is too soon to make a conclusive assessment of the impact NSPS has had on recruitment and retention, there are three areas where attention is recommended:

- Improve data collection and analysis on recruitment of top talent, retention of high performers, and turnover of low performers. This is necessary to ensure DoD is able to appropriately shape and assign its workforce to meet changing mission requirements.
- DoD has invested considerable effort in its human resources (HR) specialist certification program with initial focus in the area of compensation. HR specialists servicing NSPS employees have a greater need to understand and apply the full range of flexibilities available with NSPS. This technical expertise, combined with strong consultant skills, could have a significant positive impact on DoD recruitment efforts.
- Once HR specialists are more knowledgeable about the broad range of flexibilities available, they can proactively consult with managers to identify innovative approaches to address workload or mission changes.

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Equitable Treatment:

- DoD should continue to collect and analyze specific NSPS data to evaluate the fairness and transparency of the system.
- DoD should continue to share lessons learned and improve tools to support the efficiency of the pay pool panel process. The experience gained by the Spiral 1 managers is invaluable to managers going through their first pay pool panel and could potentially streamline and expedite this very important part of the NSPS performance management system.

Implementation Plan Execution:

- Given the changes the 2008 NDAA has or will have on NSPS, the change in leadership of the NSPS Program Executive Officer, and the ongoing transition of DoD employees into NSPS, we recommend maintaining the department and component level program offices. The dedicated resources and experience of personnel in these offices would facilitate the implementation of any new elements of NSPS and could play a strong role in sharing lessons learned across the Department.
- A decline in employee perception immediately after implementation of any alternative personnel system is normal. However, employees did indicate a more positive response when asked if they believed NSPS would improve key personnel practices.
- Additional training (particularly for HR staff), continued multi-levels of communication, maturity in developing performance objectives, supervisors' improved communications with employees, timeliness of all elements of the performance management system, and continued transparency of the entire system should help meet employee expectations and close the gap between expectations and perceptions of the current state.

Conclusions and Next Steps

We conclude:

- There is linkage between employee performance objectives and organizational goals; employees are held accountable for their part in meeting those goals; there is distinction in performance as evidenced by the distribution of performance ratings; and there is a positive correlation between pay increases, cash awards, and performance ratings.
- There is strong DoD and component level senior leadership support for the implementation of NSPS. Program offices and dedicated resources have been allocated from the highest policy level to the component and organization implementation levels.
- There is a high level of transparency in the entire process including implementation issuances, training availability, performance evaluation outcomes, and lessons learned. However, a greater emphasis is needed to address employee perceptions of their performance ratings as being a fair reflection of their performance. Continuous clear, honest, and open communication is essential to positively effect the culture change associated with changing a system as longstanding as the Federal Government pay and performance system.
- The PEO has established a system with multiple layers of oversight and controls to ensure fairness of NSPS. Qualitative and employee perception data validate the transparency of NSPS policy, business rules, performance ratings, and associated pay increases and awards.
- There has been no impact to the level of trust and confidence employees have in their supervisors.
- While there are still a number of employee concerns, historically employees have expressed an initial decrease in acceptance and buy-in of new alternative personnel systems, but employee perception eventually improves (normally within 3-5 years) eventually exceeding baseline values. The foundation the DoD PEO has established is strong and with continuous education, experience, and maturity of the system, we fully expect NSPS will mirror the historical trend.

Next steps:

- We will continue to conduct periodic assessments to independently evaluate the progress of NSPS implementation and to help DoD identify specific areas in which to focus their future efforts. Since DoD's APS is implemented in spirals and employee perceptions in other longer-term APSs historically have changed depending on the implementation stage they're currently in, it will be important to continue to segregate data by spiral in future evaluations. In addition, since there were a few

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areas where progress was not demonstrated or was not ratable due to the lack of data available to evaluate the indicator, closer attention should be paid to those items for future evaluations.

- Given the modifications to NSPS driven by the 2008 NDAA, DoD and OPM will need to determine the appropriate time to evaluate preparedness and progress of any new system as it is rolled out.

APPENDICES

An Assessment of the Implementation of the Department of Defense
National Security Personnel System

Appendix A: DoD Response



**DEPARTMENT OF DEFENSE
NATIONAL SECURITY PERSONNEL SYSTEM
PROGRAM EXECUTIVE OFFICE
1400 KEY BOULEVARD SUITE B200
ARLINGTON, VA 22209-5144**



Mr. Michael W. Hager
Acting Director
Office of Personnel Management
1900 E Street, N.W.
Washington, DC 20415

Dear Mr. Hager,

Thank you for the opportunity to comment on your draft report, "An Assessment of the Implementation of the Department of Defense National Security Personnel System (NSPS)." It is beneficial to have the Office of Personnel Management's perspective on our implementation of such a far-reaching change from traditional title 5 human capital systems. The 187,000 employees, supervisors, and managers under NSPS are a larger workforce than in any other Executive Branch department but one, so this truly represents significant progress in civil service reform. The NSPS performance management system is mission-driven, rigorous, and consequential. Pay banding offers great flexibility in matters of work assignment and compensation, providing the Department needed tools in a competitive labor market. NSPS also represents a major change management challenge, and has been a lightning rod for critics and supporters of performance-based pay systems. In that regard, we appreciate your thorough and objective review of our implementation, and will use this report to inform decisions for the future of NSPS.

Your report reinforces our view that we are on the right track. Nearly 30 years of Department of Defense personnel demonstration projects tells us that both patience and continuous improvement are crucial to success. Building on our first two years of experience, we have improved pay rules and added safeguards for system transparency. Supervisors and employees are still learning how to develop performance plans with solid measures, and conduct performance assessments that give useful information to the pay pool panels charged with ensuring rating fairness against the standard NSPS criteria. Pay pool panels are still refining their processes and feedback to rating officials and the workforce. It has also taken us several iterations to work the bugs out of the automated, interactive performance planning and assessment tool so employees and raters do not struggle with the supporting technology.

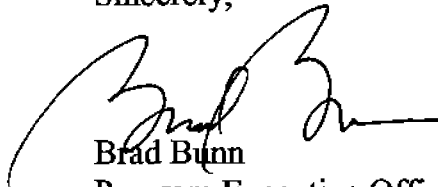
As your report notes, the Department has institutional mechanisms to monitor workforce opinions and NSPS transactions. Among them, our Defense Civilian Personnel Data System captures performance, personnel actions, and compensation data. Our Status of Forces surveys include the early days of NSPS implementation for the first

group converted, and the addition of later spirals. The annual survey in 2007 reflects the first group's views a year into NSPS, after its first rating cycle. The 2008 survey will reflect the views of the greatly expanded NSPS workforce, of whom some 100,000 would have been through at least one rating cycle.

Several matters in your draft warrant review. First, Congress recently clarified our NSPS staffing authorities in the National Defense Authorization Act for Fiscal Year 2009. We recommend restoring that aspect of NSPS in your discussion and model on pages ii, 5, and 6. Second, we do not agree with the characterization of employee attitudes as "declining" (page 11) based on survey data reviewed by the assessment team. We do not believe there was enough survey data to reach a conclusion that the attitudes are declining. We certainly agree that this is an area that requires monitoring, and after tabulating this year's survey data, we will be in a better position to assess the trends in employee attitudes. Finally, on page 14, Results-Oriented Performance Culture, we recommend amplifying the discussion, particularly regarding the justification for lowering the assessment in Differentiating Performance. We are concerned that some will misinterpret what your lower assessment signifies. I am also providing suggestions for technical edits and revisions under separate cover.

We are glad to have had the opportunity to work with your staff on this assessment, and we look forward to continuing the relationship.

Sincerely,



Brad Bunn
Program Executive Officer

Cc:

Kevin Mahoney

Associate Director, Human Capital Leadership and Merit System Accountability
Office of Personnel Management

Nancy Kichak

Associate Director for Strategic Human Resources Policy
Office of Personnel Management

Appendix B

Appendix B: Explanation of Key Terms

Appendix B

Appendix B – Explanation of Key Terms

Accountability System*

The HCAAF system that contributes to agency performance by monitoring and evaluating the results of its human capital management policies, programs, and activities; by analyzing compliance with merit system principles; and by identifying and monitoring necessary improvements. An agency's Human Capital Accountability System must provide for how the agency will assess meeting its goals and objectives as set forth in the human capital plan. The APS Assessment Framework provides comprehensive information about how to monitor and assess when preparing for and implementing an APS (or parts thereof). Consequently, an agency implementing an APS should incorporate its APS Assessment Framework into its Accountability System.

Alternative Personnel System (APS)

An APS may be established under discrete legislation for an agency or a community of agencies, or under the demonstration project provisions of chapter 47 of title 5, United States Code. New provisions of title 5 now allow DoD to set up a contemporary human resource management system. APSs cover various aspects of human resources management. The current emphasis of APSs is on moving away from traditional classification and pay systems toward alternative systems where market rates and performance are central drivers of pay.

APS Assessment Framework

A framework for determining the extent to which an agency is adequately preparing and progressing on the human capital transformation goals and objectives of its APS. The Framework includes assessment components, dimensions, elements, and indicators. The APS Assessment Framework is designed to investigate how prepared an agency is to implement an APS and the progress an agency has achieved in implementing its APS.

APS Framework Component

The two major parts of the APS Framework: Preparedness and Progress. The Preparedness component refers to an agency's readiness to implement an APS. The Progress component addresses the extent to which the agency has achieved, or is in the process of achieving, the broad human capital transformation goals associated with an APS.

Assessment Criteria/Criterion

The standard by which individual indicators are judged. To demonstrate performance on indicators, agencies must meet a criterion or a set of criteria.

Assessment Methodology

The type(s) of analysis(es) to be conducted for each indicator. Document review by an expert panel, survey data assessment, and organizational data assessment are part of the total assessment methodology. The results of the analyses will be combined to reach a conclusion and assign a rating for each dimension.

* These definitions are based on the glossaries included in the HCAAF Practitioners' Guide and the Human Capital Accountability System Development Guide.

Appendix B

Component

An essential part of an agency. Agencies in the Federal Government are typically defined as the 24 Executive Departments and Agencies for whom a Chief Financial Officer and a Chief Human Capital Officer must be appointed (see Section 901(b) of title 31 U.S.C.). Agencies are made up of various organizational entities fit together to accomplish the overall mission. The names of these organizational entities differ from agency to agency. Examples of names include major operating divisions, bureaus, directorates, offices, and even agencies. The Department of Defense, for example, is made up of the Office of the Secretary, the military services, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of Inspector General, the Defense Agencies, the DoD Field Activities, and other organizational entities, collectively referred to as the DoD Components.

Data Sources

Suggested resources used to demonstrate performance against criteria. Examples of data sources include websites, training documents, survey data, instructions/directives, statistical data from an HR Information System, strategic and operational plans, etc. The data sources are suggested, but the agency may identify other and/or better resources to demonstrate performance.

Demonstrated

Evidence provided shows the program meets the criteria for the indicator being assessed, as defined by the rating guidance and assessment criteria for that indicator.

Dimension

A key attribute of either the Preparedness or Progress component in the APS Framework.

Preparedness and Progress are made up of dimensions. Agencies providing adequate emphasis and effort in the Preparedness dimensions are well positioned to successfully implement an APS. Agencies demonstrating progress against the Progress dimensions are successfully implementing the goals of an APS. Dimensions are made up of elements, which are defined below.

Element

Elements are specific features defining a dimension. For example, Leadership Commitment (a dimension of the Preparedness component) includes four elements: Engagement, Accountability, Resources, and Governance. In this example, leaders demonstrate Leadership Commitment when they are fully engaged in efforts to promote the APS, are accountable for driving the APS forward, dedicate sufficient resources and staff to the APS, and provide for effective governance.

