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Nov 28, 2017

Bradley Bunn

NSPS-007

Department of Defense
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Q: This is an oral history interview with Mr. Bradley "Brad" Bunn, currently the Program Executive Officer in National Security Personnel System, Department of Defense. The interviewer is Diane T. Putney. It's September 12, 2008, and the interview is taking place at the NSPS office, Arlington, Virginia.

During the summer of 2004, focus groups were formed. What's the origin of having focus groups? How were the groups selected? What were they focusing on?

A: One of the concerns that many stakeholders expressed as we started to roll out and communicate our plans with respect to NSPS was whether we appropriately have the input of employees, and not just non-supervisory employees, not just the rank and file, but line managers and supervisors, the people who would have to be living under this system. When we retrenched after the strategic pause, we started revisiting some of the design issues with NSPS, and it did become clear, and as part of the new approach to rolling out NSPS, we wanted to make sure we had input from various stakeholders. Obviously one of the most important of the stakeholder groups was the employees themselves. What we

did was to make a very comprehensive focus group effort to go out and meet with groups of employees and have a structured way of getting their insights, getting their input, asking them questions about what's important to them, and these questions were thoughtfully designed to produce the perspective of employees that would be living under a new system. We asked questions about pay for performance, how they were living under performance management systems at the time. What were things that they were most concerned about when they heard about NSPS? What were the things that they were excited about in a positive way with NSPS? The idea was to solicit and gather that input and really feed it into the overall design process. Obviously, with hundreds of thousands of employees you can't get all perspectives, and there is a vast array of widely varying perspectives and ideas and opinions, but the idea was to go out and reach out and touch them. I can't remember off the top of my head how many focus groups we had, but I think there were dozens of them, and we went all over the country. All DoD organizations, all the components, were represented in the focus groups. We left it to the components to choose which organizations we would visit.

We actually had contractor support, along with the PEO

staff support to conduct them, and it was a structured focus group approach with questions and formal note taking, so we were using a pretty rigorous process to capture what we heard. We had focus groups with folks from all different occupations, all different grade levels, supervisors, non-supervisors. There was some, a little bit of controversy over union participation in the focus groups and bargaining unit employee participation, and if I recall in some cases we did have bargaining unit employees and even local union representatives in the focus groups. It was important for us not only to capture that and feed it into the design process but also to provide feedback and publish the focus group report, and we actually did that. We asked our contractor to gather, capture all the employee feedback during the focus groups and put it into a formal report, and we actually provided that to people, made it available, and certainly fed it into the design process as we were formulating different policy options, looking at the advantages, disadvantages, pros, cons to various choices in the design of the system, and bringing that employee perspective to bear when leadership was thinking about those different options.

Q: I know that the Department of Homeland Security had used focus groups. Were you able to tap into their experience of

how to do it?

A: Yes, OPM was helpful in this, and early on we actually had a lot of conversations with our counterparts in Homeland Security, and they were, in terms of their regulatory process, about a year ahead of us. We met and discussed with them, but primarily we interfaced with OPM, and they shared their materials, shared the questions they were asking, and shared the feedback they actually got in their focus groups, so we modeled ours roughly on theirs. Ours was more comprehensive in terms of outreach just because of the size, how large we are, and we did try to get feedback from as many different kinds of organizations as possible in terms of engineering organizations, installation support organizations, depots, maintenance, all different kinds of organizations so we could really see the perspective.

Q: It would be helpful, then, that a copy of that is available with your NSPS archives.

A: Oh, absolutely.

Q: That would be an important input. The OIPT co-chairman met with the unions on June 7, 2004, and there were other meetings between NSPS officials and union representatives in October and December 2004. The PEO had communication with the union representatives. What was the purpose of meeting with the unions in the summer of 2004, even before

you published the regulations?

