

THE NATIONAL SECURITY PERSONNEL SYSTEM ***PROGRAM DEFICIENCIES AND RECOMMENDATIONS***

BACKGROUND

We at the Federal Managers Association have been closely monitoring the implementation of NSPS and have received significant feedback from our members as they transition. If one thing is certain, it is that no one view of the system exists. However, several themes have emerged throughout this process. Overall, FMA managers and supervisors believe a switch to pay-for-performance is necessary not only to compete with the private sector for talent, but also to encourage and reward high performance. The time for rewarding employees simply for longevity has passed. Many of the hard-working federal managers entering NSPS want to be rewarded for the job they do. However, the system is not without its flaws. We have heard strong calls from our members to return to the General Schedule pay system. As discussions continue on Capitol Hill and in the Administration regarding the future of the system, we at FMA believe certain changes need to be made while NSPS serves as DOD's pay system. Below is a list of problems and recommendations we believe DOD should address to ensure a fair and transparent system.

INADEQUACIES AND PROPOSED SOLUTIONS

The biggest cause for concern among our members is how the pay pools will be distributed. In 2007, Congress determined that all DOD employees rated above "unsuccessful" must receive no less than sixty percent of the General Schedule raise appropriated by Congress, with the remaining forty percent going into the pay pools, and one hundred percent of the locality pay adjustment.

- Any employee rated a 3 (valued performer) or above should, *at a minimum*, receive the congressionally approved pay raise. Issues of fairness and low morale would certainly surface if a valued performer were to receive less than the GS raise. Employees who are considered valued performers but receive less than they would have under the General Schedule have no confidence in the system.
- With a sixty percent pay increase guaranteed, it is feared any other pay employees receive (assuming performance standards are met or exceeded) will come in the form of a bonus which does not count towards basic pay for retirement purposes. This not only affects employees' salaries from this point forward, but also their high three and Thrift Savings Plan contributions. There is also no guarantee the pay pools will have the funds to distribute more than the 60 percent requirement. In such a situation, higher performing employees are better off under the old GS system.
- The so-called bell curve distribution of raises is also of grave concern. Managers and supervisors have reported extreme pressure from higher-ups to maintain a specified distribution of funds or performance ratings within each pay pool. There is severe danger of ratings being deflated or inflated to accommodate a small section of the population. Forced distribution does nothing but contradict a pay-for-performance system.
- Due to the nature of the pay pools, an employee rated a 4 at one facility could receive a very different raise than a 4 at another. This creates animosity towards fellow employees and agency leadership. It is our belief that raises correlating to ratings should be the same throughout the Departments (Navy, Air Force, Army and Marine Corps).

We are finding there is a lack of concrete business rules that allow for a transparent and fair deployment of pay-for-performance. The process, as explained to our membership, creates a difficult environment for the ratings officials on several levels. Additionally, we have received many valid concerns from those writing self assessments.

- We have heard several reports of the Pay Pool Panel being out of touch with the objectives and job functions of the employees who they are rating. If the Panel is the ultimate authority on the final evaluation attributed to each employee and is able to adjust a supervisor's prescribed rating, employees should have access to their evaluation before the Panel engages in the review cycle. The ratings official's ranking should be revealed to the employee and any adjustments made post-rating should be explained and justified by the Panel making the adjustment.
- Managers and supervisors have become increasingly aware of the negative impact NSPS has on agency recruitment. Many critical positions need to be filled in DOD, yet highly qualified personnel are not applying because the positions fall in their current pay bands. Employees are not considering jobs in the corresponding NSPS pay band because accepting such a position would be considered a reassignment, not a promotion, translating into a five percent maximum salary increase. Qualified employees may be unwilling to take on the added responsibility associated with mission critical positions if they are not adequately compensated.
- Many employees continue to feel uncomfortable in the assessment of their own work as required under NSPS. Inadequate training in this area has contributed to employees' lack of confidence in the delivery of their own rating, as they are not sure how to properly convey the value of the work they perform each day. For many employees, this is their first experience providing such information, and a self-evaluation that fails to reveal their full worth to the agency may have a significant negative effect on their paychecks. More attention must be paid to properly train employees how to write a self assessment in order to ensure employees get the raise their efforts merit.

If NSPS is to garner greater support from the employees engaged in its execution each day, more attention must be paid to the processes and enhanced coordination on which comprehensive implementation depends. A thorough examination of the ratings cycle and the prevalence of multiple pay systems within DOD and individual departments are necessary to allow employees to work with the system instead of against it.

- An overwhelming number of employees have indicated that the cumbersome nature of the ratings cycles is causing acute frustration among employees. It is not uncommon for the ratings cycles to take upwards of six months and fifty percent of a manager's time. While workloads continue to increase as baby boomers flee the government for retirement, it is critical that we streamline the process by implementing a shorter ratings cycle. This will benefit both managers and the employees under their supervision whose salaries hinge on their evaluation.
- DOD currently employs workers enrolled in the NSPS, GS, and Wage Grade pay systems. It is simply unacceptable that a single agency utilizes multiple pay systems that are often at odds with each other within individual departments. This problem is exacerbated when raises among equally performing employees differ. It is the view and recommendation of FMA that DOD establish cohesion within departments in order to foster a greater sense of equality among the workforce. Employees should not be at a disadvantage simply because they are enrolled in a different pay system than their counterparts who they work alongside.