Executive Dashboard

A summary-level assessment of APS Preparedness and Progress results for leadership. The dashboard provides senior policymakers with an overview of APS status and identifies areas requiring special emphasis. It shows the level of Preparedness and Progress agencies have demonstrated.

Appendix B

Human Capital Assessment and Accountability Framework (HCAAF)*

A framework establishing and defining five human capital systems which together provide a single, consistent definition of human capital management for the Federal Government. The HCAAF outlines an ongoing process of human capital management in every Federal agency that works across five systems: Strategic Alignment, Leadership and Knowledge Management, Results-Oriented Performance Culture, Talent Management, and Accountability. The APS Assessment Framework is consistent with the HCAAF. Under the HCAAF, Federal agencies are required to develop human capital plans. An agency implementing an APS is expected to include goals and objectives, under each applicable HCAAF system, in its human capital plan.

Indicator

A quantitative or qualitative measure of the agency's performance against an element. One or more indicators are used in determining an agency's performance against an element.

Implementation Assessment

An assessment against the criteria established in the baseline assessment. An implementation assessment report will be produced for each APS. The analysis of Progress and Preparedness against the criteria set forth in the baseline assessment report will be the goal of the implementation assessment.

Not Demonstrated

The evidence provided does not show the program meets the criteria for the indicator being assessed, as defined by the rating guidance and assessment criteria for that indicator. Note: A value of "not demonstrated" does not necessarily mean the program does not meet the criteria, only that the evidence provided was insufficient to demonstrate the program meets a particular criterion or set of criteria.

Program

A set of features constituting the way to achieve a broad goal. Programs in the Federal Government focus on providing products and services and are essential to the operation of the agency or several agencies. Programs typically involve goals like human capital transformation and are of such magnitude that they must be carried out through a combination of line and staff functions.

APSs, such as DoD's National Security Personnel System, are broad human capital transformation programs established to meet defined goals, objectives, and criteria focusing on attracting and retaining high performing workforces. They are carried out through a combination of staff (e.g., program management offices) and line (senior leaders) functions.

* These definitions are based on the glossaries included in the HCAAF Practitioners' Guide and the Human Capital Accountability System Development Guide.

Appendix B

Program Evaluation*

A formalized approach for studying and assessing whether a program or policy “works”. Program evaluation is used in government and the private sector and is practiced by a variety of social science disciplines, such as sociology, psychology, or economics. Program evaluation can involve both quantitative and qualitative methods of social research. Evaluation includes the implementation, impact, or effects of a program or policy and the degree to which it achieves intended results. Program evaluation designs should also include assessment of unintended effects that were unforeseen in the project plan or policy. Evaluations, therefore, should assess not only how well a program is working but what else it is doing.

Program Management Office (PMO)

An office or a group/team established to provide policy direction and program management. A PMO is responsible for all phases of APS development and implementation. PMOs are usually established at the agency corporate level and serve to provide guidance and direction to components of the department/agency participating in the APS. Typical activities include providing day-to-day support operations, establishing and leading cross-component work groups, creating new business rules and processes, collecting data and compiling reports, facilitating meetings, keeping all development and implementation efforts on track, and monitoring and evaluating the effectiveness of implementation.

Risk Assessment*

An assessment of the severity and likelihood of an undesirable consequence. In the area of human capital, risk assessments help identify problems posing high risk to organizational integrity including financial or legal threats, systemic violations of employee protections or veterans’ preference, and potential loss of integrity in the public eye. It is growing more common for such assessments to be conducted when undertaking human capital initiatives, especially major human capital initiatives like designing and implementing APSs, to determine the potential risks to stakeholders.

* These definitions are based on the glossaries included in the HCAAF Practitioners’ Guide and the Human Capital Accountability System Development Guide.

Appendix B

Stakeholder*

An individual, or group of individuals, who have a significant or vested interest in the outcome of an undertaking, key decision, or venture. In human capital ventures, such as design and implementation of APSs, different individuals and groups often have a shared interest in the successful outcome of a program or initiative because they share in the benefits of the program.

Examples of potential internal stakeholders are managers and employees. Examples of potential external stakeholders are the Congress and unions. In regard to demonstration projects, section 4703(f) of title 5, U.S.C. states

- Employees within a unit with respect to which a labor organization is accorded exclusive recognition under chapter 71 of this title shall not be included within any project under section (a) of this section—
 - if the project would violate a collective bargaining unit agreement (as defined in section 7103(8) of this title) between the agency and the labor organization, unless there is another written agreement with respect to the project between the agency and the organization permitting the inclusion; or
 - if the project is not covered by such a collective bargaining agreement, until there has been consultation or negotiation, as appropriate, by the agency with the labor organization
- Employees within any unit with respect to which a labor organization has not been accorded exclusive recognition under chapter 71 of this title shall not be included within any project under subsection (a) of this section unless there has been agency consultation regarding the project with the employees in the unit.

* These definitions are based on the glossaries included in the HCAAF Practitioners' Guide and the Human Capital Accountability System Development Guide

Appendix B

Appendix C

Assessment Methodology

The assessment methodology for this evaluation was initially developed and used in the 2007 evaluation of NSPS. Since then, a few minor modifications were made to the assessment model reflected in this evaluation report and incorporated in to the final Alternative Personnel Systems (APS) Objectives-Based Assessment Framework Handbook (June 2008).

The assessment process involved five steps:



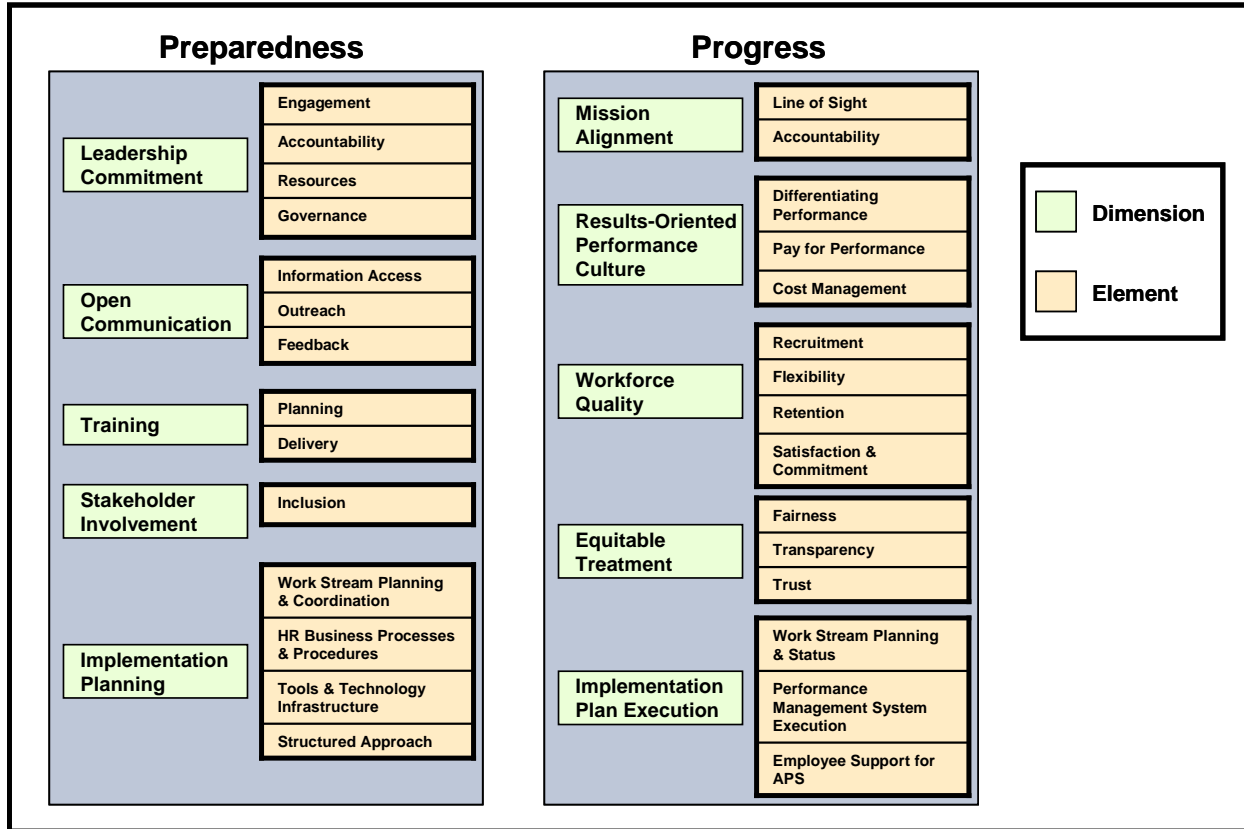
Step 1: Develop Assessment Framework

The first step in the assessment process was to develop the assessment framework. As noted above, the framework was initially developed in 2007. It was modified slightly and validated for this evaluation. The APS Objectives-Based Assessment Framework is an evaluation template for determining the extent to which an agency is adequately preparing for and progressing on the human capital transformation goals and objectives of its APS.

Current Framework

Figure C-1 provides an overview of the Alternative Personnel System Assessment Framework. This schematic portrays the relationship between key parts of the Framework, including components, dimensions, and elements.

Figure C-1 – Overview of the APS Assessment Framework



Components: There are two *components* (or major parts) in the Framework: Preparedness and Progress. The Preparedness component refers to an agency’s readiness to implement an APS. The Progress component addresses the extent to which the agency has achieved, or is in the process of achieving, the broad human capital transformation goals associated with an APS. Since DoD demonstrated readiness for all dimensions under the Preparedness component in 2007, a reevaluation of that component was not conducted. Therefore, this report covers only the Progress component of the Framework.

Dimensions: Each of the two components in the APS Assessment Framework includes five *dimensions*. A dimension is a key attribute of either the Preparedness or Progress component. The dimensions of the Preparedness component include Leadership Commitment, Open Communication, Training, Stakeholder Involvement, and Implementation Planning. Agencies which provide adequate emphasis and effort in the Preparedness dimensions are well positioned to successfully implement an Alternative Personnel System. The dimensions of the Progress component include Mission Alignment, Results-Oriented Performance Culture, Workforce Quality, Equitable Treatment, and Implementation Plan Execution. Agencies which demonstrate progress in achieving these broad goals are successfully implementing their APS.

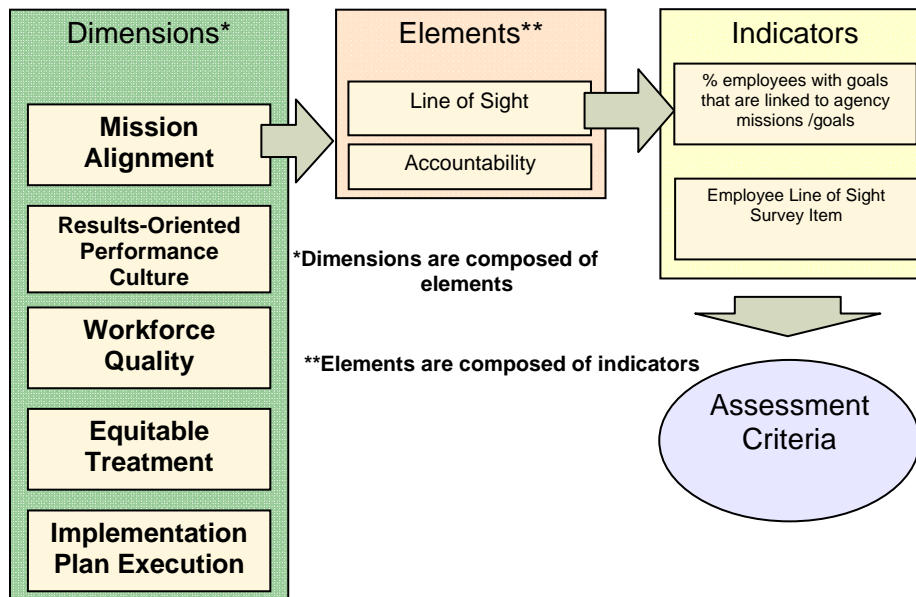
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Elements: Each dimension in the Assessment Framework is made up of one to four separate elements. Elements are specific features which define respective dimensions. For example, Leadership Commitment (a dimension of the Preparedness component) includes four elements: Engagement, Accountability, Resources, and Governance. In the example at Figure C-1, Leadership Commitment is demonstrated if leaders are fully engaged in efforts to promote the APS, are accountable for driving the APS forward, dedicate sufficient resources and staff to the APS, and provide for effective governance. Both the Preparedness and Progress components include 14 elements. Elements are made up of indicators defined below.