A: The law that established NSPS established a process for how we interacted with labor organizations that represented DoD employees. Roughly half of the DoD workforce is represented by labor unions, and they have a formal role as the exclusive representatives for those employees. We had to follow that process. It was a new process. The law didn't say that it was bargaining. It used other terminology, and the way I characterize it it's meeting with labor representatives to get their views, their input into the design, but something less than negotiation. In the pure labor relations sense, when you're engaged in collective bargaining, two parties come to the table, both with ideas and interests, and they represent those interests, and generally they exchange proposals, and they begin to negotiate terms of the agreement. There's a process in place for situations where you reach impasse, and eventually it could lead to a third party dispute resolution process. Congress set up something that was less than that, it didn't include those formal collective bargaining concepts, but clearly they, Congress, desired the Secretary and the Director of OPM to interact with the unions, solicit their input, get their feedback, have meaningful discussions and conversations with them, so we

would have as part of the overall design process a clear understanding of the employee representatives' views on various pieces of the design. The term for it is essentially "collaboration" versus collective bargaining, so the meetings were intended to do just that. The early meetings in June in the summer of '04 were intended to gather that feedback, and if I recall, we came to the meeting, but we didn't have all the answers yet. What we had were ideas, and our approach and our intent with those meetings was to start exposing our ideas to the unions and getting their feedback, getting their reaction. The June meeting was intended to start discussing ideas, collaborate, brainstorm, and then the follow-on meetings in the fall were more oriented towards getting to specifics about what we intended to do, what we wanted to do. It started off broad, and then it was intended to narrow down into some specific concepts, some specific policy and design choices. That was the basis of those meetings. I can't say they were, that our desires were satisfied. [laughter] Those became quite contentious.

Q: But not as contentious as the February 2004?

A: I would say less contentious, but I believe that the labor organizations were not completely sold on the concept that was in the statute. The law had a collaborative approach

that did not include collective bargaining. They came from an environment where, as I said before, two parties come together, they exchange proposals, try to hammer out an agreement that's binding, and disputes are settled with a referee, a third-party referee, and that was not what Congress had in mind. They had a process that said you get together, you talk, attempt as much as possible to find common ground and get to consensus and even allow into the process a mediation organization. Congress actually specified the Federal Mediation Conciliation Service – it's part of the FLRA – to come in and mediate the discussions, which we actually did, eventually, but, ultimately, the Secretary and the Director could proceed despite any disagreements that the labor organizations had.

The other thing that's important is that there were many labor unions. We invited all of the national union offices that represented Defense employees, which at the time was roughly 40, so there were 40 different organizations, all in the room with DoD and OPM, and they shared a lot of interest but they also didn't have the same interests in mind in some areas. The environment, collaborating with that many organizations coming from different places, made it a challenge. I think both sides entered the room with good intentions and in good faith,

but it was a tough pill for them to swallow since it wasn't collective bargaining.

Q: At some point, do you recall PEO Mary Lacey stating that there should be some "going dark" period regarding the drafting of regulations? I bring this up because Ron Sanders mentioned this, and he said he had a little discomfort with that, but then we didn't pursue it.

A: That was a turn of phrase that Mary used in one of the meetings with the unions, and I think the idea was we were going to gather all this in one place, get all these concepts on the table, get the input, use the focus group information, the input used with the union collaboration process, and the interest that the leadership in DoD had for what they envisioned NSPS to be. As part of the design process there's a point at which you have exhausted all of the different processes and must get all these varying ideas on the table, and you narrow down what you really want to do because at some point you "gotta put pen to paper" and write the regulation. Mary was referring to the point at which her staff and the OPM folks who were dedicated to this were going to essentially go into the room and start drafting the regulations, fingers on keyboards and actually writing them. The turn of phrase she used was we're going to "go dark" and do that. In other

words, we weren't going to be out in public soliciting feedback and doing that process anymore, doing the part that was very transparent when we were out there talking to people, having meetings, including the union meetings. At some point we "gotta go dark" and go into the room, shut the door, close the blinds, and write the regulation because we're talking about a very complex process to draft a regulation that takes the concepts and turns them into executable rules. That's what she was referring to, and, of course during these meetings, that statement taken out of context could be used to – and was used to – imply that we're going to "go dark" – the word "dark" implies and the connotation was there that we were going to close ranks and keep everybody out. It was used to make jokes about the Dark Side and things like that. It was an innocent and accurate way of describing the design process. Mary Lacey is a systems person. She knows that at some point you have to draft, you have to stop talking and start writing, and that's what that was about.

Q: DoD officials met with veterans' groups in 2004 and later. In 2004 what were the main concerns of the veterans' groups?

