FORCE OF THE FUTURE

FINAL REPORT: REFORM PROPOSALS

VERSION 2.0
MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY, MANPOWER AND RESERVE AFFAIRS
ASSISTANT SECRETARY OF THE NAVY, MANPOWER AND RESERVE AFFAIRS
ASSISTANT SECRETARY OF THE AIR FORCE, MANPOWER AND RESERVE AFFAIRS
DEPUTY CHIEF OF STAFF FOR PERSONNEL, UNITED STATES ARMY
CHIEF OF NAVAL PERSONNEL
DEPUTY CHIEF OF STAFF FOR PERSONNEL, UNITED STATES AIR FORCE
DEPUTY COMMANDANT FOR MANPOWER AND RESERVE AFFAIRS, UNITED STATES MARINE CORPS

SUBJECT: Additional Coordination for the Force of the Future Draft Reform Proposals

Thank you for your comments, recommendations, and suggested edits to the reform proposals I submitted to you in draft form on August 3, 2015. My staff and I have reviewed each one and made substantive changes to the reform proposals which are enclosed. Of the 599 comments submitted, we favorably adjudicated 525 of them, including removing or substantially amending certain reform initiatives or proposals. To address some of your more general concerns related to readiness, cost and resource requirements, and headquarters growth, we have attempted to reduce requirements and emphasize cost neutrality while still meeting the underlying intent of the reform proposals. A summary of all policy changes made as a result of your feedback is included at the back of this most recent version of the draft reform proposals.

In preparation for the upcoming Tank and Defense Executive Committee (DEXCOM) sessions, both to be held after Labor Day, I am seeking your review and concurrence on this amended set of reform proposals. After careful review, I would ask that each of you submit a single memorandum from your Service that outlines your overall level of support, continued areas of specific concern or non-concurrence, and any suggestions for improving the enclosed proposals and initiatives that would result in your support. I’d appreciate your written feedback not later than Monday, August 31, 2015. To clarify, I do not envision this will be the last round of Service coordination for these proposals: I will not ask for final concurrence on these reforms from the Secretaries of the Military Departments or Joint Chiefs of Staff until after the upcoming Tank and proposed DEXCOM.

As you review the enclosed reform proposals, I’d ask that you determine your level of support against two criteria: support for the concept or idea, and willingness to assess these ideas against other resource requirements as part of the Fall 2015 Program and Budget Review (PBR). Concurrency with any or all of these proposals neither binds your respective Services toward placing resources against these reforms, nor implies full agreement with a detailed
implementation plan. As many of you highlighted during the first round of coordination, these proposals will necessarily demand further discussion and deliberation to determine exact implementation mechanisms that are appropriate for the nuanced differences between the Services. In short, if you agree that these ideas are sound, and are willing to discuss them in the context of other resource trade-offs during the PBR, I would ask for your concurrence. In cases where you fundamentally disagree on the substance or aim of the reform proposal, you should appropriately annotate your non-concurrence. As I have consistently stated throughout this process, these reform proposals constitute recommendations to the Secretary of Defense; he is free to reject or accept any or all of them as he determines appropriate and prudent.

As before, please feel free to reach out to me directly if you have additional questions or concerns; I am happy to talk to you personally or to send my staff to collaborate with yours in order to reach appropriate consensus. I look forward to working with you further on these important reform proposals and thank you for your leadership and service to the Department.

Brad Carson
Acting

Cc: Deputy Secretary of Defense
    Secretaries of the Military Departments
    Chairman, Joint Chiefs of Staff
    Chief of Staff, United States Army
    Chief of Naval Operations
    Chief of Staff, United States Air Force
    Commandant of the United States Marine Corps
    General Counsel of the Department of Defense
    Director of the Joint Staff
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Military Personnel Reform Proposals
TITLE: Replace “Up or Out” with “Perform or Out” (Military Reform Proposal 1)

PROPOSAL SUMMARY: This reform proposal will release the Secretaries of the Military Departments from the requirements of “up or out” promotion mechanisms for both active and reserve officers by amending certain Title 10 language from the Defense Officer Personnel Act (DOPMA) and the Reserve Officer Personnel Management Act (ROPMA), in favor of non-tenure based systems which are more aligned with talent management principles. In order to ease the transition to new systems, this proposal seeks temporary relief from the statutory caps on field grade officers for a five year period, and introduces a new 40-year career option. Finally, this proposal requires that the Military Services pilot milestone-based promotions for no more than five branches, communities, or competitive categories, unless that Service proposes to incorporate promotion by milestones or other alternatives to tenure based promotion systems.

CURRENT CHALLENGES: “Failed of Selection” language and “up or out” promotion policies first appeared for the entire Department of Defense in the Officer Personnel Act of 1947 and have been retained in all years hence, reinforced in statute in the form of DOPMA enacted in 1980, and ROPMA in 1996. This language was the thoughtful result of post-World War II personnel management reforms meant to ensure ubiquitous youth and vitality in the event of a reprise of major land combat operations. Now, as then, major personnel decisions—including promotion, resident professional military education, involuntary separation, and career field designation—occur in batches determined by the year in which an officer enters service, for both active and Reserve components. Failure to complete all of the tasks and assignments deemed desirable by the promotion board in the allotted time often results in failure of selection. For our reserve officers, mandatory promotion boards which occur according to an arbitrary time-in-grade schedule also have little to do with professional milestone achievement, largely ignoring competencies learned and achieved in civilian life.

Unnecessary loss of talent due to the arbitrary nature of career timing represents a tremendous opportunity cost to the Department and the Nation; ample opportunities exist for improvement. For example, in order to increase the diversity of educational backgrounds in the senior ranks, a more flexible career timeline is required to encourage officers to take advantage of advanced civil schooling opportunities. Additionally, with more flexibility, personnel decision-makers would be free to program the officer who represents the best talent match for a position, rather than continually deferring to the calendar of selection boards for promotion. This policy change would also relax pressure from the ticking promotion clock that requires officers to complete operational, generational, enterprise, and joint assignments prior to selection for key command billets. Current caps on officer end-
strengths by pay-grade also create strictures upon Military Service flexibility to shape communities which require a greater length of experience in increasingly complex technical fields.