Indicators: Each Assessment Framework element corresponds to one or more *indicators*. An indicator is a characteristic used for measuring or assessing the agency's performance against an element. For example, an indicator for the Line of Sight element of the Mission Alignment dimension in the Preparedness component includes the Employee Line of Sight Survey items.

Figure C-2 provides a summary of OPM's approach to using the APS Assessment Framework to assess agency performance in implementing the APS. This figure identifies the five dimensions associated with the Progress component. The Mission Alignment dimension is made up of the Line-of-Sight and Accountability elements. In turn, the Line-of-Sight element is defined by two indicators. Each indicator has a set of assessment criteria assigned to it (discussed below).

Figure C-2 – APS Assessment Approach



Step 2: Identify Assessment Criteria

The criteria for assessment of Preparedness and Progress dimensions and indicators are based on a combination of historical data, best practices, lessons learned associated with the implementation of APS programs and/or other enterprise-scale human capital systems, literature reviews, and input from subject matter experts. The specific criteria are provided in Appendix D.

Step 3: Collect Data

Application of the APS Assessment Framework can include data collection from the following sources:

- OPM archives of data collected for the evaluation of demonstration projects and early APSs, including both survey results and objective data
- Federal Human Capital Survey databases
- Agency-specific employee surveys
- Agency internal APS evaluations
- Agency HR information systems and/or OPM's Central Personnel Data File (CPDF)
- Agency APS program office staff and/or CHCO staff
- APS or other agency websites
- Other publicly available documents, such as announcements and media reports regarding stakeholder participation in development of the APS
- Occasional in-person interviews with selected agency leaders, staff and/or employees

After reviewing the criteria for evaluating the Progress component, OPM developed a draft data collection plan, presented the plan to staff from the Program Executive Office, then met with them to finalize the plan. The draft plan proposed data the Department might provide to document its accomplishments but they were given the option to provide any data they felt would best demonstrate their progress against the criteria. The data plan also identified the data or information already provided to OPM from other sources. To the maximum extent possible, OPM used existing and readily available data and documentation and avoided creating new data requirements for the Department.

Step 4: Conduct Assessment

The fourth step in the assessment process involved conducting the actual assessment. An expert panel was formed and received training regarding the five-step panel process.

Panel Members

The members of the panel were specifically chosen for his/her unique knowledge and experience with design, implementation, and/or evaluation of demonstration projects or alternative personnel systems; knowledge of Department of Defense human capital programs; Federal human capital leadership; and/or program evaluation.

Appendix C

One panel member is currently OPM's Human Capital Officer for the Department of Defense. She has also held the position of auditor for OPM's Center for Merit System Accountability and served as a panel member for the 2007 NSPS evaluation. Prior to her work with OPM, she was an executive recruiter in the IT and banking industries. She has been a consultant in organizational development for the Department of the Navy, Department of the Army, and the U.S. Department of Labor. She also holds the certification of a Senior Professional in Human Resources (SPHR) from the Society for Human Resource Management (SHRM).

Leading this evaluation was OPM's program manager for program evaluation. She assumed this role in January 2008 after having worked for over 20 years with the U.S. Air Force and holding other positions in OPM. She has personal experience with DoD's Acquisition Demonstration Project and has an extensive program evaluation and measurement background.

Another panel member is currently OPM's Lead Evaluator for the Department of Defense on the Strengthening Agency Accountability initiative. In addition, she is an evaluator for OPM's Center for Merit System Accountability. Prior to her work with OPM, she served in varied positions for 19 years as a Human Resources Specialist for the Department of the Army. She holds the certification of a Professional in Human Resources (PHR) from the Society for Human Resource Management (SHRM).

The fourth panel member is currently the Human Capital Officer for the Intelligence Community. She recently re-joined OPM from DoD's National Geospatial-Intelligence Agency where she was a Policy Officer involved in planning and developing a new performance-based pay system for the Intelligence Community. Her prior experience in OPM was as a Senior HR Policy Analyst, developing and managing Governmentwide staffing and workforce restructuring policies and programs. She has over twenty years of experience as a Federal human resources professional having previously worked with DoD, Agriculture, and Veterans Affairs.

The final panel member has been involved in the compensation business for more than 25 years. He began his Federal Government career as a wage specialist for the Department of Defense (DOD) Wage Fixing Authority, rising to its Director in DOD's Civilian Personnel Management Service. He left DOD in 1999 to design, develop and implement a performance-based pay system for managers in the Internal Revenue Service. With the Office of Personnel Management since 2003, he serves as the Deputy Associate Director for Performance and Pay Systems in the Strategic Human Resources Policy Division. He also served on the 2007 NSPS evaluation panel.

Panel Training

All panel members attended a training workshop, covering the following topics:

- Description and background of the Assessment Framework including usage of the executive dashboard
- Discussion of the assessment criteria and how to apply the criteria to the framework and the dashboard
- Description of the assessment panel process, including guidance on how to use provided data and their own expert knowledge to arrive at an assessment rating

Appendix C

Panel Process

The following process was used by the panel members to determine the final ratings.

Document Review: First, each member individually reviewed indicators and data sources and assessed each indicator using qualitative data analysis. *Qualitative analysis* consists of the assessment panel member reviewing a sample of documents identified in the data collection plan and provided in their evaluation packages. Data sources were both electronic and hard copy and were organized for panel members by element. Employee survey data was analyzed at the individual spiral level since implementation occurred at different times for the three groups of employees included in this evaluation (Table 1) for specific implementation dates). Panel members were provided the timeline shown in Appendix E, as a frame of reference.

Rating: Each panel member assigned a rating of either “Progress demonstrated” or “Progress not demonstrated” to each indicator. They were also instructed to document the rationale for the rating and note any recommendations for improvement. If there was insufficient information provided to rate the indicator demonstrated, the panel members rated the indicator not demonstrated or indicated they could not rate the indicator.

Review of Ratings/Consensus: Third, after the individual assessments were complete, all ratings were compiled and inter-rater reliability was measured. *Inter-rater reliability* assesses the extent to which different raters agree on their ratings for any indicator. Initially the assessment panel had 100% agreement among panel members for 13 of the 27 indicators under the Progress component. Since the evaluation package did not provide for a specific “not ratable” rating, each “not demonstrated” rating was revalidated to assure accuracy and agreement on the appropriate rating. After consensus discussions there was 100% agreement among panel members for all 27 indicators.

Additional Data: Additional employee survey data (a sub-set of the 2008 SOF-C survey results) was made available after the evaluation panel completed their assessment. The program manager/lead for this evaluation reviewed the new data and determined the results were consistent with the original panel discussions and findings; therefore, the panel was not reconvened.

Ratings – Executive Dashboard

An executive dashboard is used to portray the results of the evaluation. The overall rating for each dimension is represented by the placement of a “needle” on the dashboard. This rating falls somewhere along a continuum between “not demonstrated” and “demonstrated” (see Figure C-3). The dimension rating is comprised of element ratings and element ratings are comprised of indicator ratings.

For each indicator, DoD received an assessment of “Progress not demonstrated at this time” (N), “Progress demonstrated at this time” (D), or “not ratable” (NR). These indicator ratings were rolled up to the element level. These assessments are further defined below. The dashboard for the 2008 DoD assessment can be found at Figure E-1 in the [Executive Summary](#).

Figure C-3 – Executive Dashboard Example -- Progress

PROGRESS		
Dimension	Element Rating (D/II)	Status
Mission Alignment Line of Sight* Accountability	D D	N D
Results-Oriented Performance Culture Differentiating Performance Pay-for-Performance	D D	N D
Workforce Quality Recruitment Flexibility Retention Employee Attitudes		NO DATA AVAILABLE FOR THIS DIMENSION D
Employee Perceptions Fairness Dispute Resolution Trust		NO DATA AVAILABLE FOR THIS DIMENSION D
Effective Implementation Work Stream Planning & Status Performance Management System Execution Employee Support for the Program	D D NR	N D
<p>N = Progress not demonstrated at this time D = Progress demonstrated at this time NR = Not ratable; no data available <small>Office of Personnel Management's assessment of Department of Defense's Alternative Personnel System as of April 3, 2007</small></p> <p><small>*Line of Sight is composed of two indicators, one of which was not ratable at the present time</small></p>		

Progress Demonstrated at This Time [D]: An agency has demonstrated Progress across the relevant assessment criteria/indicators of this element for the applicable phase of the APS program. In this context, “Progress demonstrated” means evidence provided showed the program met the criteria for the indicator being assessed, as defined by the assessment criteria for the indicator, showing the agency is well-positioned to achieve the objectives of the APS after the full implementation of the system.

Progress Not Demonstrated at This Time [N]: An agency has not demonstrated Progress across the relevant assessment criteria/indicators of this element for the applicable phase of the APS program. In this context, “Progress not demonstrated” indicates evidence provided showed the

program did not meet the criteria for the indicator being assessed, as defined by the rating guidance and assessment criteria for the indicator, a sign an agency may be at risk of not meeting the objectives of the APS.

Progress Not Ratable [NR]: A rating of “not ratable” indicates the evidence available was insufficient to support a rating of either “demonstrated” or “not demonstrated”. An agency should review the assessment criteria to determine the best way to obtain the required data/information to support the next evaluation.

Appendix C

Rating Components

As mentioned above, assessment criteria are used to assess indicators, indicators are used to assess elements, and elements are used to assess dimensions. The rating guidance provided below generally applies in all situations; however, members of the expert panel are able to provide their own judgment regarding the weight of particular indicators and elements in the final dimension rating.

Assessment Criteria to Indicators: Each indicator has a list of assessment criteria. An agency should fulfill all of the assessment criteria in order to receive a rating of “demonstrated” for any particular indicator. If any of the assessment criteria are not fulfilled, an agency will receive a rating of “not demonstrated” or “not ratable”.

Indicators to Elements: Indicator ratings are rolled into element ratings. The majority of elements have one indicator. For these elements, if an agency receives a rating of “demonstrated” on the indicator, it will receive a rating of “demonstrated” on the element. Likewise, if an agency receives a rating of “not demonstrated” or “not ratable” on the indicator, it will receive the equivalent rating on the element. However, in cases where there are two indicators for a particular element, an agency will receive a rating of “demonstrated” for the element as long as it receives a rating of “demonstrated” for one of the two elements. If an agency only fulfills one of the two indicators, the needle on the dashboard will reflect this as explained below.

Elements to Dimensions: Element ratings are rolled into a dimension rating. Each dimension is comprised of a number of elements. Together, the elements represent 100% of the total rating on any dimension. Each element contributes equally to the dimension rating, as each of the dimensions is equally important for overall dimension success. If any indicator is rated either “not demonstrated” or “not ratable” the requisite value for that indicator is subtracted from 100% and the needle on the dashboard is placed accordingly. For example, DoD received a “demonstrated” rating on the Differentiating Performance element under the Results-Oriented Performance Culture (ROPC) dimension even though they demonstrated progress on only one of the two indicators. Since there were three elements under the dimension, each element was worth 33% of the overall rating. Since the Differentiating Performance element consisted of two indicators (only one of which was met), they received a rating value of only 16.5% for that element. That value was then subtracted from 100% for an overall rating for that dimension of 83%.

