Ten Years Later: Can Piecemeal Reform of the Civilian Employment System Succeed Where the National Security Personnel System Failed?

Peter K. Levine (plevine@ida.org)

The Department of Defense (DoD) system for hiring and retaining civilian employees has long been in need of reform. Hampered by bureaucratic processes and inflexible regulation, the system suffers from rigid job classifications, lack of ability to quickly hire new talent, supervisors without the authority to manage their own workforce, and compensation that is neither linked to performance nor responsive to market forces. In addition, retaining top performers, dealing with poor performers, and increasing workforce flexibility and responsiveness are problematic.

The terrorist attacks of September 11, 2001, brought increased attention to these longstanding problems, creating a political opportunity for sweeping reforms. As a result, the National Security Personnel System (NSPS) was introduced in 2003. The NSPS was intended to be a single system that was flexible enough to meet DoD's personnel needs efficiently and equitably. The plan was to give DoD decision makers the authority to develop and implement new approaches to hiring, firing, promoting, rewarding, and disciplining civilian employees without regard to previously applicable laws and regulation. **But in 2009, despite concerted efforts to implement the new system, NSPS was repealed.**

An IDA analysis of lessons learned from the NSPS experience found that the reasons for the system's failure included the overly ambitious scope of the reforms proposed and a series of political missteps. Rather than adopting targeted solutions for discrete problems, the architects of NSPS sought to replace—in their entirety—the existing DoD systems for hiring, classification, pay, performance management, employee discipline, dispute resolution, and labor relations. Strong opposition to NSPS developed when the executive branch insisted on comprehensive changes to the collective bargaining and employee appeals systems, which were largely unrelated to the reform's core purpose of linking pay to performance. These changes turned labor opposition into an all-out, life-and-death matter for the employee unions by threatening the unions' very purpose. As a result of NSPS, changes were made not only to parts of the system that needed to be changed, but also to parts that were working reasonably well. In the end, **NSPS failed because of controversy over parts of the new system that may not have been necessary at all, and this failure dragged down the prospect of constructive reform for at least another decade.**

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IDA explored recent experiences with smaller scale attempts at civilian employment reform, noting that these changes appear to have succeeded where NSPS failed, taking hold without provoking significant controversy or opposition. These experiments include the DoD Acquisition Workforce Personnel Demonstration Project (AcqDemo); the Defense Civilian Intelligence Personnel System; the new cyber personnel authorities; multiple direct hiring and expedited hiring authorities; and legislative provisions injecting performance considerations into reductions in force, probationary periods, and general schedule step increases. IDA concluded that this smaller scale approach could be used to make needed improvements in access to new talent, retention of top performers, linking pay to performance, increasing workforce agility, and other areas without encountering the wall of opposition provoked by the NSPS experiment. **Is the country now ready to implement needed reform of the civil service system through piecemeal legislative changes?**