The negative consequences of these policies include discouragement of broadening and non-traditional assignments due to a command-centric promotion focus, denial of job opportunities due to standardized career paths, and creation of significant officer excesses and shortages due to the unwieldy management of officer personnel decisions in massive batches. Under a talent management system unrestricted by time-in-grade or service, officers would have greater flexibility to pursue organizationally and personally valuable broadening opportunities without fear of career repercussions.

**PROPOSAL DESCRIPTION:** This reform is composed of four parts. First, in order to relieve the Secretaries of the Military Departments from strict adherence to the “up or out” promotion and retention system, the Secretary of Defense will propose that Congress amend specific language which mandates officer promotion by year group or lineal number, and instead reflect broad discretion to implement talent-management based systems. These changes will provide authorities to author mechanisms with which to uniquely shape their officer corps by branch and community, according to 21st Century warfighting requirements, and achieving a “perform or out” system.

Second, the Department of Defense will pursue the relief of current statutory caps on percentages of officers allowable in the “control grades” (officers in pay grades from O-4 to O-6) for a five-year period. This legislative change will empower the Secretaries of the Military Departments to adjust the shape of their officer corps as necessary in order to affect talent management-based promotion systems, and more quickly find a new equilibrium between changing warfighting requirements and available talent supply.

Third, the Department of Defense will request that Congress amend current statutory language which mandates retirement at 30 years of active commissioned service for all officers not promoted to general or flag rank, and instead provide flexibility to allow up to 40 years of service.

Fourth, in the case of Military Services which do not fully employ “perform or out” talent management principles through milestone-based promotions throughout their officer corps, the Department of Defense will require that those Military Services pilot milestone-based promotion mechanisms for up to five distinct branches, communities, or competitive categories in each of the active and Reserve components. These pilots will occur over a five year period, with periodic reports to the Secretary of Defense as outlined below.
IMPLEMENTATION AND GOVERNANCE MECHANISM: This reform will be achieved through legislative reform to provide the Secretaries of the Military Departments relief from specific language in Title 10, and end the requirement for codification of promotion zones in Title 10, USC § 645, along with all other references to promotion zones in surrounding language, such as Title 10, USC § 616, “Recommendations for Promotions by Selection Boards,” Title 10, USC § 619, “Eligibility Requirements for Promotions by Selection Boards,” and Title 10, USC § 623, “Establishment of Promotion Zones.”

Once signed into law, the repeal of these provisions of DOPMA will obviate the statutory requirement for management by cohort year group. To provide additional flexibility for the Military Services as they develop new officer personnel management systems, the reform proposal will also seek temporary relief (to be reinstated October 1, 2020) from the statutory grade plates enforced under Title 10. The Military Services will be directed to pilot alternatives to year group or lineal number management, such as professional milestones, as well as new divestiture rules to replace the throughput mechanism of “up or out.” In order to enable the Secretaries of the Military Departments greater authority to shape their officer corps per the unique needs of each Service, this proposal will provide relief from Title 10, USC § 634, “Retirement for Years of Service: Regular Colonels and Navy Captains,” with a provision which extends the possibility of total active commissioned service to forty years. For the Reserve component, this proposal will similarly provide relief from Title 10, USC § 14304, “Eligibility for Consideration for Promotion: Maximum Years of Service in Grade,” and Title 10, USC § 14305, “Establishment of Promotion Zones: Mandatory Consideration for Promotion,” thereafter allowing the Secretaries of the Military Departments freedom to set alternative means for setting promotion zones other than completion of years of service in grade.

Although the Military Services may continue to mirror current processes, this proposal empowers them to consider alternative officer management systems for promotion and throughput, consistent with talent management principles. Absent the time-based strictures of DOPMA and ROPMA, the Military Services will have to adapt and update their respective officer personnel management systems to accommodate the new, post-DOPMA/ROPMA environment.

Not later than 365 days from the legislative proposal being signed into law, the Secretaries of the Military Departments will prepare an initial briefing for the Secretary of Defense to outline their proposed systems to adjudicate officer promotions, eligibility windows and criteria, divestiture, grade plate adjudication, force structure implications, and projected impacts to retention. The Military Services will establish mechanisms and criteria for separating Service members between retention control point boards if they fail to meet
Military Service standards of behavior or performance, ensuring throughput and opportunity throughout the grade plate. Not later than 24 months after repeal, the Secretaries of the Military Departments will prescribe final professional management guidance for their officer corps. Once new guidance and management systems are approved, the Department of Defense will update DoD Instruction 1320.14, “Commissioned Officer Promotion Program Procedures,” to accurately reflect the flexibility for various competitive categories to achieve appropriate promotion timing and opportunities in order to maintain warfighting requirements. Effective implementation of personal career management will require strong leadership and effective strategic communication during the transition from “up-or-out” to “perform or out” as well as updated training for those who would select officers under a different construct than has been used for almost 70 years.

The following figures provide notional examples of promotion systems which the Military Services may choose in order to promote, retain, and off-board talent. These examples are not intended to be all-inclusive, but rather contain a thumbnail sketch of officer management methods which would ensure Services greater flexibilities while pursuing alternatives to the “up or out” year-group-based promotion system.
Option One aligns officer promotion eligibility criteria ("milestones") with comprehensive assessment processes and certification of talent required in duty positions at the next higher rank, rather than assortment by lineal number or year group.

**Option 1: Milestone Based Promotions**

- **Promotions:**
  - After selection to O-3, officers are in a binary status of "eligible" or "ineligible" to receive promotions.
  - Annual centralization promotion board to determine eligibility for promotion to O-4.
  - Seniority list will specify eligibility requirements for promotion.

- **Separations:**
  - Repeal 10 U.S.C. 3931, 3932, 3933, 3934, 3935, 3936, 3937, 3938.
  - Armistice Act of 1918, section 6, applies to officers in grade E-8 and above.

**Changes:**
- Revision of statute
- Revision of DoD
Option Two envisions the possibility of the use of successive contracts for officer continuation and grade control. Both are enhanced by the proposed increased flexibility for the Secretaries of the Military Departments to entertain up to 40 year careers of active commissioned service.

The Department will provide a comprehensive report to Congress not later than September 1, 2020, with a recommendation to maintain relief from the statutory caps on officers, or resume implementing them. In addition to the two reports owed to the Secretary of Defense, the Secretaries of the Military Departments will provide reports, including recommendations whether to reinstate the statutory grade plate caps, to the Secretary of Defense semi-annually until October 1, 2020.

**BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS:** The concept of competency-based promotion without structural linkage to the arbitrary date one joined the service is likely to be met with cultural resistance. Adoption of a hybrid defined benefit/defined contribution pension will aid in mitigating this cultural resistance, as officers
will have a portable defined contribution benefit as early as five years of service. Costs, in terms of both manpower and resources will be difficult to approximate as new officer management systems, including divestiture, may vary significantly among and between Military Services. Additional costs required above zero-sum moves across the grade plate will be adjudicated by the Military Services, the Under Secretary of Defense for Personnel and Readiness, and the Deputy Secretary of Defense. This reform should be included in the Fall 2015 Program and Budget Review (PBR) in support of the Department’s President’s Budget 2017 submission.

**METRICS FOR SUCCESSFUL IMPLEMENTATION:** Once officers have transitioned out of service or from the old “up or out” DOPMA- or ROPMA-based system, success will have been achieved. Military Services will establish appropriate metrics based upon their individual needs and tailored implementation of the flexibility provided above in officer promotion and control zone size by pay-grade. Removal of “up-or-out” provisions and year group management should provide the Military Services with wide latitude as they devise an optimal process by which to assess and certify the talent of the officer corps prior to entry into the mid-career and senior ranks. Essential to any promotion reform is achieving a balance between upward mobility for young officers and capturing a return on investment in those who continue to learn and grow in their professions allowing them to reach new heights of performance in service than our aged mechanisms currently allow. As talent matches occur for the officer pool in a market-based assignment mechanism, employing organizations should see a higher degree of fit between officers and duty position talent requirements. Another desirable effect of this proposal may be that officers of varying service tenure, ranging three to six years apart, will select for the same rank on the same board, based on their personal capacities for growth and achievement. Milestone-based promotion systems will foster increased lateral movement from active to Reserve components and back to active duty or direct entry into the mid-grade levels of the officer corps from civilian life. Eventually, this initiative should contribute to diversity of education and experience in our senior officer talent pool – military leaders uniquely qualified to lead both the enterprise and operational functions of the organization.
TITLE: Develop and Employ Military Talent Management Systems (Military Reform Proposal 2)

PROPOSAL SUMMARY: This reform proposal will provide Departmental guidance to the Secretaries of the Military Departments on a number of reforms aimed at identifying and developing the differentiated talents within the total force, both civilian and military in origin, and matching these talents to unique skills, knowledge, and behaviors required for national security. These reforms include aligning active and reserve officer talent with military career fields requiring their specific skills, expanding the Career Intermission Program, conducting formal data collection and analysis on active, reserve, and separating Service members, and identifying key billets for succession planning and adequate strategic tenure.

CURRENT CHALLENGES: The military must know not only the talents that are in demand but also the broadest picture of skills that in supply, from all sources – active, reserve, and civilian – before it can attempt to allocate those differentiated talents across the force. Civilian skills in particular are an essential competency of the Reserve component which have yet to be adequately captured for the good of the entire Department; these skills proved critical during the various nation-building missions of the past fourteen years of war. This merging of warfighting need and civilian capacity is likely to only increase in intensity, and is best satisfied through a market construct in which commanders are able to articulate specific talent demands and Service members from all components are encouraged to articulate their unique talents.

Current legacy systems that assign officers and enlisted do not deliberately align talents with military occupations. Rather, assignments are directed by a centralized personnel hub, marked by heavy caseloads for assignments managers and relatively little unique information about the Service members involved or the particular demands of the position. While this system performs adequately at ensuring Service member throughput and distribution (i.e. sufficient coverage at every unit), relatively little attention is given to the talents of Service members or the preferences of themselves and their families. The results are comparatively lower rates of productivity and long-term job satisfaction, as well as high turnover rates and diminished retention.

Historically, the Department has not required managers of military career fields to identify the specific talents (skills, knowledge, and behaviors) required for successful service in their occupational specialties. Developing specific talent requirements gives the occupational managers a voice in the employment decision, while permitting prospective officers to assess their ability to meet those needs. A modern human resources system requires personalized assessments of each Service member's abilities, including a continually updated collection of
critical skills garnered from the civilian workforce. Indeed, second only to collecting information on the demand for specific talents, conducting personalized assessments—and garnering the fullest possible knowledge of human capital—lies at the very heart of the talent management revolution that has spread throughout the private sector.

An inordinate focus on quantity of key duty assignments prior to promotion, rather than demonstrated talents relevant to subsequent duty positions leads to a senior officer corps in which the average member has spent little time in non-operational and non-command duty assignments. The talent requirements for general officer billets vary widely and are constantly changing with global security, economic, and political conditions. Plans for “growing” the Service members who will eventually fill these positions should, therefore, also vary and be responsive to changing requirements.

Flexibility in personnel management is important if various talents are to emerge and grow. Current Military Service pilots of the Career Intermission Program have proven their efficacy and value in retaining otherwise lost Service member talent. Options to return to service after such sabbaticals—made for any reason and without penalty or stigma—have a potentially high return on investment for the entire Department. Moreover, the Career Intermission Program enables other efforts to access and retain highly talented personnel and may have salubrious effects for the entire Department in ways unforeseen today, as socioeconomic conditions continue to change.

Examples of succession planning practices vary in their exact execution, but most involve deliberate sequencing of developmental and critical leadership assignments, coupled with continuous talent assessment and refinement of individual career paths. This process ensures that future senior leaders will possess the unique work experience, training, education, and talent requirements to perform optimally in the organization’s most critical positions.

Officers in positions of strategic importance are afforded little time to evaluate the problems they face or pursue innovative solutions. A lack of continuity among top leaders assigned to tackle intractable and particularly persistent problems tends to lead to a focus on symptoms, rather than effective solutions to root causes.

**PROPOSAL DESCRIPTION:** This reform proposal is composed of eight parts:

First, the Department will require that each Military Service will, appropriately determine, describe, and transparently post via current human resource manager channels the knowledge, skills, and abilities for each key development, command and key staff billet in the
Active and Reserve components. Talent-based, transparent assignment matching for these positions will be implemented and ready for use not later than end of FY2019.

Second, each Military Service will establish centers of excellence in labor economics and repositories of talent management information for each Service's incoming officer corps; the Army’s Office of Economic and Manpower Analysis at the United States Military Academy is an exemplar and should be emulated. These centers will implement talent-based branching or community selection mechanisms for all newly commissioned officers, subject to waivers approved by respective Military Service Assistant Secretaries for Manpower and Reserve Affairs (M&RAs). Talent-based branching and community selection processes and offices of talent management as described above will be established no later than end of FY2020 at all Military Service Academies (or locations deemed appropriate by the Secretaries of the Military Departments) and will serve both Service Academy and Reserve Officers’ Training Corps (ROTC) graduates.