Step 5: Assemble Report

This report documents the results of the 2008 assessment and is comprised of several sections noted on the table of contents.

Appendix D: The APS Objectives-Based Assessment Framework

DoD NSPS Progress

Appendix D

Appendix D

Appendix D: The APS Objectives-Based Assessment Framework - Progress
(Modified slightly to reflect DoD specifics)

MISSION ALIGNMENT DIMENSION			
<i>The program effectively links individual, team, and unit performance to organizational goals and desired results.</i>			
Element	Indicator	Assessment Criteria	Data Sources
<p>Line of Sight</p> <p>The degree to which employee performance expectations are linked to agency mission</p>	<p>Percentage of employees with performance plans with individual goals that are linked to agency missions/goals using the agency's documented process</p>	<ul style="list-style-type: none"> • Implementation of a process by which organizational goals can be aligned with individual performance goals • A majority of sampled employees covered by the program have performance plans that include individual goals aligned with identified organizational, team, and/or supervisor goals 	<ul style="list-style-type: none"> • Documentation from the PAAT, as appropriate, e.g., sample performance plans • Individual performance plans, if needed • Agency's strategic and operational plans
	<p>Perception of the link between employee work and agency mission and goals</p>	<p>Continuing improvement over baseline/prior year's results</p>	<p>Employee Survey</p> <ul style="list-style-type: none"> • I know how my work relates to my agency's goals and priorities • My manager effectively communicates the goals and priorities of my organization • My performance standards/expectations are directly related to my organization's mission
<p>Accountability</p> <p>Identifies not only whether or not the linkage is present in performance plans, but also whether or not employees are actually accountable for achieving them</p>	<p>Extent to which individuals' performance objectives include credible performance targets</p>	<p>A majority of sampled individual performance plans include credible measures and targets</p>	<ul style="list-style-type: none"> • Documentation from the PAAT, as appropriate • Performance plans for individuals, as appropriate
	<p>Perception of accountability</p>	<p>Continuing improvement over baseline/prior year's results</p>	<p>Employee Survey</p> <p>I am held accountable for achieving results</p>

Appendix D

RESULTS-ORIENTED PERFORMANCE CULTURE DIMENSION			
<i>The program promotes a high performance workforce by differentiating between high and low performers and by rewarding employees on the basis of performance while effectively managing payroll costs.</i>			
Element	Indicator	Assessment Criteria	Data Sources
Differentiating Performance The performance ratings show variability	Extent to which rating distribution and review process appropriately differentiate levels of performance	The distribution of performance ratings cover a full distribution of likely levels	<ul style="list-style-type: none"> Ratings distributions from workforce data Process for reviewing and assuring quality of ratings (implementing issuances, pay pool brochures)
	Perception that performance ratings appropriately differentiate levels of performance	Continuing improvement over baseline/prior year's results	Employee Survey In my work unit, differences in performance are recognized in a meaningful way
Pay for performance The relationship between pay raises and awards/bonuses and performance rating levels	Extent to which pay/bonuses are linked to performance (e.g., mean pay increases and bonuses by performance level/band)	<ul style="list-style-type: none"> Following program implementation, there is a high association between performance ratings and salary increases (allowing for pay band limits) Following program implementation, there is a high association between performance ratings and bonuses 	Payout matrices, salaries, bonuses, and performance ratings from workforce data
	Perception of association between performance rating and financial reward	*Continuing improvement over baseline/prior year's work	Employee Survey <ul style="list-style-type: none"> Awards in my work unit depend on how well employees perform their jobs Pay raises in my work unit depend on how well employees perform their jobs

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RESULTS-ORIENTED PERFORMANCE CULTURE DIMENSION (Continued)			
Element	Indicator	Assessment Criteria	Data Sources
<p>Cost Management (New)</p> <p>The extent to which reliable cost estimates are associated with decisions and the extent to which decision makers are accountable for cost management</p>	<p>Extent to which decision makers have reliable estimates of costs associated with decisions (both short-term and long-term cost estimates) and the degree to which costs are in budget (e.g., percent of payroll for base pay increases and for bonuses)</p>	<ul style="list-style-type: none"> • Documentation of cost projections and analyses used by decision makers is maintained • Annual system-wide reviews of past and projected costs are conducted and those reviews identify needs for further analysis, methodology changes, corrective action, or new guidelines 	<p>Documentation of:</p> <ul style="list-style-type: none"> • Cost estimates and projections used by decision makers at time decisions were made • Analysis of mission-related benefits cited as justification for higher costs, documentation of cost analysis methods and of evaluations of reliability of those methods, annual cost analyses of salary increase budget (e.g., pay pool) allocations and actual spending in system (by type of action) compared to historical spending and/or spending by comparison group, database that tracks average starting salaries for entry-level employees and average salaries of full-performance level employees (by occupational category), pay-pool funding documents, and bonus funding/guidelines

Appendix D

WORKFORCE QUALITY DIMENSION			
<i>Agency retains its high performers, keeps employees satisfied and committed, attracts high-quality new hires, and transitions its low performers out of the organization.</i>			
Element	Indicator	Assessment Criteria	Data Sources
<p>Recruitment</p> <p>The extent to which the agency can improve its ability to recruit employees with the appropriate skills, based on the perceptions of supervisory employees</p>	Extent to which reports indicate the organization is able to attract high-quality new hires	Ratio of high quality to total number of eligible applicants improves over time	Reports on quality of applicants
	Perception of organization's ability to attract high-quality new hires	Continuing improvement over baseline/prior year's results	Employee Survey My work unit is able to recruit people with the right skills (supervisors only)
<p>Flexibility</p> <p>The agency's progress in providing supervisors with the personnel flexibility needed to re-deploy their staff, and the extent to which this flexibility is used</p>	Supervisors' perception that they have the flexibility needed to respond to workload or mission changes	*Continuing improvement over baseline/prior year's results	<p>Employee Survey</p> <ul style="list-style-type: none"> • I have the flexibility I need to use: <ul style="list-style-type: none"> - Recruitment incentives - Relocation incentives - Retention incentives - Student loan incentives - Pay setting flexibilities • How easy is it for you to: <ul style="list-style-type: none"> - Hire employees - Relocate employees - Reassign employees - Promote employees

Appendix D

WORKFORCE QUALITY DIMENSION (Continued)			
Element	Indicator	Assessment Criteria	Data Sources
<p>Retention</p> <p>The ability of an agency to use the tools provided by the APS to increase the rewards to high performers, thereby helping assure they remain with the agency, and to provide appropriately lower rewards to lower performers such that they either improve their performance or decide to leave the agency</p>	Extent to which reports indicate the organization is able to retain high performers	<ul style="list-style-type: none"> • Employees with high performance ratings (4s and 5s) have a lower turnover rate than employees with low performance ratings (1s and 2s) following the implementation of the program • Each year following implementation of the program, the turnover rate for high performers (4s and 5s) decreases 	<ul style="list-style-type: none"> • Reports of the association between performance rating and employee turnover/retention • Reports of turnover rates by performance ratings
	Extent to which reports indicate an organization addresses low performance	Employees with low performance ratings (1s and 2s) have a higher turnover rate than employees with high performance ratings (4s and 5s) following program implementation	<ul style="list-style-type: none"> • Reports of the association between performance rating and employee turnover/retention • Reports of turnover rates by performance ratings
	Perception that poor performers are dealt with	Continuing improvement over baseline/prior year's results	<p>Employee Survey</p> <p>In my work unit, steps are taken to deal with a poor performer who cannot or will not improve</p>

Appendix D

WORKFORCE QUALITY DIMENSION (Continued)			
Element	Indicator	Assessment Criteria	Data Sources
<p>Satisfaction and Commitment</p> <p>Based on the premise that an agency's mission performance is increased when its workforce is both committed and satisfied, as measured by employee ratings of organizational commitment and job satisfaction</p>	<p>Perception of satisfaction with their job and organization</p>	<p>*Continuing improvement over baseline/prior year's results</p>	<p>Employee Survey</p> <ul style="list-style-type: none"> • I recommend my organization as a good place to work • In my organization, leaders generate high levels of motivation and commitment to the workforce • My current performance management system motivates me to perform well • Considering everything, how satisfied are you with your organization <p>Job Satisfaction Index</p> <ul style="list-style-type: none"> • My work gives me a feeling of personal accomplishment • I like the kind of work that I do • The work I do is important
	<p>Employee turnover intentions</p>	<p>*Continuing improvement over baseline/prior year's results</p>	<p>Employee Survey</p> <ul style="list-style-type: none"> • In the coming year, do you plan to look for another job • How important are each of the following as a reason for your plans to look for a new job <ul style="list-style-type: none"> - Personal reasons - The work - Working relationships - Opportunities for advancement/recognition - Better pay - Job security - Leadership/management - Performance-based pay system

Appendix D

EQUITABLE TREATMENT DIMENSION			
<i>The program promotes an environment of fairness and trust for employees, consistent with the merit system principles and free of prohibited personnel practices.</i>			
Element	Indicator	Assessment Criteria	Data Sources
Fairness The impact of the APS on the perceived fairness of agency–related practices	Extent to which reports indicate the fairness of the pay for performance process	Number of adverse actions, appeals, complaints, and grievances related to performance ratings	Reports of adverse actions, appeals, complaints, grievances, and unfair labor practices
	Perception that the pay for performance process is fair	*Continuing improvement over baseline/prior year’s results	Employee Survey <ul style="list-style-type: none"> • My performance appraisal is a fair reflection of my performance • Arbitrary action, personal favoritism and coercion for partisan political purposes are not tolerated • Prohibited personnel practices are not tolerated • Managers/supervisors deal effectively with reports of prejudice and discrimination • Procedures for reconsidering performance appraisal ratings are fair
	Perception of dispute resolution fairness	*Continuing improvement over baseline/prior year’s results	Employee Survey <ul style="list-style-type: none"> • Complaints, disputes, or grievances are resolved fairly in my work unit • Employees at this installation are treated fairly with regard to grievances

Appendix D

EQUITABLE TREATMENT DIMENSION (Continued)			
Element	Indicator	Assessment Criteria	Data Sources
<p>Transparency</p> <p>The extent to which pay for performance processes and procedures are available and understood by stakeholders</p>	<p>Extent to which actions indicate transparency in the pay for performance process</p>	<ul style="list-style-type: none"> • Criteria and standards for assigning ratings and associated pay increases are defined and published • General distribution of ratings and payout results are posted to a website, or other actions to make the results transparent to employees are undertaken • Measures being taken to improve perceptions of fairness and trust are identified and communicated, as appropriate 	<p>Actions that promote transparency of ratings and results such as: specific process for making rating and payout determination, outreach events and materials designed to educate employees regarding criteria used for making rating and pay determinations, distribution of ratings, payout results</p>
	<p>Perception that the pay for performance process is transparent</p>	<p>Continued improvement over baseline/prior year's results</p>	<p>Employee Survey</p> <ul style="list-style-type: none"> • My pay increases depend n how well I perform my job • My bonus and cash awards depend on how well I perform my job
<p>Trust</p> <p>The impact of the APS on the level of trust employees have for their supervisors</p>	<p>Perception of trust</p>	<p>*Continued improvement over baseline/prior year's results</p>	<p>Employee Survey</p> <p>I have trust and confidence in my supervisor</p>