A: They were primarily concerned with really two things: one was veterans' preference as it relates to former military

and veterans seeking employment in the Department of Defense. It's a long-established tradition and in civil service law, in terms of how we appoint people, that veterans have preference in hiring, and there's a specific definition of a veteran in law. Their concern was to retain that concept, very simply put. Their separate main concern was veterans' preference as it applies to a RIF -- a reduction in force. Similar to the preference in hiring, veterans also have a leg up when it comes to reduction in force and retention standing when you run a RIF. In a regular RIF, a veteran with fewer years of service could displace somebody with more years of service who's a non-veteran; in other words, they're put in a different category. They're in a higher retention standing. Those were the two main items, in addition to, as any organization that represents or advocates for employees, concerns about performance management, pay for performance, things like that, but their primary concern was veterans' preference in hiring and in retention.

Q: When you were running the Implementation Office back in January, February 2004, were you, Ginger Groeber, and Dr. Chu thinking about changing veterans' preference?

A: There were certainly discussions about that. Veterans' preference is a confusing web of rules and exceptions to

rules. Our interest was not necessarily to get rid of veterans' preference. In fact, DoD hires more veterans than any other federal organization so the issue was never wanting to put veterans on the same level as everybody else and perhaps disadvantage them. That wasn't the idea. The idea was to streamline how it works so that it's more understandable and clear both for the organizations that are hiring people and for applicants who have former military service. When you look at the five-point, ten-point veterans' preference rules and compensably-disabled veterans, there's a lot of rules, all intended essentially to recognize the sacrifices that veterans made for our country, and that's the tradition of civil service. We weren't departing from that, we were attempting to streamline it and just make it easier to use. In reduction in force we did have serious discussions about whether it is appropriate in a performance-based system to separate or to put those with veterans' preference in a completely separate category from everybody else, but on a higher level. If you're truly serious about a performance-based personnel system, then performance ought to matter not only in how we reward and pay people but also how we retain people when we have to downsize. Our discussions there had to do with modifying and really changing the way we dealt

with veterans' preference and reduction in force, the idea of making performance more important in those retention decisions. Very, very controversial, a lot of different viewpoints on that. Heard from the veterans' groups who were extremely concerned that we were going to harm veterans with NSPS, with our rules. Some of that was a philosophical difference of opinion but some of it was probably unfair characterization of what we were really attempting to do. The ultimate outcome was that we ended up not doing anything different with veterans' preference in both hiring and reduction in force.

Q: The proposed NSPS regulations were published on February 14, 2005, and the end of the public comment period was March 16, 2005. How did the PEO process evaluate the 58,000 public comments?

A: One by one! [laughter] Almost! That was a huge, huge task, huge challenge. The 58,000 is probably misleading. It did not really require us to sit down and read 58,000 different sets of comments because we did have a number of form letters in there, and most of those were negative, and most of those were generated by either labor organizations or other groups that were opposed to pay for performance. We actually hired a contractor that specialized in the regulatory process, taking public comments and synthesizing

them, organizing them, analyzing them, and responding to them, but it was the PEO staff that did the intellectual work in terms of reading through the comments, understanding them, responding to them. We did have help, contractual help to organize them, ultimately creating a huge database where all the comments were housed. We broke it up. The contractor did a first cut of bucketing the comments in various categories: labor-relations, performance-oriented, or pay issues. We categorized those things and then we had teams reviewing those comments based on those functional areas. There was a team in DoD and OPM doing it, so the PEO just dove headfirst into all those comments, and we ultimately had to address each and every comment that was unique, but we had thousands of form letters. It became more manageable after we saw the nature of the comments. There were long days, long nights, and a lot of tedious work going through them. It was quite a challenge.

Q: How significant an impact did the public comments have on designing the NSPS?