Third, each Military Service will pilot a web-based, object-oriented, open standards technology system for assignment and talent matching usable by all Service members by end of FY2020, using the Integrated Personnel and Pay System-Army ( IPPS-A) as an example. Each military member both active and reserve will record their talents, experiences, and preferences in a consolidated, standardized database and available assignments will be described in detail by unit commanders. Service members will be able to openly search for opportunities across the force, apply for qualified positions, reapply for current positions, and conduct interviews for final approval by local unit commanders or human resources personnel.

Fourth, along with the knowledge, skills, and abilities tracked for active duty service, the Department will better collect and match valued civilian skills extant in the Reserve component with the rapidly changing needs of national security. As a baseline, the Military Services will use the list of Mission Critical Occupational (MCO) skills as defined in the DoD Strategic Workforce Plan, updated by the Office of the Under Secretary of Defense for Personnel and Readiness (OUSD (P&R)) to reflect emerging skills requirements, such as those used in nation-building operations.

Fifth, to assist in monitoring talent retention, the Department will direct the Secretaries of the Military Services to implement standardized on-line exit surveys not later than end of FY2017 for all commissioned and non-commissioned officers. These surveys will be designed to determine why the Service member is leaving. For commissioned officers and NCOs above the paygrade of E-7, commanders at the O-5 level will conduct in-person exit interviews and submit the Service members’ comments to the appropriate personnel
command. Data on exit interviews will be standardized, aggregated, and analyzed to better understand retention trends, and the effects of personnel policies on talent retention.

Sixth, each Military Service will identify key command, staff, and management billets (for both general officers and equivalent senior NCOs) and provide five-year succession plans for each billet. By June 2016, the Secretaries of the Military Departments will conduct quarterly succession briefings for each of these key billets, and copies of the briefings will be furnished to the Deputy Secretary of Defense.

Seventh, the Secretary of Defense will support a proposal to Congress in the FY2017 National Defense Authorization Act that the Career Intermission Program be authorized without pilot restrictions and provided to Secretaries of the Military Departments for implementation throughout their workforces. The Secretary of Defense will ensure that there is no additional service obligation for participation in the Career Intermission Program.

Eighth, the Department will endorse extant Military Service legislative proposals requesting authorities to adjust lineal numbers of officers based upon superior performance in statutory selection boards, as well as provide for broad flexibility for implementation by means of supporting Departmental instruction. These proposals work to further talent management efforts by advancing the most highly proficient officers first, instead of promoting in batches by seniority.

**IMPLEMENTATION AND GOVERNANCE MECHANISM:** This reform will be achieved through a directive memorandum from the Secretary of Defense for the first seven parts, and a legislative proposal to Congress regarding the Career Intermission Program.

Each Military Service will develop a comprehensive talent assessment plan for its force; this plan will include cognitive and non-cognitive tests that should be administered upon entrance into the military and at key career crossroad points. The Deputy Assistant Secretary of Defense for Military Personnel Policy (DASD (MPP)), along with the Deputy Assistant Secretary of Defense for Future Force Implementation (DASD (FFI)), will monitor and oversee establishment of talent-based community assignment organizations, ensuring all four Military Services are apprised of, and share, key talent management IT enablers, best practices, and are aware of HR developments in academia and industry.

Military Service HR departments will establish data linkages across multiple manpower functions and will develop an advanced taxonomy of talent dimensions to guide enterprise resource decisions across the total force. This taxonomy will include the tracking of specific civilian skills (identified in the latest DoD Strategic Workforce Plan) both in the Reserve
component and those transferred to active duty, in systems modeled after the Department’s Civilian Employment Information (CEI) database. DASD (MPP) will monitor these developments with quarterly Departmental talent management symposia, composed of all four Military Services as well as governmental partners and industry experts.

If Congressionally-mandated limits are lifted, Military Service Career Intermission Programs will be tailored to specific purposes and end strength limitations. Participation in the Career Intermission Program will be tracked by the Military Services and provided to the DASD (MPP) on an annual basis. Reports will include promotion results of those who have reentered active service.

Nothing in this reform proposal is designed to amend or abridge ongoing efforts or initiatives by the Military Services that will achieve the desired effects outlined herein. Where Secretaries of the Military Departments believe that current efforts by the Military Services meet the intent of this reform proposal, they may request an exception to policy from the Deputy Secretary of Defense for amended implementation.

BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS: Using tenure requirements as one of the key criteria in selecting general officers for assignments will likely change the pace at which officers tend to rise through senior ranks. For example, Military Services’ “champions” of strategic initiatives may realistically remain in the same three-star position for five years. Increased tenure for this officer will subsequently decrease the number of officers who might have otherwise filled the billet under the current system. Therefore, another consequence of this proposal may be fewer officers selected for promotion to general officer, despite no change to the number of general officer billets.

The Military Services will identify resources and full time equivalents (FTEs) required for Military Service-specific centers of excellence in labor economics and talent management, such as that created at the United States Military Academy (Office of Economics and Manpower Analysis (OEAMA)) and to be built at the United States Naval Academy (Office of Talent Optimization). For reference, Military Services using OEMA as a model can expect a $500K startup expense, along with recurring expenses of $500K for software licensing and an overall operating budget of $10M over the Future Years Defense Program.

Use of IPPS-A for talent management applications was explored by OEMA and found to cost an initial $800K to build the piloting environment. Talent management software (PeopleSoft) is also licensed by the Department, so it is probable that the only additional

1 DoDI 7730.54, “Reserve components Common Personnel Data System,” provides guidance for the maintenance and reporting of personnel data to members of the Reserve components.
costs would be those to configure the software, estimated to be between $1-2M as a one-time expense. This reform should be included in the Fall 2015 Program and Budget Review (PBR) in support of the Department’s President’s Budget 2017 submission.

**METRICS FOR SUCCESSFUL IMPLEMENTATION:** Talent information will be gained by simply having Service members engage in the controlled market. The Military Services can also measure whether officers assigned through the talent management program better possess the talents required by the occupational managers. Retention, promotion, job satisfaction, and central selection for command positions will determine the impact of talent management upon the military’s ability to acquire, develop, employ, and retain the most talented officers.