Appendix D

IMPLEMENTATION PLAN EXECUTION DIMENSION			
<i>Agency demonstrates progress in implementing the program in accordance with its comprehensive planning process.</i>			
Element	Indicator	Assessment Criteria	Data Sources
<p>Workstream Planning and Status</p> <p>The execution of the implementation process in accordance with the planning process, with attention to key work streams, critical dependencies, management and mitigation of risk, and regular assessment of status</p>	Extent to which the implementation program is consistent with the work stream planning process	A majority of the program implementation milestones are achieved within current agreed-upon timeframes	Work stream planning and status documents/records
<p>Performance Management System Execution</p> <p>The extent to which the performance management components of the APS are being implemented as intended</p>	Percentage of personal performance plans created by required date	A majority of sampled eligible employees covered by the program have individual performance plans created within the identified timeframe	<ul style="list-style-type: none"> • Performance management system reports • PAAT documentation, as appropriate
	Percentage of employees receiving an annual review	A majority of sampled eligible employees covered by the program receive an annual performance review within the identified timeframe	<ul style="list-style-type: none"> • Performance management system reports • PAAT documentation, as appropriate

Appendix D

IMPLEMENTATION PLAN EXECUTION DIMENSION (Continued)			
Element	Indicator	Assessment Criteria	Data Sources
<p>Employee Support for APS</p> <p>While not definitive as to the overall effectiveness of the APS, employee support is a strong indicator of implementation progress. Historically, support for an APS usually declines for one or more years before beginning to rise again</p>	<p>Perception that program objectives will be achieved</p>	<p>Continuing improvement over baseline/prior year's results</p>	<p>Employee Survey</p> <ul style="list-style-type: none"> • Overall, what impact do you think the APS will have on personnel practices • The APS will improve processes for: hiring new employees, disciplining/ correcting poor work performance, rewarding good work performance, linking pay to performance, classification of jobs by series and pay grade/pay band, communication between employees and supervisors, ensuring individual performance supports organizational mission effectiveness • Overall, my organization is effective in accomplishing its objectives • Are you in favor of the demonstration project for your organization

Appendix E: Survey Responses

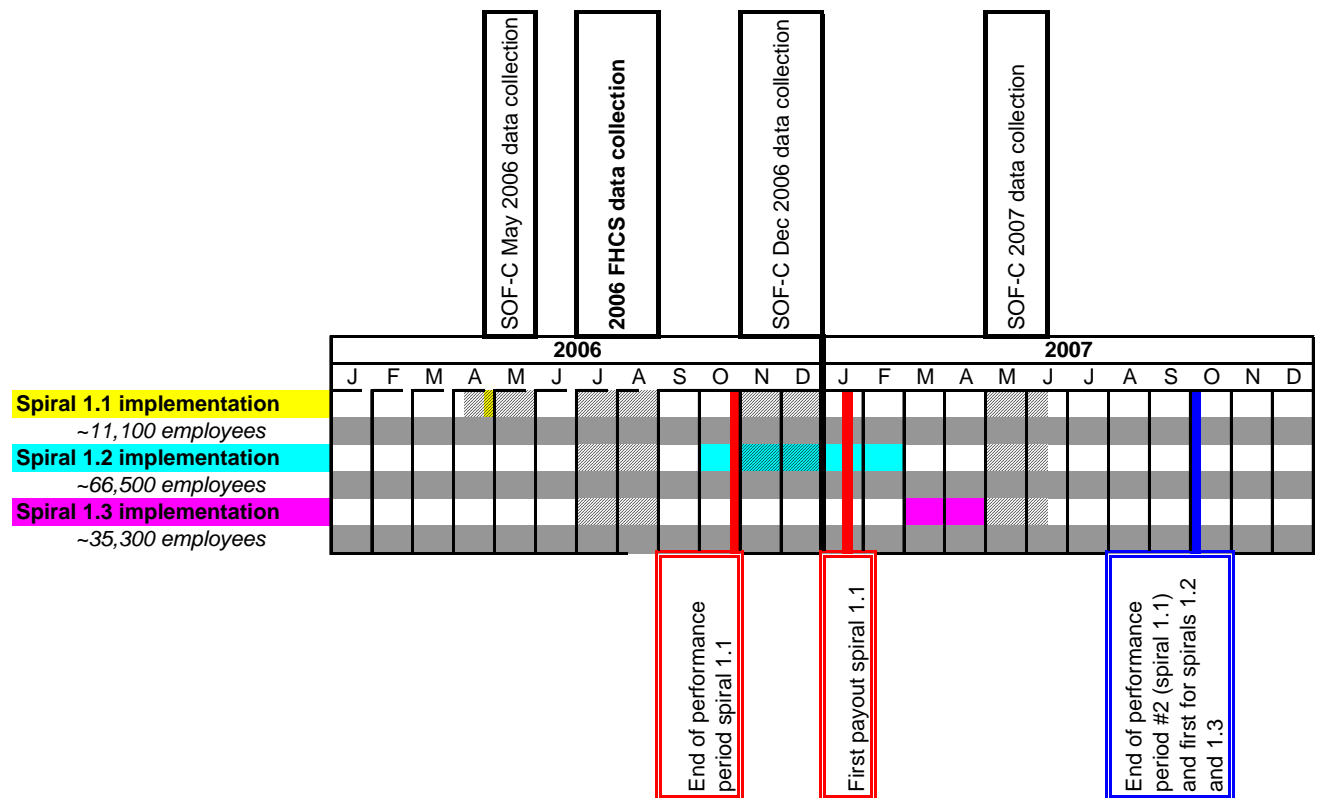
Appendix E

Employee Survey Item Responses

Since NSPS was implemented in increments DoD called spirals, from April 2006 through the present, appropriate interpretation of the data in this appendix requires an understanding of the timing of implementation for each spiral and the deployment of the Federal Human Capital Survey (FHCS) and the Status of Force-Civilian (SOF-C) survey. Although DoD has implemented Spirals 2.1 and 2.2, as noted on page 9 of this report, this evaluation covers only Spirals 1.1 through 1.3. Figure D-1 depicts the implementation and survey deployment timelines.

In addition, the margin of error (MOE) for the survey data that follows generally ranged from 1-3%. This MOE should be considered if attempting to draw conclusions from the survey data.

Figure E-1: Implementation and Survey Deployment Timelines



Appendix E

Dimension: Mission Alignment

Element: Line of Sight

Indicator: Perception of the link between employee work and agency mission and goals

Employee Survey Item:	May 2006 SOF-C (Spiral 1.1)	Dec 2006 SOF-C (Spiral 1.1)	2007 SOF-C (Spiral 1.1)	2007 SOF-C (Spirals 1.2/1.3)	2007 SOF-C (DoD overall)	2006 FHCS (DoD overall)
Item #1: I know how my work relates to my agency's goals and priorities		85%	81%	84%/82%	82%	83%
Item #2: My manager effectively communicates the goals and priorities of my organization		67%	63%	65%/61%	58%	57%
Alternate #1: My performance standards/ expectations are directly related to my organization's mission	71%	70%	67%	72%/71%	66%	

Dimension: Mission Alignment

Element: Accountability

Indicator: Perception of accountability (new 2008)

Employee Survey Item:	May 2006 SOF-C (Spiral 1.1)	Dec 2006 SOF-C (Spiral 1.1)	2007 SOF-C (Spiral 1.1)	2007 SOF-C (Spirals 1.2/1.3)	2007 SOF-C (DoD overall)	2006 FHCS (DoD overall)
Item #1: I am held accountable for achieving results			86%	86%/85%	81%	80%

Appendix E

Dimension: Results-Oriented Performance Culture

Element: Differentiating Performance

Indicator: The perception that performance ratings appropriately differentiate levels of performance

Employee Survey Item:	May 2006 SOF-C (Spiral 1.1)	Dec 2006 SOF-C (Spiral 1.1)	2007 SOF-C (Spiral 1.1)	2007 SOF-C (Spirals 1.2/1.3)	2007 SOF-C (DoD overall)	2006 FHCS (DoD overall)
Item #1: In my work unit, differences in performance are recognized in a meaningful way	37%		33%	39%/39%	34%	32%

Dimension: Results-Oriented Performance Culture

Element: Pay-for-Performance

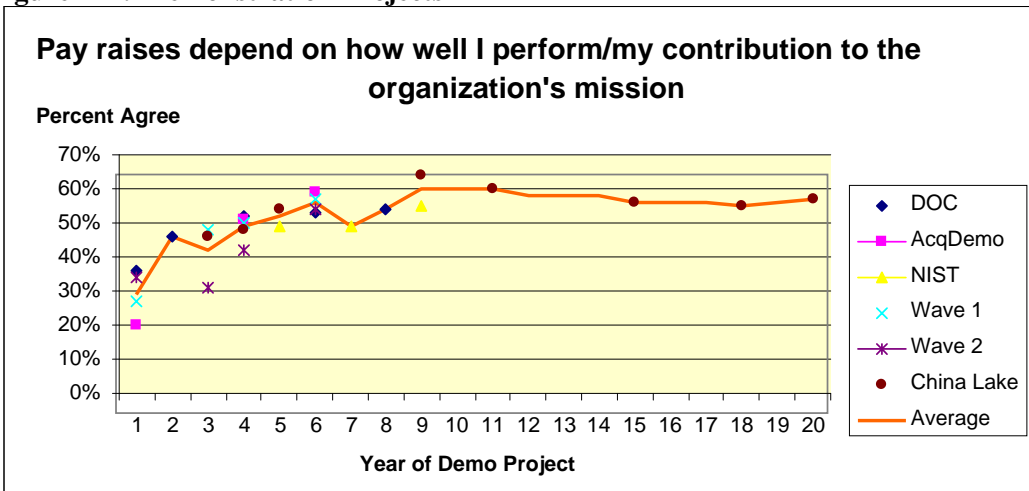
Indicator: Perception of association between performance rating and financial rewards

Employee Survey Item:	May 2006 SOF-C (Spiral 1.1)	Dec 2006 SOF-C (Spiral 1.1)	2007 SOF-C (Spiral 1.1)	2007 SOF-C (Spirals 1.2/1.3)	2007 SOF-C (DoD overall)	2006 FHCS (DoD overall)
Item #1: Awards in my work unit depend on how well employees perform their jobs			43%	49%/47%	41%	40%
Alt #1: My cash awards depend on how well I perform my job	62%					
Alt #2: My bonus and cash awards depend on how well I perform my job		59%				

Appendix E

Employee Survey Item:	May 2006 SOF-C (Spiral 1.1)	Dec 2006 SOF-C (Spiral 1.1)	2007 SOF-C (Spiral 1.1)	2007 SOF-C (Spirals 1.2/1.3)	2007 SOF-C (DoD overall)	2006 FHCS (DoD overall)
Item #2: Pay raises in my work unit depend on how well employees perform their jobs			43%	40%/39%	25%	22%
Alt #1: My pay increases depend on how well I perform my job	49%					
Alt #2: Pay raises depend on how well employees perform their job		41%				

Figure E-2: Demonstration Projects



DOC found participants with higher performance ratings received larger salary increases:

Performance Rating	% Salary Increase (Year 3)	% Salary Increase (Year 5)	% Salary Increase (Year 7)
90-100	3.5%	3.2%	3.5%
80-89	2.6%	2.7%	3.5%
70-79	1.5%	2.0%	1.8%
60-69	.6%	.3%	.4%
50-59	.2%	.2%	.1%
40-49	.0%	.0%	.0%

