

The Federal Manager

COVER

- National Security Personnel System 3
Where We've Been, Where We Are,
Where We're Going

FEATURES

- Paul Volcker: A Governmentwide
Framework for Federal Personnel Reform 16
- FMA-FEEA 2005-06 Scholarship Program 8
Eligibility and Application Procedures

DEPARTMENTS

- President's Page 2

Policy & Legislation

- 2004 Elections: What Happened and What is to Come 10

- 2005 Congressional Schedule 13

- Federal Sector FYI 15

- Making a Difference 18

FMA 13th Annual Mid-Year Conference
& Training Seminar

Pupu Kahi i Holomua – Unite in Order to Progress

- Effective Management 22

How to Write More Effectively

Achievements

- Four Scholarships Awarded by
Keyport Scholarship Foundation 25

- FMA Chapter 3 Bestows Four Scholarships 26

- Between the Lines 28

Connecting the Dots After 9/11



BlueCross
BlueShield

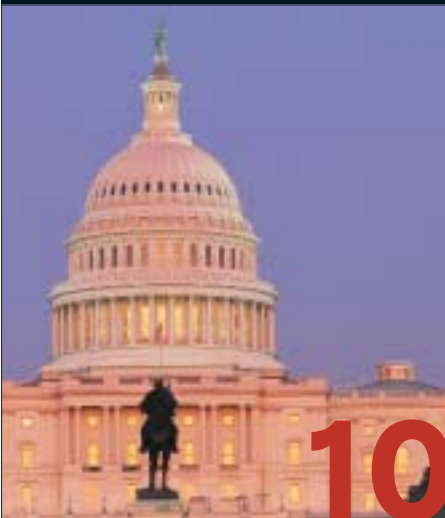
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PRESIDENT'S PAGE



*FMA National President
Michael B. Styles*

Ready or Not, Here We Go

Another contentious election season has come and gone, but important uncertainties facing the civil service remain. I'd like to congratulate President Bush on his recent re-election to the White House, as well as all Members of Congress, both those newly elected and re-elected to office.

A major theme of the President's second term in office will be the wave of civil service personnel reforms that is headed our way, starting with the Departments of Homeland Security and Defense. In this issue, you can learn about DOD's new National Security Personnel System and hear directly from Mrs. Mary Lacey, who is overseeing this monumental task. You can also see Mr. Paul Volcker's perspective on the broader scope of this transformation, in particular the question of which principles should constitute a governmentwide framework for the civil service of the 21st century. As you may know, in a span of two decades Mr. Volcker has chaired two separate commissions that have examined the course of the public service.

After more than two years of hearings, forums, stakeholder meetings, and working groups, the regulations are set to be released, which means significant change is not far behind. Fortunately, FMA has been a part of the discussion, from the first set of public hearings convened by the Volcker Commission back in July 2002 to my most recent meeting with Mrs. Lacey to discuss the first phase of the NSPS rollout. We will soon be witnessing the transition from paper to product.

As managers and supervisors, we must embrace the challenges – and opportunities – that lie ahead. While there will undoubtedly be greater responsibility for managers in ensuring a successful conversion to a new human resources system, there will also be greater authority and flexibility. I have received assurances from DHS and DOD alike that mechanisms will be put in place to secure a high level of transparency, which in any new Federal workplace structure is the key to open and honest communication.

Both personnel systems also have several phases of implementation that will allow agency leadership to make any needed adjustments along the way. This gives Federal employees time to become adequately trained and well-versed in their new environment. With the sweeping nature of these forthcoming changes, prudence must be exercised throughout this conversion process.

In moving forward, the question of funding must guide the viability of the proposed reforms, especially in the area of pay for performance. Change of this magnitude will already be labyrinthine, but it will be much harder without the necessary dollars to make these new discretionary authorities work for managers and supervisors. If the intent is to make managers and employees more accountable, then adequate resources must be assured if we are to reward high-performing individuals accordingly.