The eventual effect of this proposal will be most evident in the process of matching senior officer talent to general officer billet talent requirements. For example, success would be placement of an officer with one or multiple degrees in human resource management, a tour with industry at a Fortune 100 Human Resources department, and an optimal mix of staff and leadership positions into a Military Service-level personnel chief position. Moreover, the rare situation of a general officer seeing a lengthy strategic initiative through to completion should become the expected norm under this proposal.

The Military Services will use a robust set of metrics to capture the effectiveness and efficiency of talent-based marketplace pilots. Qualitatively, they will measure before- and after-assignment satisfaction among three parties: Service members, commanders, and centralized manpower management personnel. Successful matching of civilian skills with emerging Service requirements and increased utilization rates from the Reserve component will serve as important indices. Consistent with the results of OEMA’s “Green Pages” pilot, the Department expects to see a 25% increase in overall career satisfaction from the total force.  

Promotion statistics for those who were enrolled in the Career Intermission Program and then return to active service will demonstrate its efficacy, along with training and education costs avoided through increased retention. Surveys of career satisfaction throughout the force will serve to indicate effectiveness of the program as well, even for those who choose not to participate but are aware of career flexibility afforded.

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2 The Army's "Green Pages" pilot project was a small-scale, test bed created to experiment with talent management-centric personnel management IT solutions. Over 750 active component officers, from captains to lieutenant colonels, have participated in the pilot. Officers, representing talent supply, augment their official files, which are drawn into an aggregated database. Units, representing talent demand, construct transparent job profiles, explicating the skills and experiences desired. Officers review vacancies and express preferences, which units adjudicate.
TITLE: Establish Technical Career Tracks and Expand Lateral Entry (Military Reform Proposal 3)

PROPOSAL SUMMARY: This reform proposal will direct the Military Services to establish branches, occupational specialties, and functional areas wherein commissioned officers and non-commissioned officers (NCOs) will focus on technical expertise and proficiency in lieu of command or supervisory responsibilities. Additionally, this reform proposal expands current authority within the Military Services for lateral entry of exceptionally qualified candidates in occupational specialties designated for technical track status.

CURRENT CHALLENGES: Due primarily to the requirements of the “up or out” system and year group management paradigms, the Military Services presently have little flexibility to initiate and sustain technical career tracks. Most officers in a given branch or occupational specialty must compete for command, key developmental, or critical assignments to survive in an “up or out” context. This leaves some of the Military Services’ greatest tactical and technical talent underutilized and underdeveloped. Although distinctions are made between some occupational specialties, in most instances distinctions are not made within occupational specialties between those personnel with a proven performance record as managers and leaders and those personnel that are best suited for the more technical and tactical aspects of the profession. In addition to creating a backlog of officers and senior NCOs in competition for the same billets, the current professional development model incurs unnecessary personnel costs as some people are promoted out of the rank at which they can perform in jobs for which they are ideally suited and would prefer to make a career. Reforms in this area mean better and more numerous technical and tactical talent, greater Service member satisfaction, and cost savings.

There is also little opportunity for citizens with expertise in “dual-use” skills (e.g. cyber, advanced signal and information technology; space; foreign area expertise; and intelligence) to enter service laterally (i.e., at a rate higher than E-4 or O-1). This limits the stock and freshness of technical talent in uniform, while requiring ubiquitous entry-level training for specialties that have well-developed civilian analogues. Further, having only the ability to offer entry-level positions and attendant wages, the Military Services are limited in their ability to make attractive offers to those talented civilians who could provide exemplary technical expertise. There is an understandable desire by the Military Services to prevent lateral entry candidates from assuming command roles without proper development; without a technical track, the Military Services face a dilemma between training and developing all specialized talent, or placing lateral entry Service members in command positions for which they are not prepared. The result is a broad swath of private citizens that might otherwise
serve in technical, mission-critical areas, but cannot be accessed given the impermeable barriers currently attendant to military service. This is troubling, given the increasing proliferation of high technology in warfare and the increasing desire for diverse cognitive and specialized skills within the military.

PROPOSAL DESCRIPTION: This reform proposal is composed of two parts. First, it recognizes that the desire to command or supervise other military personnel is not universal to every Soldier, Sailor, Airman, or Marine. Some personnel are better suited as technical experts in their field or possess an exceptional aptitude and passion for a certain aspect of their profession (e.g., a pilot who is an exceptional combat aviator, but does not wish to command a squadron) that is incompatible with a forced “up or out” system. Each of the Military Services will designate no fewer than five branches, occupational specialties, or career fields, irrespective of component, to be “dual-tracked” fields.

In accordance with their unique needs, or the niche requirements of the selected branches, occupational specialties, or career fields, the Military Services will identify an appropriate point in the career field at which commissioned officers and NCOs will no longer be required to perform key developmental positions or compete for command. Instead, Service members will be given the opportunity to retain their grade and position based on technical proficiency, opting or competing for a billet in the “Technical Career Track.” Once the Service member has opted into or been designated for a Technical Career Track, he or she will receive automatic pay increases based upon years of service, will be exempt from centralized promotion or command selection boards, and may be exempt from existing Professional Military Education (PME) requirements, as determined by the Secretaries of the Military Departments. For those designated or voluntarily accessing into a Technical Career Track, they will be given limited supervisory authority and may only be re-designated onto a “Command Track” at a level deemed appropriate by their Military Service.

Screening, vetting, and culling for talent is a necessary component of any talent-based management paradigm. For the Technical Track positions, the “up or out” paradigm should be eclipsed by a “perform or out” model that will ruthlessly retain the Military Services’ best technical and tactical talent. The Military Services will conduct retention control point boards for officers who select the technical track at least every five years subsequent to selection.

The second part of this reform proposal expands the lateral entry hiring authority of the Secretaries of Military Departments by reducing entry requirements consistent with individual needs in the Military Services. This will be achieved through a new lateral entry program, the “Critical Skills and Exceptional Person Program (CSEPP) that permits the
Secretaries of the Military Departments to award constructive credit\(^1\) for leadership experience, professional credentials, and technical expertise to direct commission or enlist personal up to the rank of E-7 or O-6, respectively. Although similar authorities currently exist for professionals (e.g., doctors, lawyers, chaplains, etc.), the new CSEPP authorities would extend to those branches, career fields, and occupational specialties that have been designated for Technical Track status by the Secretaries of the Military Departments.