A: I would say it was fairly significant. I don't have the numbers so I don't want to try to characterize majority and minority thing – but many of the comments were fairly generic and just negative reaction to the idea of changing

the personnel system. Those you can put into a category, and it becomes less about "Well, what should we change in the regs?" and more about, "OK, this set of comments here expresses preference that we not do anything, that we not implement an NSPS." That was pretty straightforward. For others that were more thoughtful and specifically addressed portions of the regulations, we spent a fair amount of time going through them with the OIPT and making conscious leadership decisions on how to deal with them. I can't recall off the top of my head any real specific examples of changes we made, but we did certainly make changes. The regulatory process, the administrative procedures process in rulemaking, requires that you address each and every unique comment and essentially dispose of all the comments. That's why that *Federal Register* notice is so long. The preamble addresses all the comments, and you have to give your policy rationale for accepting or rejecting those comments. We did make some changes, but again, the majority of the comments were fairly generic and somewhat negative, and a high number of them dealt with the labor relations and collective bargaining aspects of the regulations and the discipline and appeals portions. Those have to do with employee rights and the perception that we were stripping employees of their rights. There was a lot of energy around

that, and a lot of the comments had to do with that issue. We spent a lot of time trying to communicate that, no, we're not taking away these rights, we're not stripping people of the due process or the disciplinary process, and explaining the policy rationale for why we were doing some of the things we were doing in labor relations, why we were making significant modifications to collective bargaining. They definitely influenced the final product, but the core conceptual pieces of NSPS, those remained.

Q: After the public comment period closed in March of 2005, the meet and confer process began in April 2005. Would you describe the "meet and confer" process and describe the leeway DoD representatives at the meetings had for making decisions about issues discussed with the union representatives?

A: Wow, the meet and confer process, that was quite a time! It was important that we had the right level of leadership at those meetings who were empowered to make decisions, so we had co-chairs from the OIPT -- one from OPM, one from DoD. The DoD chair of the OIPT, Charles Abell, actually presided over those meetings, or he was the DoD representative there, along with a boatload of staff and folks from the PEO staff to support the discussions. Of course, Mary Lacey was there from the PEO. We did a lot of actual interaction

with the unions. From OPM it was George Nesterczuk and Ron Sanders, primarily, and then those 40-some unions were also there. It's hard to describe the entire meet and confer process briefly, but, again, it was contentious, and there was lots of skepticism, to put it mildly, on the part of the union representatives. It was a different environment for them; it was different for us. We hadn't engaged in national-level discussion with union representatives before NSPS. We had Partnership back in the '90s, but this was really discussing meat and potatoes things, and trying to do that with that many union representatives was a challenge. They had coalesced into a coalition, so they did have a spokesman at the table, but we also had the representatives from the various unions there, as well. It was contentious, a lot of speeches, some orchestrated speeches and walk-outs. We did get down to some brass-tack items. Some of it resembled collective bargaining in that there was exchange of papers, exchange of language, and exchange of this and that. The unions clearly were focused much more on the labor relations aspects of the system, and that's to be expected. They were attempting to figure out what the labor organization role was going to be in the future because we were going to change the rules. They spent most of their energy on that. We didn't get deeply

into pay for performance, the staffing side of things, reduction in force. We eventually touched those topics, but we spent most of the time talking about collective bargaining and what the union role would be. Scope of bargaining was a huge issue, national bargaining. From the government side the people at the table were empowered, but rarely would we make any decisions right there at the table, so it wasn't a negotiation where we said, "OK, if you do this, we'll do this" - done, signed. Ultimately the final regulations had to be approved by the Secretary of Defense, the Director of OPM, the Office of Management and Budget, and then through the OMB regulatory clearance process - the administration. We couldn't agree and finalize things, but we certainly were empowered to make changes that would likely be accepted by those groups. It was a series of meetings; it was right here in this complex in Rosslyn. We would have discussion, some of it not really germane to the actual regulations, but we did get around to talking specifics and content. We would meet for an hour, caucus for an hour, meet for an hour, caucus for an hour. Some exchanges of paper, things of that nature. And a lot of it was, "OK, we hear you, we understand your concern, period." We just weren't able to satisfy what they were asking us to do.

Q: The legislation said that the regulation should be issued jointly by the Secretary of Defense and the Director of OPM, but the Office of Management and Budget gets involved, too, even though the head of that office doesn't sign the regulations. Describe their role.