Appendix E

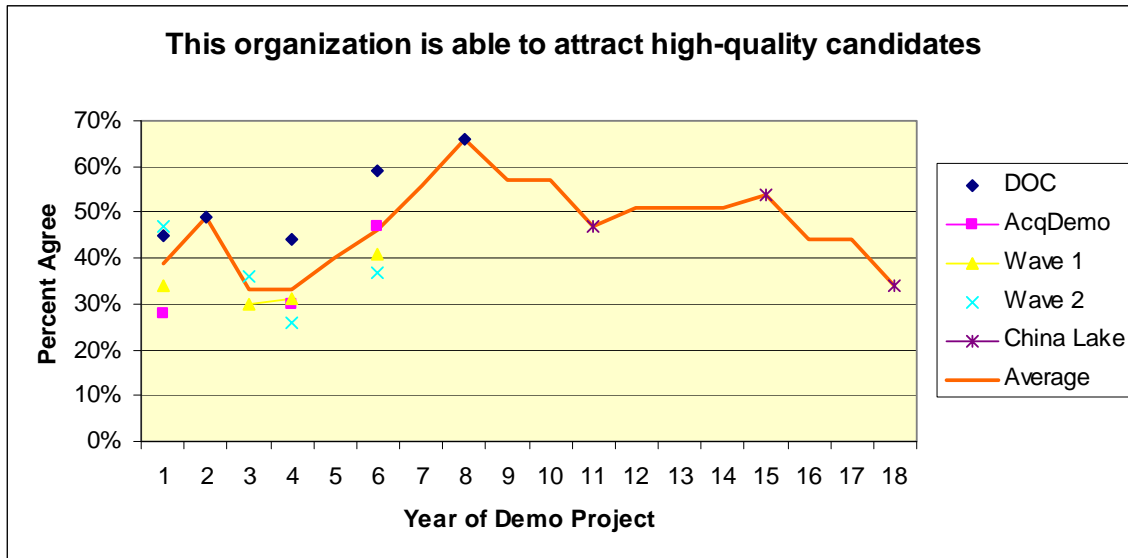
Dimension: Workforce Quality

Element: Recruitment

Indicator: Perception of organization’s ability to attract high-quality new hires

Employee Survey Item:	May 2006 SOF-C (Spiral 1.1)	Dec 2006 SOF-C (Spiral 1.1)	2007 SOF-C (Spiral 1.1)	2007 SOF-C (Spirals 1.2/1.3)	2007 SOF-C (DoD overall)	2006 FHCS (DoD overall)
Item #1: My work unit is able to recruit people with the right skills			46%	50%/48%	44%	44%

Figure E-3: Demonstration Projects



Appendix E

Dimension: Workforce Quality

Element: Flexibility

Indicator: Supervisor's perception that they have the flexibility needed to respond to workload or mission changes

Employee Survey Item:	May 2006 SOF-C (Spiral 1.1)	Dec 2006 SOF-C (Spiral 1.1)	2007 SOF-C (Spiral 1.1)	2007 SOF-C (Spirals 1.2/1.3)	2007 SOF-C (DoD overall)	2006 FHCS (DoD overall)
*Item #1a: I have the flexibility to use recruitment incentives	19%		21%	19%/15%	17%	
*Item #1b: I have the flexibility to use relocation incentives	16%		18%	19%/15%	15%	
*Item #1c: I have the flexibility to use retention incentives	12%		12%	12%/11%	13%	
*Item #1d: I have the flexibility to use student loan incentives	9%		11%	9%/6%	9%	
Item #1e: I have the flexibility to use pay setting flexibilities	20%		28%	21%/18%	15%	
Item #2a: How easy is it for you to hire employees	18%		14%	15%/13%	14%	
Item #2b: How easy is it for you to relocate employees	9%		6%	8%/7%	7%	
Item #2c: How easy is it for you to reassign employees	25%		26%	21%/18%	18%	
Item #2d: How easy is it for you to promote employees	17%		11%	11%/9%	10%	

* The use of recruitment, relocation, retention, and student loan incentives are not unique to NSPS but were retained in this table for comparative purposes to DoD overall.

Figure E-4: Demonstration Projects

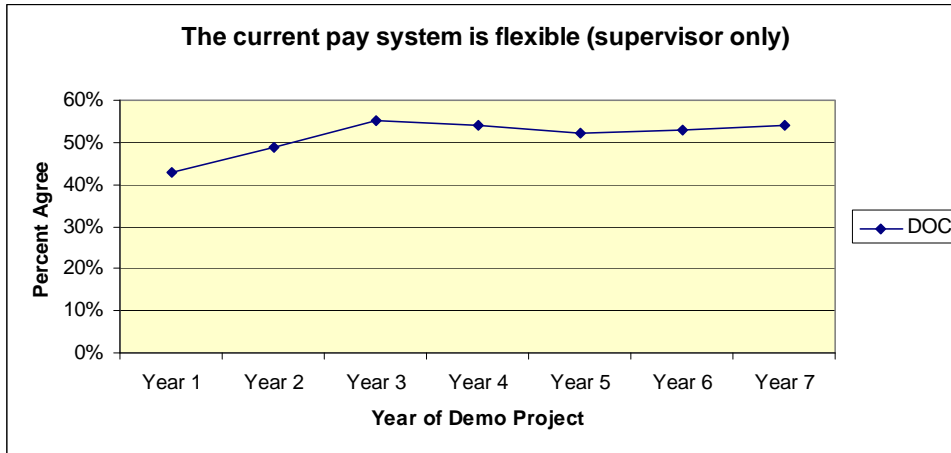


Figure E-5: Demonstration Projects

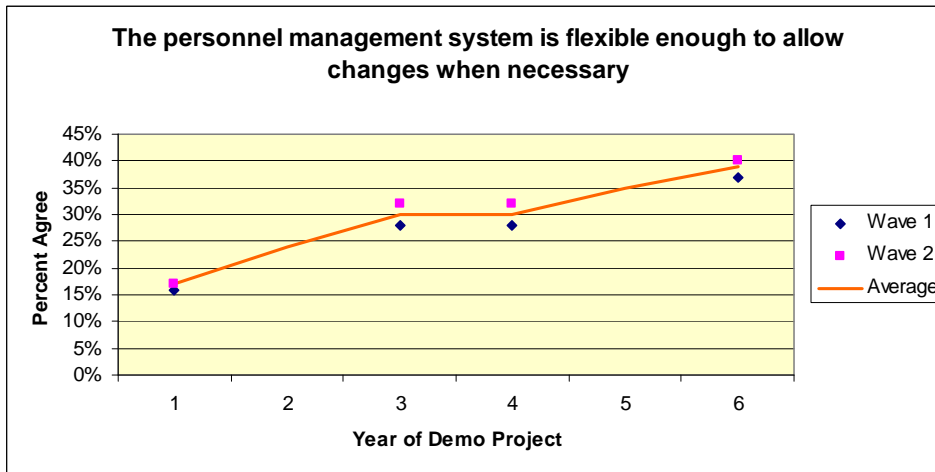


Figure E-6: Demonstration Projects

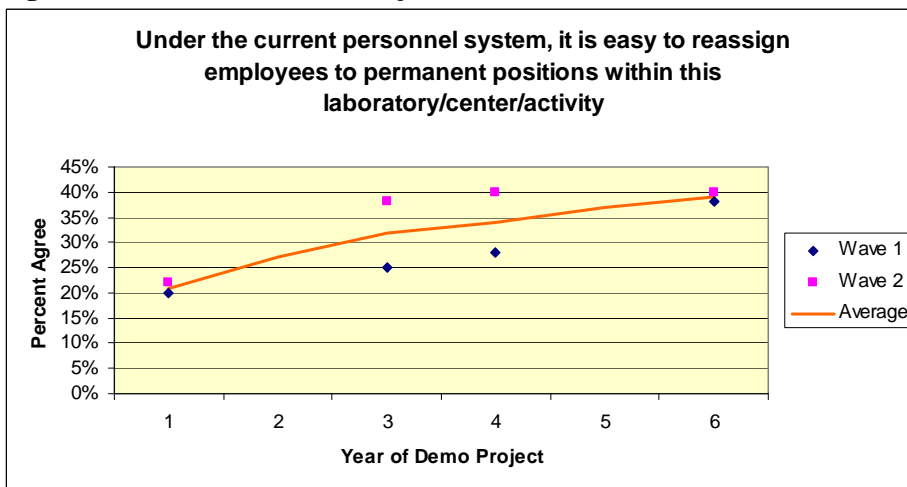


Figure E-7: Demonstration Projects

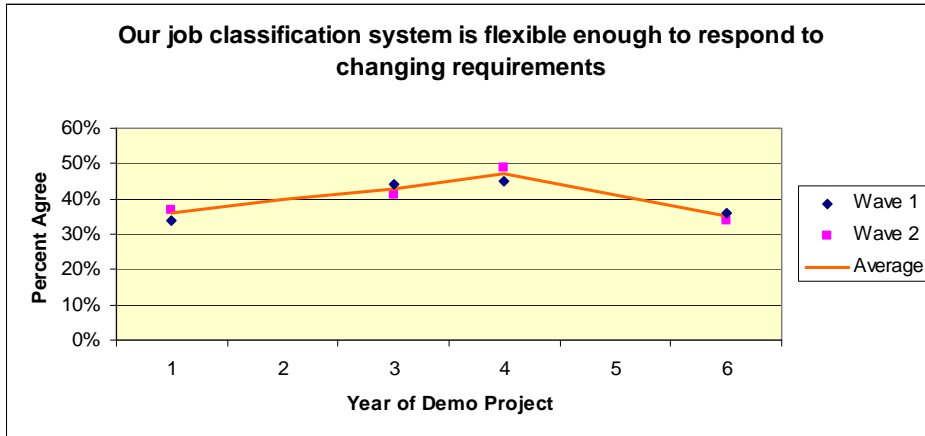
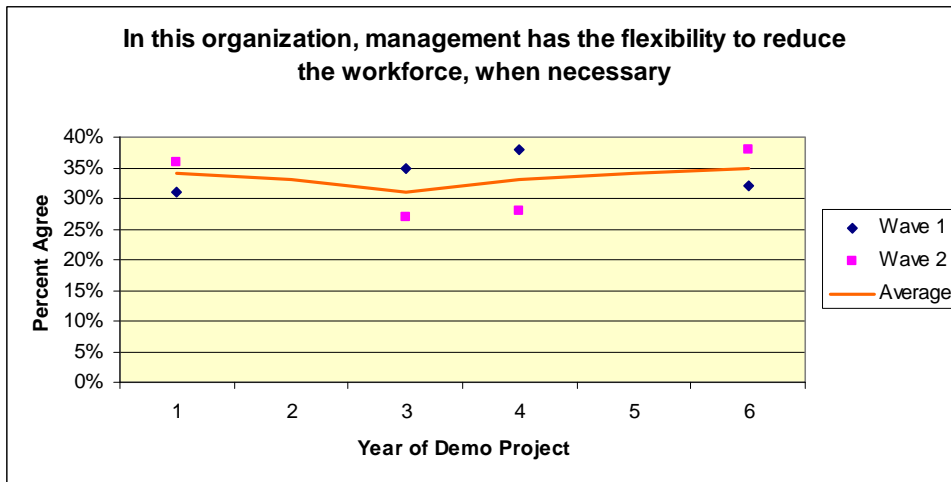


Figure E-8: Demonstration Projects



Appendix E

Dimension: Workforce Quality

Element: Retention

Indicator: Perception that poor performers are dealt with

Employee Survey Item:	May 2006 SOF-C (Spiral 1.1)	Dec 2006 SOF-C (Spiral 1.1)	2007 SOF-C (Spiral 1.1)	2007 SOF-C (Spirals 1.2/1.3)	2007 SOF-C (DoD overall)	2006 FHCS (DoD overall)
Item #1: In my work unit, steps are taken to deal with a poor performer who cannot or will not improve			31%	35%/33%	29%	29%