**IMPLEMENTATION AND GOVERNANCE MECHANISM:** This reform will be achieved through a directive memorandum from the Secretary of Defense, and through amendment of Department of Defense Instructions (DoDI) 1312.03 and 6000.13.

DoDI 1312.03, establishing constructive credit policy for the active component, and 6000.13, doing the same for the reserves, will be expanded to allow additional flexibilities to the Secretaries of the Military Departments. Specifically, in both DoDIs, the Secretaries of the Military Departments should have the authority to offer appointments up to O-6, and the entry grade for special experience should be expanded to allow for a full year of credit for each year of specialized civilian experience, not to exceed fifteen years in total. DoDI 1312.03 and 6000.13 currently allow the Secretaries of the Military Departments to offer entry grades up to O-4, and to award a half year of entry grade consideration for each year of specialized experience, not to exceed a total of three years.

The Secretaries of the Military Departments will provide a detailed career management strategy for the establishment of Technical Tracks and lateral entry flexibilities to the Secretary of Defense, through Deputy Assistant Secretary of Defense for Military Personnel Policy (DASD (MPP)), not later than 365 days after the Secretary of Defense directs such action to them. The career management strategy will include, at a minimum, the point at which personnel inside the branch, occupational specialty, or career field will move onto either the Technical or Command Track; the number of personnel affected; how the Military Service will select Service members for a Technical Track; how the Military Service will ensure sufficient opportunities for officer promotion and development within the Command track; and a timeline for full implementation of these reforms inside the selected branches, occupational specialties, and career fields. Regarding lateral entry, the strategy should examine, at a minimum, the career fields and branches identified as most suitable for lateral entry; strategies for recruiting, accessing, training, and assigning lateral entry Service members; the expected resource effects, highlighting any savings of occupational training.

\(^1\) By Title 10, USC § 533 and 12207, constructive credit may be awarded by the Secretary of Defense to determine rank based on advanced schooling, specialized training, or prior military or federal service. Constructive credit, generally used in medical, dental, and legal fields at present, allows civilians with skills valued by the military to be accessed at a grade comparable to a traditional military officer who gained similar skills in service.
resources identified; and the projected effects on the Service’s supply of technical expertise. Once approved, the Military Services will provide semi-annual updates to the DASD (MPP) until the end of FY2020.

Nothing in this reform proposal is designed to amend or abridge ongoing efforts or initiatives by the Military Services that will achieve the desired effects outlined herein. Where Secretaries of the Military Departments believe that current efforts by the Military Services meet the intent of this reform proposal, they may request an exception to policy from the Deputy Secretary of Defense for amended implementation.

**BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS:** Although this reform proposal represents a significant change to today’s practices, it is not wholly unlike expanding the current Warrant Officers Corps within most of the Military Services. The United States Air Force, which does not currently operate a Warrant Officer Corps, will be most radically affected in terms of cultural change. However, the reform proposal mirrors that of United States’ partners and allies wherein commissioned officers and senior NCOs may remain in a particular rank for most of their careers due to the low number of supervisory opportunities required (e.g., pilots, radar operators, and cryptanalysts). Such an opportunity may prove a valuable non-monetary incentive for talent retention. Although the reform may incur minimal manpower and operational costs associated with managing careers under the new “Technical Track” system, the savings to the Department are likely to be far greater. These savings include reduced Permanent Change of Stations (PCS) moves, reduced military personnel costs associated with pay advances based on time in service rather than anticipated promotions in the current “up or out” system, and reduced annuities based on longer careers available in the Technical Track branches, occupational specialties, and career fields. For example, the annual base compensation costs, under current pay tables, for a Technical Track O-3 at 20 years would be $81,518.40 per year versus a “due course” officer (O-5 at 20 years) at $99,374.40 per year. Assuming 250 personnel are designated in each of the five designated branches, occupational specialties, and career fields in each Military Service, this reform could yield over $100M in base compensation savings alone, over the Future Years Defense Program. It should be noted that as more personnel are given the opportunity to designate into Technical Tracks, savings to the Department would accumulate. On a rough order of magnitude estimate, if the number of personnel designated to a Technical Track each year went from 250 to 1,000, the estimated savings over the FYDP would increase in excess of $1.7B.
METRICS FOR SUCCESSFUL IMPLEMENTATION: The Military Services will measure the number of people who choose Technical Tracks and retention in the Technical Tracks as compared to historical rates. The Secretaries of the Military Departments will also establish appropriate targets for lateral entry, by branch or career field, for designated Technical Track careers. Success will also be measured by the number of highly qualified personnel brought into the military via lateral entry.
TITLE: Align Compensation to a Talent Management Paradigm (Military Reform Proposal 4)

PROPOSAL SUMMARY: This reform proposal will modernize military compensation to enable the achievement of the Department of Defense’s personnel accession, retention and performance goals.

CURRENT CHALLENGES: Current military compensation packages and policies strongly reflect their industrial era roots when most warfighting duties were assumed to entail some element of equal and interchangeable labor. Rank and years of service currently determine basic pay, virtually assuring that most Service members are either over- or under-compensated for the productivity associated with a person’s talents. Modern global economic and security conditions demand a diverse and constantly evolving military talent base, thus rendering the equity-based approach to defense personnel management and compensation obsolete.

The Department of Defense focuses on pecuniary compensation for minimum skill levels across large populations effectively elevating quantity over quality. The current pay scale is relatively flat and may require review. For instance, currently the largest pay percentage increases for officers occur at Years Commissioned Service (YCS) three and four—while they are still serving under a minimum service obligation as officers at higher ranks receive relatively modest raises. Special and incentive (S&I) pay is only available to Service members as part of a class based on billet (e.g., Navy Department Heads, Combatant Commanders), skills (e.g., Critical Skill Retention Bonuses), or conditions (e.g., hazardous duty pay, sea duty). There are no individual performance-based S&I pays. Moreover, the S&I pays that do exist appear disproportionately focused on retention, rather than enabling the lateral entry of high performing professionals in technical fields. For instance, if the Navy wants to keep a Lieutenant Commander in the Cyber Mission Force in active duty after he or she is past their active service obligation, there are a rich set of critical skill retention bonuses available. However, if DoD identified a civilian who demonstrated exceptional cyber skills in the private sector (e.g., founding a small cyber security firm) and wanted to induct them through lateral entry into the same rank and job, less than 1/5th of the bonus pay authorized for retention is authorized for lateral entry accessions.