A: OMB represents the administration. They have a dual role. One is to represent the administration, so they're representing the interests of the White House. They also have a formal role in the regulatory process. OMB coordinates when regulations are published in the *Federal Register* or in the *Code of Federal Regulations*. We actually included them in the design process because they were representing the interests of the administration. They have staff there that deals with national security and with personnel issues. They were not a huge player, but they were keeping an eye on things and keeping their fingers in things. Ultimately, OMB released the final regulation, so it's got to go through their clearance process, which includes a policy legal review, as well as an interagency review process. Typically a federal government-wide regulation that's going to affect lots of agencies goes through an interagency process. When OPM is issuing their government-wide regulations, DoD gets the chance to comment on them before they go final, and that is facilitated by

OMB. They also do an internal policy review to make sure that the regulations reflect – to the extent there are policy choices to be made – the desires of the administration.

Q: Was an OMB representative usually in the meetings?

A: No, they didn't participate in meet and confer. That was OPM and DoD.

Q: The final regulations were published in November of 2005. The regulations, however, required implementing issuances. Who wrote the implementing issuances, and would you explain the process of dealing with the unions concerning the implementing issuances?

A: The implementing issues were essentially written by the PEO staff, with lots of help from detailees and other augmentees from CPMS and the components, HR policy folks who have experience in writing internal DoD policies and regulations. That's who did it, and it was under the cognizance and the auspices of the PEO, so Mary Lacey had oversight of that process. With respect to the union participation, what we set up in the enabling regulations was a process that we essentially called collaboration, which involved consulting with the unions over the content of the internal implementing issuances, gathering their concerns, feedback, etc., and then incorporating that into

the final product that is eventually signed out by the Deputy Secretary. It was not collective bargaining because we set it up so that it was something less than collective bargaining. The unions were not thrilled about that process, but that's what we set up in regulations.

Q: On November 17, 2005, Secretary England and you went to Capitol Hill to testify before the Senate Homeland Security and Government Affairs Committee. Why did you go with Secretary England and not Mary Lacey? Was this your first experience testifying on Capitol Hill? Please describe the experience.

A: It was a scheduling issue. Mrs. Lacey was, I believe, out of town; she had a previous commitment, and I suppose she felt confident that I could represent the PEO, represent DoD appropriately. Secretary England was comfortable with me.

Q: Was this your first time?

A: Yes, my first time sitting at the table. I'd been at several where I was the guy in the back writing little sticky notes to the witnesses, but this was the first time I actually got to sit at the table. Now clearly, the interest on the part of the committee was that Secretary England was there, to whom they addressed most of their questions. Was it the Government Affairs Committee?

Q: It was Homeland Security Government Affairs.

A: Homeland Security, right, so it was not the Armed Services Committee, which was interesting. It wasn't unprecedented, but it was rare that the Deputy Secretary would actually appear at a hearing for that subcommittee. There was interest in that, and to me it demonstrated the importance of NSPS to the senior leaders of DoD that he would actually go to that hearing and not simply delegate it to somebody else. It was fascinating for me personally. I was a political science major in college, but as a career civil servant I rarely dealt directly with those kinds of things, and you learn a lot about how Congress works when you go to some of those hearings, especially when you show up and only one member is there and others are coming and going. I didn't make a formal statement; I was there to support the Deputy Secretary. He did refer a couple questions to me, and I answered them. By that time, we had just published the final regulations, so the concerns, the questions we got had to do with the process itself. Was it a good process? Did we include everybody? What are we doing to make sure that we do this right and protect employees as we get ready to implement? Those were the major questions, but yes, it was exciting.

Q: On January 10, 2006, the initial meeting of the NSPS

Performance Management System Redesign Working Group met. Why was the redesign necessary at that point, and who was on the Redesign Working Group? What redesign changes were authorized?

A: The regulatory process set out enabling regulations that then allowed a lot of the detail to be worked in the implementing issuances. When we got down to the specifics of how the system was going to work, the performance management system, the pay-banding system, classification system, pay for performance system, many of those details were in process and not finalized by the time we actually issued the final regulations. We were doing them in the implementing issuances. It was an interesting turn of events. We had been on the path of rolling out a performance management system that was essentially a competency based, factor based performance-management system, where the individuals could be evaluated based on validated competencies in various areas, technical competence, communication, teamwork, critical thinking, leadership – a competency-based approach. That's relatively typical, and that's how you evaluate people, and each of those factors would be scored. It would come up to a final score, and that would drive the rating, and of course the rating would then drive the shares and the payout. The

story goes like this: We were doing a demonstration of the software, the automated tool that we were designing and building for the field to use in executing the performance management system, so we brought in the members of the . . .