Few argue that the success of the next few years and beyond will depend largely upon the swiftness with which the "culture change" takes place. However, to shift this culture – a culture rooted in more than 75 years of familiarity – we must safeguard critical employee protections in the workplace to ensure workforce buy-in. Likewise, all employees must share a common goal to make the broader system work. As dedicated civil servants, our greater mission demands no less... and I know we will be ready. ■

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National Security Personnel System

Where We've Been, Where We Are, Where We're Going

By Joyce Frank

Throughout the 1980s and '90s, Congress granted the Department of Defense the authority to conduct demonstration projects to test various flexibilities for management of the civilian workforce. Over the years, these innovations and experimental programs – primarily in the research-and-development and acquisition workforces – demonstrated that a more flexible and collaborative system of human resources management provided greater opportunity for employees, improved morale, and led to greater productivity in support of the critical DOD mission.

Sept. 11, 2001, and the global war on terrorism reinforced what the DOD leadership already knew - they needed flexibility and agility in managing DOD's entire civilian workforce to deal with the new national security environment, and they needed it sooner than later. They saw an expanded role for civilians that would include performing combat support functions to enable military personnel to focus on war fighting duties.

At the same time, DOD faced an ever-increasing competitive and technology-oriented market. If the department was to compete in attracting and retaining the essential people with the right mix of skills, it was apparent that DOD must become a 21st century employer. The demands placed on DOD and its entire workforce had elevated. The department needed a system that would allow it to be a more progressive and competitive employer at a time when the country's national security demanded a highly responsive total force.

DOD escalated its efforts in Congress in pursuit of personnel flexibilities. In November 2003, Congress passed and the President signed into law the National Security Personnel System, a provision giving the department the authority to establish a new system for managing its civilian workforce. NSPS is a pillar in the Defense secretary's efforts to transform the way DOD fights and manages. It is just one piece of the overall initiative, but

continued on next page

NSPS continued from page 3

it is a critical piece. It affects the way the department manages the more than 700,000 civilians that are an essential part of the total force.

Soon after enactment, DOD began the process of developing implementing regulations. Defense Secretary Donald Rumsfeld realized, however, that many of the stakeholders in the system were not participants in the process. As a result, in February 2004 he tasked Secretary of the Navy Gordon England to be the senior executive overseeing the NSPS implementation. Secretary England was to conduct a strategic review to determine a more suitable approach for developing such a complex program that was inclusive of those affected. Consequently, DOD is approaching the program's design in the same way the department approaches the acquisition of a complex weapon system. DOD developed a requirements document, set up a review team, and established a Program Executive Office to "build and buy" the system. This would include extensive collaboration with all stakeholders, including employees, supervisors and managers, the military services, unions, public interest groups, veterans' organizations, non-union employee advocacy groups, and Congress.

The Program Executive Office reports to Secretary England and is responsible for all day-to-day activities associated with NSPS, with support from each of the military components and Defense agencies. The PEO, headed by Mary Lacey, former technical director of the Naval Surface Warfare Center, has aggressively worked with all stakeholders to gather input for the design of the system. This past summer the PEO conducted approximately 100 focus group sessions and over 50 town hall meetings at installations throughout the world specifi-

cally to ensure the department had two-way communication with its workforce to garner ideas, concerns, and get insight on best practices. Additionally, the PEO held consultation sessions with union representatives, other public interest groups, veterans' organizations, and non-union employee advocacy groups.

Comments and recommendations gathered from these forums were provided to work groups who were tasked to develop a range of options for the system's design. The work groups - comprised of human resources specialists from all the services and the Office of Personnel Management, civilian and military line managers, attorneys, EEO specialists, information technology specialists, and financial management experts - were focused on six specific areas: compensation architecture, hiring and force reshaping, pay for performance, labor relations, employee engagement, and appeals. The options were presented to the Overarching Integrated Product Team comprised of the most senior human resources experts and policymakers from the services, DOD, and OPM. The team then made recommendations to Secretary Rumsfeld and Secretary England.

Secretary Rumsfeld and the director of OPM will jointly issue proposed regulations to be published in the Federal Register this winter. This will start the formal process for the public to have an opportunity to comment on the design of the system. The law also specifically requires a formal "meet and confer" period with the unions to ensure that they have an additional opportunity to review and make recommendations regarding the proposal and to provide for a period for attempting to reach agreement.

Final regulations are planned for spring 2005 with implementation of the first phase of NSPS, referred to as "Spiral One," in July

2005. The remaining workforce will be phased in over a three-year period, with full implementation to occur by 2007/2008.