DoD has many non-monetary incentives that go underutilized (e.g., choice of duty station, reporting unit, and lateral transfers to different occupational specialties). Non-monetary tools could be used in conjunction with new performance-based special and incentive pays to create market-clearing wages in needed occupational specialties. This increases choice and flexibility for broader swaths of talent.
PROPOSAL DESCRIPTION: This reform is composed of five parts:

1) The Secretary of Defense will propose to Congress additional authorities for the Secretaries of the Military Departments to offer performance-based special and incentive pay. The Department of Defense will dedicate .5% of S&I pay in the FY2017 POM (excluding hazardous duty pay), on an annual basis, towards performance-based S&I pays. The Military Services, in coordination with the Reserve component Chiefs, will present proposals on implementation of these authorities to the Under Secretary of Defense for Personnel and Readiness (USD (P&R)) in conjunction with the Quadrennial Review of Military Compensation (QRMC) process (see below).4

2) The Secretary of Defense will direct a Quadrennial Review of Military Compensation focused on basic and S&I pay for the uniformed Total Force. One purpose of this QRMC will be to ensure basic pay is structured to efficiently and effectively support retention and accession goals. A second purpose of this QRMC is to ensure that Services have sufficient S&I authorities and resources to meet accession, retention and performance goals – including for lateral entry. This will enable DoD to present market-clearing compensation packages to senior Service members with critical skills. Third, this QRMC will present an opportunity for a rebalancing of resources to meet DoD personnel needs. Service legacy S&I programs will be weighed against Service S&I proposals on a department wide basis, offering the Military Services an opportunity to seek budget topline relief. The QRMC will consider the impact of the Military Compensation and Retirement Modernization Commission associated reforms, as well as the marginal value of increasing resourcing for basic and S&I pay against other directly relevant means of accessing or retaining talent (e.g., investing in recruiters). This QRMC will be completed within 365 days of the Secretary of Defense’s directive.

3) In order to provide a mobile and more universal retirement compensation benefit, the Department will continue to support its proposal for a Blended Retirement system, currently under consideration by Congress.5

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4 The Quadrennial Review of Military Compensation is a complete review of the principles and concepts of the compensation system for members of the uniformed services, conducted every four years since 1967. Congress requires a report based on this review, under Title 10 USC § 1008. The requirement for the 12th QRMC was met by the Report of the Military Compensation and Retirement Modernization Commission.

5 The MCRMC proposed: “The Services’ retirement system should be restructured to provide retirement benefits to more than one million current Service members who would otherwise leave service without any Government-sponsored retirement savings. Doing so eases the transition of Service members to civilian life by providing them with retirement savings similar to those of their private-sector peers. This recommendation blends the recruiting benefits of a modern 401(k)-type plan, with the retention benefits of the current retirement annuity, lump sum career continuation pay, and retention bonuses paid at important career
4) To encourage longer strategic tenure at the senior executive level of the Military Services, the Department will propose that Level II of the Executive Schedule pay caps be lifted for O-9s and above with more than 30 years of service.

5) Not later than FY2020, the Military Services, including Reserve components, will establish pilot programs to use non-monetary incentives in lieu of Critical Skills Retention Bonuses and other Special and Incentive Pays.

**IMPLEMENTATION AND GOVERNANCE MECHANISM:** These reforms will be achieved through two legislative proposals and directive memorandums from the Secretary of Defense.

1) After coordination with the Secretaries of the Military Departments and the Under Secretary of Defense - Comptroller, the Deputy Assistant Secretary of Defense for Military Personnel Policy (DASD (MPP)) will draft a directive memorandum for the Secretary of Defense establishing a basic and S&I pay-focused Quadrennial Review of Military Compensation.

2) The DASD (MPP) will draft a legislative proposal no later than November 1, 2015 requesting Congressional approval to permit the provision of special and incentive pays to individual Service members, in support of the establishment of performance-based S&I pays.

3) The DASD (MPP) will draft a legislative proposal to revoke Section 622 of the FY2015 NDAA which re-imposes the Executive Level II ceiling on General and Flag Officer retired pay calculation after 2014.

4) The DASD (MPP) will direct a study on non-monetary incentives, including their efficiency relative to cash incentives; this study will be completed no later than the end of FY2016. Non-monetary incentives may include choice of duty station and extended length of tours at desired locations. After the implementation of pilots in FY2020, the Military Services will provide a yearly report on effectiveness of non-monetary incentives to the Deputy Secretary of Defense.

Nothing in this reform proposal is designed to amend or abridge ongoing efforts or initiatives by the Military Services that will achieve the desired effects outlined herein. Where Secretaries of the Military Departments believe that current efforts by the Military Services meet the intent of this reform proposal, they may request an exception to policy from the Deputy Secretary of Defense for amended implementation.

*milestones in the lives of Service members ... It would also sustain, and may improve retention and increase lifetime earnings of retirees.*
BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS:
Adjusting the special and incentive pay for Service members in this proposal may not be
cost-neutral across the entirety of the first ten years of service. However, savings will be
gained through improved officer retention. Differences between the Military Services in
areas such as retention requirements for first term enlistees or the location of professional
military education in the career timeline are unlikely to change under a talent management
approach. As a result, common pay elements, such as basic pay, will require Military Service
consensus if they are to be useful. Without topline budget relief, the S&I .5% tax (minus
hazardous duty pay) required to support performance-based S&I pay will have a negative
impact on the missions the legacy funds were designed to meet. Relief from the Executive
Schedule Level II limits on O-9 and O-10 pay will cost above $20M in basic pay over the
Future Years Defense Program. Based on the Eleventh QRMC costs, this basic and S&I
pays-focused QRMC may cost as much as $9.1M. It will likely cost considerably less since it
will be scoped to cover less than half of the topics covered by previous QRMCs, given that it
follows on the heels of the Military Compensation and Retirement Modernization
Commission. These reforms should be included in the Fall 2015 Program and Budget
Review (PBR) in support of the Department’s President’s Budget 2017 submission.