END OF SIDE

Q: Please continue.

A: We were demonstrating what is now known as the PAA, the Performance Appraisal Application, the software we're using to do the performance management process. We demonstrated the tool by projecting onto the screen what the software looks like and walking them through the performance planning and appraisal process. Here's what the employees are going to see in building a performance plan, here's what supervisors are going to see, and here's how the ratings are done. When they saw how the mechanics of the evaluation was done, it started to raise questions in their minds about whether our system was results-oriented enough, so what they saw arrayed on the screen was a list of seven or eight or nine performance factors. One of them was achieving results. The others were more competency based: technical competence, critical thinking, communication,

leadership, etc. When they saw that, how it rolled out, they started asking, "Shouldn't we be evaluating people on what they do, what they achieve, what those things are?" We said, "One of those is achieving results. That's where you rate how well they actually delivered on what they were supposed to do that year." That triggered a whole rethinking of how to do the performance evaluation system. There were a couple of different approaches before we even got to the redesign piece, and there was some disagreement even within the OIPT, and with OPM on the best way to do this. One way was something that DHS was pursuing, which was to use the competency based approach but mandate that the achieving results factor was 50 percent of the rating, 50 percent of the grade. We had some concerns about that in terms of whether that was really going to produce valid and effective ratings. Ultimately, we took the issue to the Deputy Secretary. "We have this issue, this is the path we've been on, and these are the concerns that have been raised." Deputy Secretary England – at that time he was the acting Deputy Secretary, I don't think he had been confirmed yet – said, "This should be fairly simple. If I've got an employee, I want to basically put on a piece of paper, what I want you to do this year: this, this, and this. OK, good. Sign up to it, and come back at the end of

the year and we'll see how you did, and then we'll give you the rating." He gave his philosophy on performance evaluation, and he wanted it to be simple, and he wanted it to be based on actual job objectives. That's where the notion of job objectives really came out. We told him, "OK, we're going to go and redesign the performance evaluation system. We're going to do an intense short-term effort, bring in people." It was led by the PEO – by that time Shirley Scott was on board as the SES in charge of the HR system design work. We brought in folks from the field, from the components, from other demonstration projects who had done performance management systems. OPM was involved, obviously, and they came up with a series of options on the best way to do this. The marching orders were: change the balance here, emphasize and put the focus on results. It needs to be more results oriented. They worked in a group environment, intense full-time every day, churning out options and ideas. The OIPT was meeting on a frequent basis to look at these and evaluate these different ideas, and the outcome was the system we have now, a performance evaluation system that rates based on job objectives with those performance elements, competencies as contributing factors. One of the analogies some of the leadership used was that of a diving competition. You get points for how

well you did the dive, but then you get style points. It's a hybrid of the what and the how, so that performance plans were not based on these nine factors. The performance plans are: What are you going to do for the organization this year? What results are you going to produce this year? Hence the "SMART" objectives. Then for each of those objectives, which of these competencies is going to be the most important, and you have the contributing factors that can influence the score on the rating of the evaluation itself. That was the purpose, and that's how the redesign happened. We worked rather quickly, but I think it was a pretty robust effort. It was intense.

Q: Do the contributing factors developed undergo some type of validation tests?

A: They did, actually. The contributing factors are essentially the validated competencies that we used in initially developing the performance system. We hired a company that specializes in validation and performance management, and they ran a series of subject matter expert groups and surveys. Basically, they did a full, formal validation of all of those competencies, so those are the same competencies we adopted for the contributing factors, so those are validated factors.

Q: Along this line, the Performance Appraisal Application has

been revised a couple of times, perhaps more. By whom and how is the appraisal format design tested, and what was the PEO feedback mechanism informing the PEO of how the workforce was reacting to the appraisal application itself?