Implementation, however, will start well in advance of the finalization of the regulations. The PEO's training strategy will have a dual focus: the technical or functional skills necessary to implement NSPS and change-management training focused on cultural change and critical communications skills - the "soft skills" that will be essential for the program's success.

Because NSPS will involve a significant mindset change for the entire DOD workforce, the department will start change management training independent of the system details. For instance, a pay-for-performance system provision alone will require a new way of communicating between managers and employees. Managers will need to expand their skills in areas such as coaching and providing feedback, team building, and employee empowerment.

The design and implementation of NSPS is a major undertaking, one that the department takes seriously. NSPS has a set of guiding principles that have acted as guideposts throughout the process. "Mission first" has been and continues to be the emphasis, but there is also an absolute need to respect the individual and to protect workers' rights that are guaranteed by law. The same applies to veterans in the civil service. NSPS will honor the special status afforded our nation's veterans. NSPS has tremendous potential to greatly enhance the way DOD manages its civilian workforce, but it must do so while assuring that it takes care of its most critical asset - its people. ■

Joyce Frank is director of NSPS congressional and public affairs. For more information on NSPS developments, go to www.cpms.osd.mil/nsps.

Frequently Asked Questions About NSPS

NSPS Program Executive Officer Mary Lacey answered several questions submitted by FMA on behalf of federal managers and supervisors. She also responded to some frequently asked questions gathered from town hall meetings held by senior DOD staff at installations across the country and around the world.

Q.

What problems did DOD identify as hindrances in its ability to effectively manage its civilian workforce?

Mrs. Lacey

Senior leaders identified many specific problems during congressional hearings last spring. Generally, hiring is too slow, causing an adverse effect on recruiting; outstanding performers are paid the same as poor performers; poor performers are not held accountable; reassigning employees is too difficult; the current appellate system is complex, legalistic and often too slow; and the labor-relations structure is too cumbersome. Senior leadership needed more flexibility in managing the civilian workforce to respond to the changing national security environment.

Q.

What is the anticipated rollout schedule of NSPS?

Mrs. Lacey

We expect to publish proposed regulations this winter and to begin actual implementation in July 2005. The first group of organizations, referred to as "Spiral One," represent a cross section of DOD. We will phase in the remaining workforce with all remaining DOD civilian personnel between July 2007 and January 2008.

Q.

What do you see as the most significant changes that federal managers and supervisors can expect with the new personnel system?

Mrs. Lacey

A pay-for-performance system will be part of the new system, one of the key concerns of Congress. Federal managers and supervisors can expect the merging of pay scales into broader pay bands, permitting managers the flexibility to give high performers greater pay. We will also look to streamline hiring to make it more efficient. We are looking at current labor management rules to see how we can more efficiently and effectively deal with the more than 1,500 bargaining units under the current system.

Just as significant, however, is what will not change. It is important for employees to understand what the focus of NSPS is and what it is not. The system will still be

based on merit system principles, including veterans' preference. There will be no change to prohibited personnel practices or laws against discrimination. We will not impact current leave and attendance rules, retirement, health or life insurance benefits, travel allowances, or opportunities for employee training.

Q.

What safeguards are in place for managers and supervisors to ensure that the phased implementation of NSPS will be capable of addressing any "bumps in the road"?

Mrs. Lacey

We realize that there are possibilities for various "bumps in the road" to occur with the implementation of any new system. However, we have worked hard to create a system that is both agile and flexible enough to alleviate any problems that may arise. The use of a phased approach will enable us to capture lessons learned so that we can make adjustments along the way.

Q.

How much transparency will exist in the new pay-for-performance plan to mitigate the potential of grievances?

continued on page 6

NSPS

NSPS continued from page 5

Mrs. Lacey

One of the most important attributes considered for any pay-for-performance plan was that the system be transparent. It is of utmost importance that the new plan is clear and understandable to employee and supervisor alike. The plan will not work without the acceptance, understanding, and preparedness of the workforce. Consequently, we have worked with unions, employees, and managers to gather input as to how to achieve this. We have developed metrics that will give indicators of problems that need attention.

Q.

How do you intend to create an environment of trust by altering the traditional role of the independent Merit Systems Protection Board appeals process?