Figure E-9: Demonstration Projects

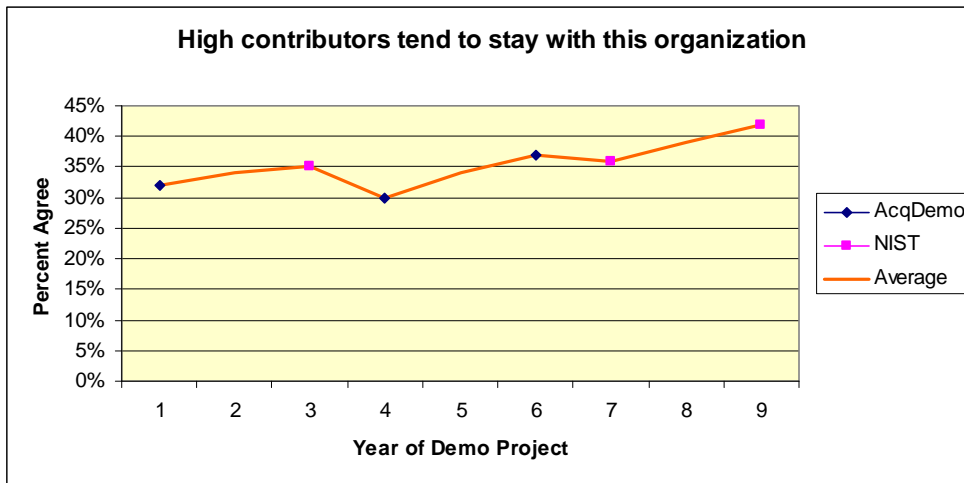
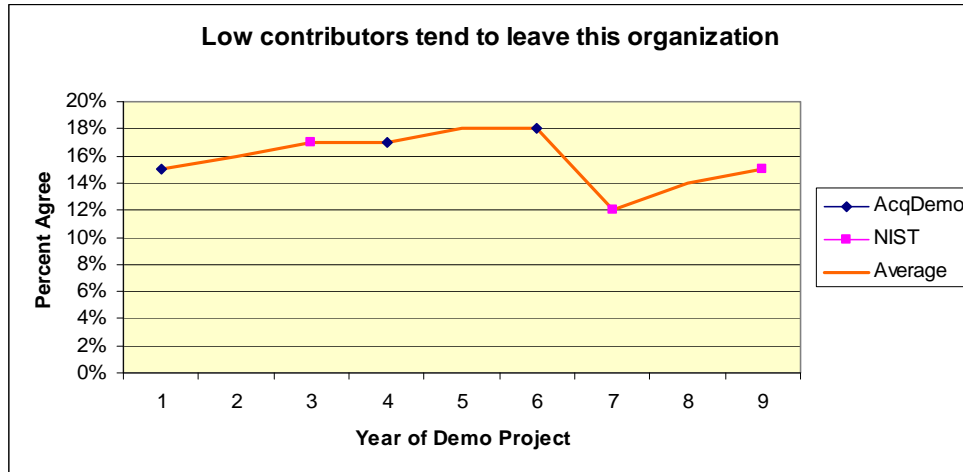


Figure E-10: Demonstration Projects



DOC found that individuals who separated had lower performance-based pay increases (1.9%) than those who stayed (3.3%):

Performance Score	Turnover Rate Year Two	Turnover Rate Year Three	Turnover Rate Year Four	Turnover Rate Year Five	Turnover Rate Year Seven
90-100	10%	15%	8%	1.5%	2.2%
80-89	9%	13%	11%	2.4%	3.0%
70-79	11%	20%	10%	3.1%	5.3%
60-69	9%	30%	5%	7.7%	13.3%
50-59	18%	57%	13%	N/A	16.7%
40-49	0%	5%	11%	11.1%	50.0%

NIST found that the voluntary turnover rate was higher for low performers than high performers for all years of the study:

PERFORMANCE RATING LEVEL	1987	1988	1989	1990	1991	1992	1993	1994	1995
5	6%	15%	12%	12%	19%	9%	17%	18%	14%
4	35%	26%	27%	33%	33%	30%	28%	40%	36%
3	59%	59%	62%	47%	47%	61%	55%	43%	50%

Appendix E

Dimension: Workforce Quality

Element: Satisfaction and Commitment (previously Employee Attitudes)

Indicator: Perception of satisfaction with their job and organization

Employee Survey Item:	May 2006 SOF-C (Spiral 1.1)	Dec 2006 SOF-C (Spiral 1.1)	2007 SOF-C (Spiral 1.1)	2007 SOF-C (Spirals 1.2/1.3)	2007 SOF-C (DoD overall)	2006 FHCS (DoD overall)
Item #1: I recommend my organization as a good place to work						64%
Item #2: In my organization, leaders generate high levels of motivation and commitment to the workforce			39%	46%/44%	41%	42%
Alternative #2: My current performance management system motivates me to perform well	43%	42%	38%	46%/50%	47%	
Add'l data to consider: Considering everything, how satisfied are you with your organization			67%	73%/70%	72%	58%
Job Satisfaction Index						
Item #1: My work gives me a feeling of personal accomplishment		74%	73%	75%/75%	74%	73%
Item #2: I like the kind of work that I do		82%	80%	82%/83%	83%	83%
Alternate #2: How satisfied are you with the type of work you do (% positive responses)	82%		82%	83%/83%	83%	
Item #3: The work I do is important		90%	90%	90%/90%	91%	90%
Index (Average of #1, #2, and #3)	82%	84%	81%	83%/83%	83%	82%

Appendix E

Dimension: Workforce Quality

Element: Satisfaction and Commitment (previously Employee Attitudes)

Indicator: Employee turnover intentions

Employee Survey Item:	May 2006 SOF-C (Spiral 1.1)	Dec 2006 SOF-C (Spiral 1.1)	2007 SOF-C (Spiral 1.1)	2007 SOF-C (Spirals 1.2/1.3)	2007 SOF-C (DoD overall)	2006 FHCS (DoD overall)
Item #1a: In the coming year, do you plan to look for another job	47%	45%	46%	44%/45%	42%	
Item #1b: How important are each of the following as reason for your plans to look for a new job						
<i>Personal reasons</i>		73%	71%	73%/74%	70%	
<i>The work (e.g., use of skills and abilities, ability to work independently, level of stress)</i>		87%	88%	86%/86%	84%	
<i>Working relationships</i>		76%	75%	74%/76%	73%	
<i>Opportunities for advancement/recognition (e.g., training opportunities, performance awards, advancement)</i>		86%	85%	84%/86%	87%	
<i>Better pay</i>		76%	83%	77%/80%	83%	
<i>Job security</i>		76%	74%	78%/79%	82%	
<i>Leadership/management</i>		83%	84%	83%/83%	81%	
<i>Performance-based pay system</i>		51%	49%	54%/59%	59%	
<i>Base Realignment and Closures</i>		34%	34%	35%/45%	44%	
<i>Other</i>		25%	24%	26%/30%	30%	

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Figure E-11: Demonstration Projects

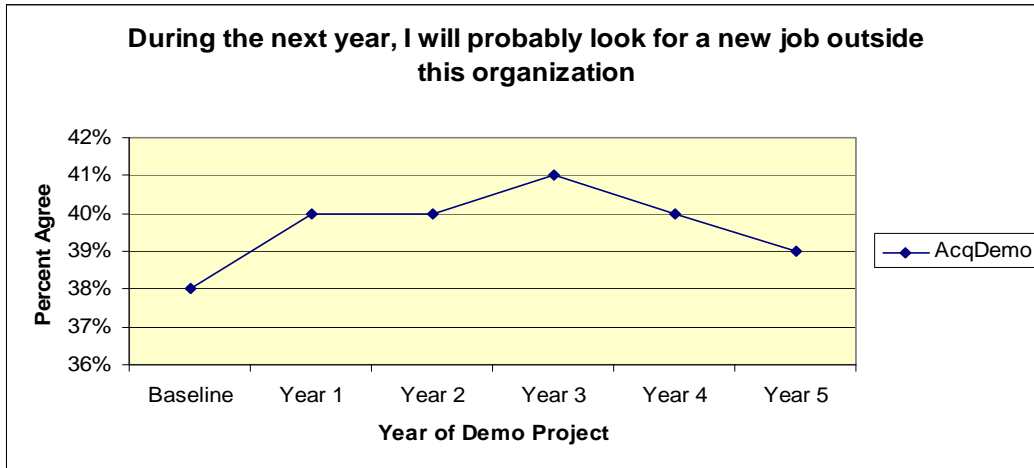
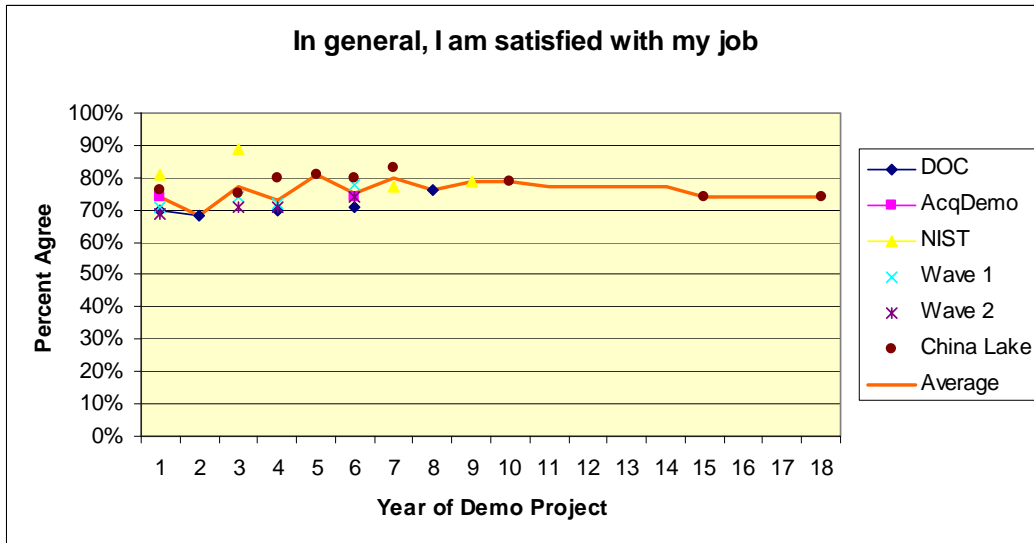


Figure E-12: Demonstration Projects



Appendix E

Dimension: Equitable Treatment (previously Employee Perceptions)

Element: Fairness

Indicator: Perception that the pay-for-performance process is fair

Employee Survey Item:	May 2006 SOF-C (Spiral 1.1)	Dec 2006 SOF-C (Spiral 1.1)	2007 SOF-C (Spiral 1.1)	2007 SOF-C (Spirals 1.2/1.3)	2007 SOF-C (DoD overall)	2006 FHCS (DoD overall)
Item #1: My performance appraisal is a fair reflection of my performance	67%	59%	53%	69%/70%	66%	68%
Item #2: Arbitrary action, personal favoritism and coercion for partisan political purposes are not tolerated						46%
Item #3: Prohibited personnel practices (for example, illegally discriminating for or against any employee/applicant, obstructing a person's right to compete for employment, knowingly violating veterans' preference requirements) are not tolerated			73%	76%/71%	66%	60%
Item #4: Managers/supervisors deal effectively with reports of prejudice and discrimination		53%	50%	59%/56%	52%	
Item #5: Procedures for reconsidering performance appraisal ratings are fair	39%	38%	37%	44%/46%	43%	