A: You could do a whole history on the PAA! [laughter] Early on, as we were developing the regulations and getting down to the design of the system itself, there was a keen interest in having a standard way of doing the performance management process, so we were going to have a standard performance management system: five levels, factors, job objectives, the rating scheme, the shares. That was all going to be standard enterprise-wide. When you develop those things you develop the forms that you use to do that. There was a lot of interest in making that as easy and smooth as possible and automating it, learning from what our demonstration projects have done. A lot of them had automated their versions. We looked at a variety of different products and approaches to automating the performance management process, and we settled on a tool that was imbedded into the Defense Civilian Data System that uses an Oracle COTS platform for the transactional HR system. This is an out-of-the-box capability that really looked like what we had originally designed for performance, which was the factor-based approach to

ratings. There wasn't a whole lot of customization necessary to develop that, until we did the redesign of the performance system, and then it got harder. So the design of that tool had started back in early '05, I believe, or mid-'05, and then we had to completely redo it when we changed the design of the performance management system. Originally the idea was rather than having to fill out a form or type in a fillable PDF, we were going to automate this thing. People could log in, get information about their salary, what pay band they were in, and what contributing factors they had. It would capture the performance plan itself and save it so you don't have to keep the paper copies of it – all the classic reasons why you would automate a business process: security, ease of use, enterprise capability. That was the philosophy underlying it, and it was the right decision. It was the right idea. The other option would be to let the components go off and figure it out for themselves. Some would use paper and pencil, some would buy expensive software, some organizations would develop a local, homegrown tool – no guarantee on whether those systems were secure or truly reflective of the NSPS design. The best way to maintain the enterprise nature of the system itself was to have an enterprise tool, so that was the idea. The series of

unfortunate events that unfolded was we had to redesign the system, the IT piece of the system, to reflect the new decisions on the performance system, and we didn't have that ready in time to roll out with the Spiral 1.1. We also designed it based on theoretical application of the rules, so this was our first foray in the DCPDS world of building a tool that would be used by all employees, supervisors, HR folks, and, having not done that for other performance systems, it was relatively new. In my view, we over-engineered the system to try to enforce a lot of the policies and business rules that were in the NSPS rules. It had the effect of developing job objectives for your boss to look at. There's a review that goes back and forth. We engineered all that into the application, and it became this ping-pong effect: "OK, I'm going to write my job objectives, send them to you, you change them, tell me what to change, send them back to me, and then it's got to go to another level of review." It got lost. We just made it too hard for people to use, and, as a result of the redesign in the hurried way that we did it, it wasn't the most usable, navigable IT application. People were accustomed to TurboTax, and we didn't give them TurboTax. In terms of the feedback, we really didn't anticipate the problems that we ended up having, so most of the early feedback we got was

all anecdotal, but it was sharp and broad. Everybody was complaining about the PAA. It doesn't work, I can't get into it. . . . Most of the problems early on had to do with the passwords because the system at that point had not been CAC enabled, and to meet the very stringent security requirements, people had to have complex passwords with eight or ten characters, wildcards, uppercase, lowercase. Of course, when you do this process, you probably go in there only two or three times a year, so it becomes "Gosh, where did I put that yellow sticky that's got my password on it?" There was just a perfect storm of things devastating in the damage it really caused. The people that designed the tool did the best they could with what they had. These were really good, smart, and dedicated folks, but when you design a system basically from paper, not basing it on how people actually behave, you're at a disadvantage from the start. Then when you're working under a timeline that doesn't allow you to really do the usability analysis you really need to do, put all that together with the first attempt at it, and people who were uncomfortable with NSPS to begin with and just learning it – you just have this perfect storm. You could do a whole separate spin-off history of the PAA.

Q: Just a couple of concluding questions. From your

perspective now, being with NSPS, and going back to 2004, was the original NSPS statute passed in 2003 covering human resources, appeals, and labor relations just about right in its scope, too ambitious, or not ambitious enough?