Mrs. Lacey

We have consulted with the MSPB throughout the design of the appeals system and received valuable comments regarding our design options and the board's in the appeals process. Though the appeals process will be altered, the merit system principles will remain completely intact and employees will continue to have due process and full protection of their rights under law.

Q.

What are DOD's plans for training the workforce?

Mrs. Lacey

Adequate training of supervisors and employees is a key component in the implementation of the new NSPS. We have been working on a change management strategy for months, recognizing the need to reach both managers and employees in our training program. Training will involve both soft-skill training, which will drive the overall cultural changes, as well as NSPS specific operations training so that everyone understands the technical aspects of the system.

Q.

What is the likelihood of a reduction in force with the rollout of NSPS?

Mrs. Lacey

A reduction in force will not result from the rollout of NSPS. Actually, NSPS has the potential to provide civilian employees with greater employment opportunities. With the flexibilities for hiring and reassigning employees that NSPS will provide, we will be able to utilize civilians rather than military or contract employees for many duties that the current system just did not provide enough flexibility to do in a timely manner. ■



NSPS Program Executive Officer Mary E. Lacey

Seven Guiding Principles of NSPS

1. Put mission first – support national security goals and strategic objectives.
2. Respect the individual – protect rights guaranteed by law.
3. Value performance, leadership, and the commitment to public service.
4. Be flexible, understandable, credible, responsive, and executable.
5. Ensure accountability at all levels.
6. Balance human resources interoperability with unique mission requirements.
7. Be competitive and cost effective.

NSPS Program Executive Officer Mary E. Lacey

What Makes Her Tick?

In May 2004, Mary Lacey, then technical director of the Naval Surface Warfare Center, received a phone call from Secretary of the Navy Gordon England. Lacey was a career Navy employee, but this call was not coming from the secretary in his capacity as Navy secretary. Secretary England was calling her as the senior executive of the National Security Personnel System, a program he had been tasked to oversee by Secretary of Defense Donald Rumsfeld. He needed someone to head the development and implementation of the program and he had decided that she was the right person for the job.

Mrs. Lacey is an engineer, and if anyone had told her that she would be directing the development of one of the most significant changes to the civil service system since 1978, she never would have believed it. Yet, after several months on the job, she now says this is the perfect job for her. "As a line manager and technical director of an organization of 17,000 civilians that have been part of the Defense Laboratory Demonstration Project, I have seen first hand what works and what doesn't."

NSPS has its roots in the various DOD demonstration projects that Congress authorized throughout the 1980s. Mrs. Lacey had the opportunity both to work with and to manage people under a project that was based on pay for performance. She stated, "This is a great opportunity to take the results of years of test and study in pockets of DOD and develop a system that will enhance the department's ability to manage all of its civilian workforce."

Mrs. Lacey considers herself a people person. Having a job that will help shape the careers of the over 700,000 civilians that comprise the department's civilian workforce is a perfect way for her to influence the DOD's entire workforce. The program

will not only impact the civilians, but it will also impact the military that supervise the civilians and work side by side with them.

Mrs. Lacey has spent much of her career mentoring and nurturing the careers of young engineers and scientists. Starting her own career as a GS-2 student trainee, she knows how important it is to have mentors and supervisors who care about your career. She has worked hard, but she also knows that having guiding supervisors directly attributed to her success. She sees NSPS giving supervisors an even greater responsibility to fulfill this role for their employees.

She is also compassionate. A good example of her caring nature is evident when she's asked about the picture on her office wall of two black Labrador puppies. She smiles broadly and tells the story of how her family found them stranded and near death on a road near their home, took them in, and nursed them back to health. She proudly displays their pictures along with the many certificates of achievement from her very successful career.

Mrs. Lacey shows this same caring side in all she does. She and her husband, Joe, raised two daughters, one a graduate of her own alma mater, University of Maryland, and the other a student at Tulane University. She balances her family responsibilities with her work, and still finds time to stay actively involved in the lives of up-and-coming engineers, especially women engineers. When you ask her what her hobbies and interests are, without hesitation she says, "Mentoring." She is an outstanding example of "practice what you preach." Just ask the thousands of employees whose lives she has touched. She sees NSPS as an opportunity to positively touch thousands more. ■

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**I have
seen
first hand
what
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and what
doesn't.**

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