Figure E-13: Demonstration Projects

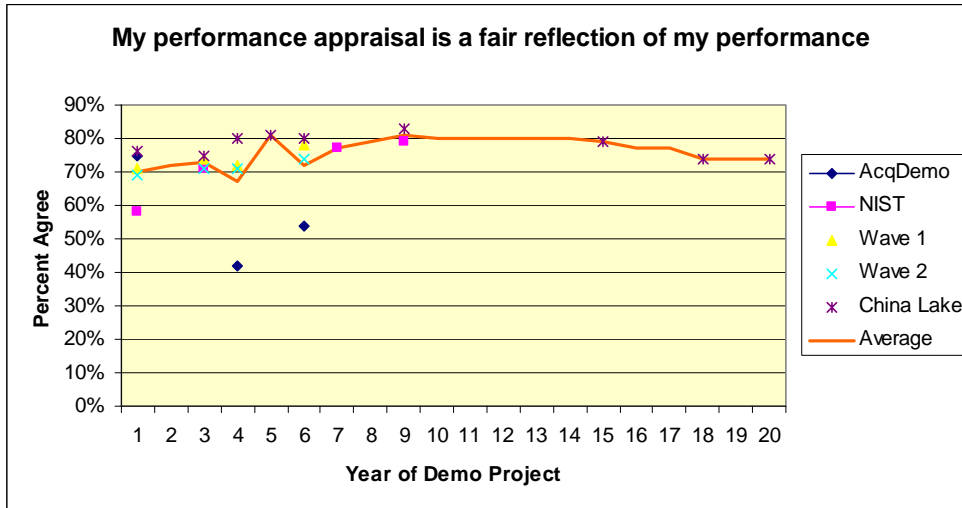


Figure E-14: Demonstration Projects

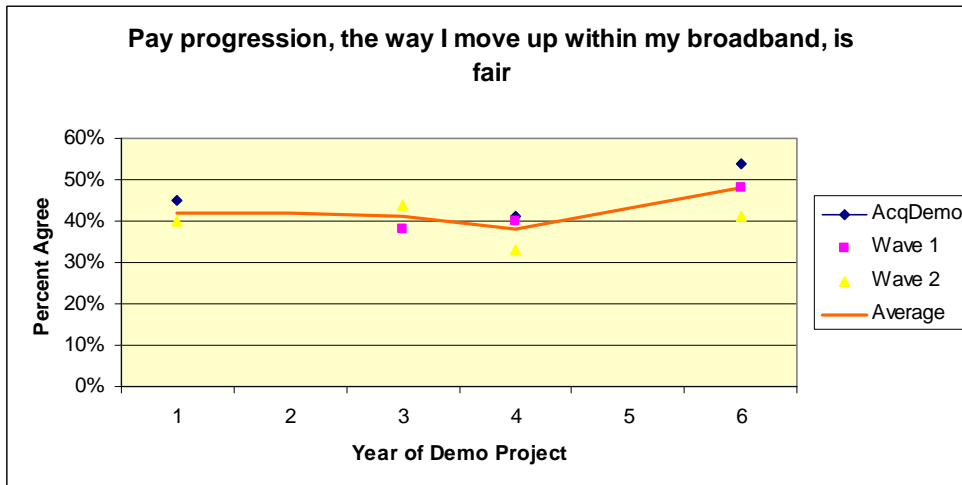
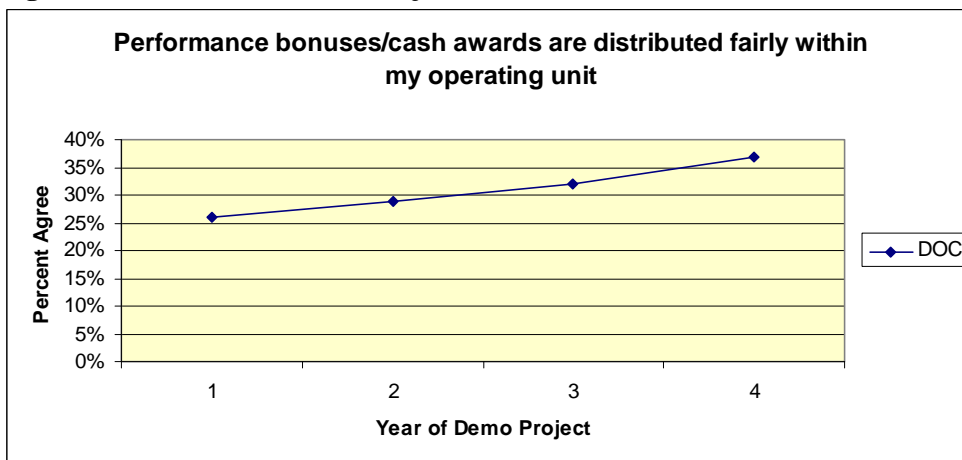


Figure E-15: Demonstration Projects



Appendix E

Dimension: Equitable Treatment (previously Employee Perceptions)

Element: Fairness (previously Dispute Resolution)

Indicator: Perception of dispute resolution fairness

Employee Survey Item:	May 2006 SOF-C (Spiral 1.1)	Dec 2006 SOF-C (Spiral 1.1)	2007 SOF-C (Spiral 1.1)	2007 SOF-C (Spirals 1.2/1.3)	2007 SOF-C (DoD overall)	2006 FHCS (DoD overall)
Item #1: Complaints, disputes, or grievances are resolved fairly in my work unit						42%
Alternate #1: Employees at this installation are treated fairly with regard to grievances	34%		35%	39%/39%	38%	

Dimension: Equitable Treatment (previously Employee Perceptions)

Element: Transparency

Indicator: Perception that the pay-for-performance process is transparent

Employee Survey Item:	May 2006 SOF-C (Spiral 1.1)	Dec 2006 SOF-C (Spiral 1.1)	2007 SOF-C (Spiral 1.1)	2007 SOF-C (Spirals 1.2/1.3)	2007 SOF-C (DoD overall)	2006 FHCS (DoD overall)
Item #1: My pay increases depend on how well I perform my job.	49%	41%	55%	54%/51%	32%	22%
Item #2: My bonus and cash awards depend on how well I perform my job.	62%	59%	56%	63%/61%	52%	

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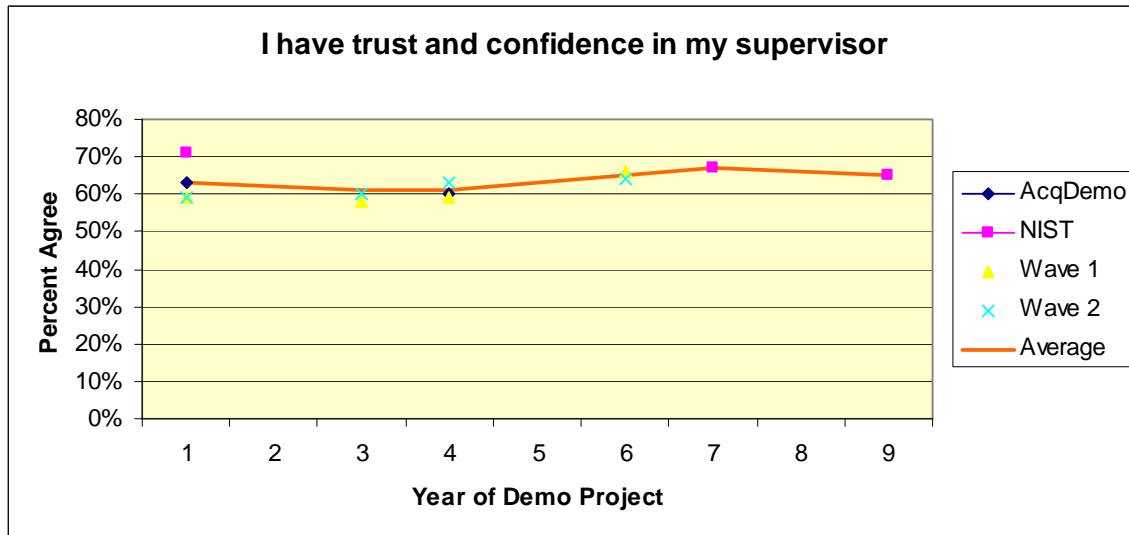
Dimension: Equitable Treatment (previously Employee Perceptions)

Element: Trust

Indicator: Perception of trust

Employee Survey Item:	May 2006 SOF-C (Spiral 1.1)	Dec 2006 SOF-C (Spiral 1.1)	2007 SOF-C (Spiral 1.1)	2007 SOF-C (Spirals 1.2/1.3)	2007 SOF-C (DoD overall)	2006 FHCS (DoD overall)
Item #1: I have trust and confidence in my supervisor		67%	65%	68%/64%	63%	66%

Figure E-16: Demonstration Projects



Dimension: Implementation Plan Execution (previously Effective Implementation)

Element: Performance Management System Execution

Indicator: Percentage of employees that receive an annual review

Employee Survey Item:	May 2006 SOF-C (Spiral 1.1)	Dec 2006 SOF-C (Spiral 1.1)	2007 SOF-C (Spiral 1.1)	2007 SOF-C (Spirals 1.2/1.3)	2007 SOF-C (DoD overall)	2006 FHCS (DoD overall)
Item #1: My supervisor and I formally discussed my performance during and at the end of my most recent performance rating period	77%	78%	77%	71%/67%	68%	

Appendix E

Dimension: Implementation Plan Execution (previously Effective Implementation)

Element: Employee Support for the NSPS

Indicator: Perception that program objectives will be achieved

Employee Survey Item:	May 2006 SOF-C (Spiral 1.1)	Dec 2006 SOF-C (Spiral 1.1)	2007 SOF-C (Spiral 1.1)	2007 SOF-C (Spirals 1.2/1.3)	2007 SOF-C (DoD overall)	2006 FHCS (DoD overall)
Item #1: Overall, what type of impact do you think the APS will have on personnel practices	40%					
Item #2a: Do you agree or disagree the APS will improve processes for: hiring new employees	42%	36%	NR	27%/29%	21%	
Item #2b: Do you agree or disagree the APS will improve processes for: disciplining/correcting poor work performance	48%	34%	NR	33%/37%	30%	
Item #2c: Do you agree or disagree the APS will improve processes for: rewarding good work performance	50%	48%	NR	37%/39%	34%	
Item #2d: Do you agree or disagree the APS will improve processes for: linking pay to performance	51%	49%	NR	33%/39%	33%	
Item #2e: Do you agree or disagree the APS will improve processes for: classification of jobs by series and pay grade/pay band	39%	33%	NR	28%/30%	25%	
Item #2f: Do you agree or disagree the APS will improve processes for: communication between employees and supervisors	51%	49%	NR	34%/33%	27%	
Item #2g: Do you agree or disagree the APS will improve processes for: ensuring individual performance supports organizational mission effectiveness	51%	39%	NR	36%/36%	28%	

Appendix E

Dimension: Effective Implementation

Element: Employee Support for the APS

Indicator: Perception that program objectives have been achieved

Employee Survey Item:	May 2006 SOF-C (Spiral 1.1)	Dec 2006 SOF-C (Spiral 1.1)	2007 SOF-C (Spiral 1.1)	2007 SOF-C (Spirals 1.2/1.3)	2007 SOF-C (DoD overall)	2006 FHCS (DoD overall)
Item #1: Overall, what type of impact do you think the APS has had on personnel practices?						
Item #2a: Do you agree or disagree the APS has improved processes for: hiring new employees?		19%	19%	13%/15%	16%	
Item #2b: Do you agree or disagree the APS has improved processes for: disciplining/correcting poor work performance?		20%	17%	16%/20%	18%	
Item #2c: Do you agree or disagree the APS has improved processes for: rewarding good work performance?		26%	26%	20%/24%	24%	
Item #2d: Do you agree or disagree the APS has improved processes for: linking pay to performance?		29%	28%	24%/27%	27%	
Item #2e: Do you agree or disagree the APS has improved processes for: classification of jobs by series and pay grade/pay band?		22%	21%	17%22%	20%	
Item #2f: Do you agree or disagree the APS has improved processes for: communication between employees and supervisors?		38%	34%	29%/28%	29%	
Item #2g: Do you agree or disagree the APS has improved processes for: ensuring individual performance supports organizational mission effectiveness?		35%	33%	29%/30%	30%	

Appendix E

Appendix F: OPM Contact and Staff Acknowledgements

Appendix F

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OPM Contact: Glenda Haendschke, 202.606.0836 or glenda.haendschke@opm.gov

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