A: [laughter] Oh, wow! In my view, the scope of the original legislation was the right scope. In other words, it touched on all the areas that needed reform. It recognized that current civil service rules are not designed for today's Department of Defense, with a unique mission and a changing national security environment. You need to be able to compete in a labor market. You need to be able to get the talent you really need and focus your resources on competing for the right talent. Do we need a better compensation system and more flexible compensation? Absolutely. It gave us the authority to do that. Should we have a workforce that values performance and rewards performance? Absolutely. The legislation said have a pay for performance system that awards performance, recognizes performance, but also has safeguards imbedded that protect employees. Yes, that was the right, definitely needed reform in that area. Employee appeals, adverse actions. Should we improve the way we handle employees who misbehave and employees who are doing bad things? Should we streamline that process so we can deal with them in a

quicker, less disruptive way, but also balancing that against the rights of individuals to due process? Although it's an urban legend that you can't fire a civil servant, like most stereotypes, there's a kernel of truth to it. The processes that we have in place now don't lend themselves to quick action, and we do - it's the nature of the civil service - err on the side of giving civil servants the benefit of the doubt when it comes to those things. Also, there's a lot of procedural justice in place that makes things a little more difficult and challenging for management to take action when they want to, but they are there for a reason. We want to shift that a little bit, absolutely. The legislation covered that and said, "Yes, you need to deal with some of that, too." Collective bargaining, the thing that probably drew the most attention, really was the attention-getter. Do we need reform in collective bargaining in the federal service, especially in a national security organization? Yes, we probably do. I don't know if it was the fault of the statute, how we implemented it, or the circumstances, although there's just some immutable things in this town. The institutions around collective bargaining in federal service are strong and deeply rooted, so do we need some reform? Even the unions will say yes, we need to reform how

we do things. We do need to make the dispute process quicker. We do need ways to speed up the bargaining process itself, absolutely, and I think Congress appropriately gave us the authority to do that. In my view, the NSPS statute was scoped correctly in terms of identifying the areas that needed change, needed reform. Whether it's the fault of the statute or Congress or us or whomever, it didn't tell us how to do it, it just said you can do it, you have the authority to go do it, but we're not going to give you the guts of it. That opened it up for lots of interpretation, for many different ways of doing it, for people to put it in the context of politics rather than pure civil service reform, so all those factors led to the controversies that eventually came up. I'm not in a position to say whether what we did was right, wrong, or whatever. I know what we did was legal. That was proven by the courts, but rendered moot by Congress. It's a matter of, OK, was it the right time to take some of these steps? Was it the right environment to do that? Maybe trying to bite everything off with one bite, maybe that was too challenging, but when it comes to whether the Department of Defense needs a unique way of dealing with its workforce, given new circumstances, a new environment, I think yes, the original statute was scoped correctly.

Q: Is there anything else you'd like to bring up for this interview that I haven't asked you?

A: I think the two sessions we've had pretty much covered everything.

Q: Is there anything that you could have done differently or that you think could have been done differently over all these years?

A: I don't necessarily have any personal regrets, but as an executive and as a leader, hindsight being 20/20, yes, there are probably some things we could have done differently. I don't know that we could have built a better, more productive relationship with the labor unions, but if I had it to do over again I probably would focus more on that. I think we underestimated their ability to influence things. I would have spent some more time trying to build a more collegial relationship with them. Whether that would have worked, I don't know, because we really were attempting to make some fairly institutional changes to the way that they operate, so that would have been challenging no matter how good our relationship was, but it got almost poisonous in a lot of ways, and I think we could have done that a little better. I think our overall approach was about as good as it can be, given this transformation. One thing we could do is before we start

paying people based on their performance, roll out a performance management system and test it before we start putting people's pay at risk. A lot of folks have said that. That's been the mantra of a lot of GAO reports and paper from other organizations. "Prove to me that you can do good performance management before I let you affect people's pay." I do not think that would have worked because we've been trying to do good performance management for a long time, but never had any real incentive to do it, and there are no consequences to whether you do it well or not. I'm not sure that would've produced much. People say, "You should've slowed down on the pay side of pay for performance," but if you're really going to have a pay for performance system you have to do them in tandem. I don't think I would have done things all that differently. Communications and training, I'm not sure we could have done a better job there. I think we did about as good a job as you can, given the circumstances. We were lucky to have senior leadership engagement and support, so we were resourced appropriately in my view. When we needed money we got money, when we needed people we got people. So aside from our relationship with the labor unions, I'm not sure I would have done it that differently.

Q: OK, that's a good note to end on then.

END OF INTERVIEW