METRICS FOR SUCCESSFUL IMPLEMENTATION: The Military Services will
identify personnel inventory objectives by grade and occupational specialty, time in billet
(over career), and promotion rates. Reporting requirements will include an assessment of the
cost of the new force, compared to the legacy system. Reporting on these matters will be
continued on an annual basis until the end of FY2020. Longer tenure by general officers in
key leadership positions will also be a crucial indicator of success.
TITLE: Increase Gender and Racial Diversity (Military Reform Proposal 5)

PROPOSAL SUMMARY: This reform proposal will promote gender and racial diversity in the senior ranks of the military by new board processes and improved reporting.

CURRENT CHALLENGES: In an ever-changing and complex security environment, the Department of Defense requires innovative and adaptive thinking across the entire grade plate – especially among its strategic leadership ranks. Like its peers in business, as well as potential adversaries, DoD benefits from a thriving labor force with diverse backgrounds. Differences are strategic assets that add depth and breadth to the marketplace of ideas; diversity and inclusion have been proven in business environments to enhance institutional adaptability and innovative capacity.

PROPOSAL DESCRIPTION: This reform is composed of three parts. First, the Military Services will be required to provide semi-annual briefings to senior leadership (Vice Chiefs of the Military Services and Under Secretaries of the Military Departments) on the race and gender profiles of each branch, occupational specialty, and career field. This briefing will include race and gender profiles by pay grade of the candidate populations eligible for promotion. In effect, these briefs will serve as accountability reviews by the leaders of each branch or enterprise responsible for the health of the force; these leaders should possess a keen understanding of the composition of the force and all factors surrounding it, including barriers and best practices. Annual reports containing these statistics will be submitted to the Under Secretary of Defense for Personnel and Readiness (USD (P&R)), who will conduct a similar face-to face review with each Vice Chief of the Military Services and Under Secretary of the Military Departments.

Second, the Department of Defense will direct the Secretaries of the Military Departments to review statutory and administrative board composition. It will be a Department goal that a 25% substantial minority of each centralized command selection and promotion board be officers not within the competitive category under consideration, in order to provide a more diverse perspective and voice in the selection of the eventual strategic military leadership of the nation. The Under Secretary of Defense for Personnel and Readiness may return any board results to the Secretaries of the Military Departments for re-consideration in the event that board membership has failed to achieve this goal. Although the Military Service will not be required to reconvene the board, the Secretary of the Military Department will be obligated to provide a written explanation for failing to achieve the Department’s stated goal for board composition.
Third, the Department of Defense will direct the Secretaries of the Military Departments to conduct mock gender and race-blind boards for the period of one full year beginning in FY2016, in sample sizes to be determined by those Secretaries, for comparison to the actual boards normally scheduled. During the course of these mock boards, the Military Services will ensure pictures, names, and pronouns have been redacted from promotion packets and Service records. After the mock pilot is completed, the Military Services will brief the Deputy Secretary of Defense, no later than October 30, 2016 on the demographic results of the mock boards in comparison to actual boards conducted under current rules. This brief will include the demographic makeup of officers who were considered for promotion and those who were actually selected.

**IMPLEMENTATION AND GOVERNANCE MECHANISM:** This reform will be achieved through a directive memorandum from the Secretary of Defense, as well as through Military Service pilots.

This proposal will be incorporated into a larger demonstration project that will provide more visibility into racial and gender diversity within each Military Service. This initiative is supported by the recent Military Leadership Diversity Commission’s (MLDC) final report, which recommended annual reporting of strategic diversity metrics to DoD senior leadership. In reporting demographics of the force, the Military Services should not only include an overall demographic force profile, but also examine demographic diversity at key career lifecycle milestones. This will allow for trend analysis, observation of any disparities in promotion rates among demographic groups, and identification of potential barriers to equal opportunity. To ensure consistency, the Department will clearly articulate strategic diversity metrics for inclusion in an annual report.

Nothing in this reform proposal is designed to amend or abridge ongoing efforts or initiatives by the Military Services that will achieve the desired effects outlined herein. Where Secretaries of the Military Departments believe that current efforts by the Military Services meet the intent of this reform proposal, they may request an exception to policy from the Deputy Secretary of Defense for amended implementation.

**BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS:** Accurate measurement of demographic data, standardized across DoD, is critical to ensuring positive movement towards strategic goals. The Defense Manpower Data Center (DMDC) is the primary repository for military diversity data and collects these data across the Military Services on a quarterly basis. However, some of the key areas outlined above for inclusion in diversity reports are collected differently across the Military Services. For example, the MLDC has noted that promotion rates are not calculated in a consistent manner across the
Military Services, and variations in how the eligible pool for promotion is determined may impact promotion rate assessments. The Department of Defense, led by the Deputy Assistant Secretary of Defense for Military Personnel Policy (DASD (MPP)) and the Office of Diversity Management and Equal Opportunity (ODMEO), will work with the Military Services to clearly define reporting metrics to ensure consistency in collection and reporting. These reforms should be included in the Fall 2015 Program and Budget Review (PBR) in support of the DoD’s President’s Budget 2017 submission.

**METRICS FOR SUCCESSFUL IMPLEMENTATION:** Diversity in the Department of Defense should be assessed against relevant benchmarks to identify areas of demographic underrepresentation. Comparisons of demographic diversity data can be made both across components of DoD and also by comparison to external populations. Examples of internal comparisons include (1) officer and enlisted populations by Military Service, and (2) junior and senior ranks by Military Service. External benchmarks will include the national population, future national population, and the population eligible for military service. Additionally, examination of data at specific lifecycle points can provide insight into overall diversity outcomes. Comparison of “blind” board results with the demographic data from current boards will also be instructive. The Deputy Secretary of Defense will be the final authority on whether “blind” boards continue, as advised by the Secretaries of the Military Departments and the Under Secretary of Defense for Personnel and Readiness.
TITLE: Expand Parental Leave (Military Reform Proposal 6)

PROPOSAL SUMMARY: This reform proposal will create Parental Leave, a new category of paid leave for all parents, irrespective of marital status and gender, and provides the benefit for both birth and adoptive parents. The paid leave benefit will extend up to eighteen weeks depending on circumstances, and applies to active duty Service members and those Reserve component Service members serving in a Full Time Status (FTS), or equivalent.

CURRENT CHALLENGES: Service members are permitted six weeks of convalescent leave upon giving birth; married (but only married) fathers may take 10 days of paternity leave. Adoption leave is three weeks and must be used within a year of the qualifying adoption; for dual-military couples, only one parent can take adoption leave. For many Service members, current DoD policies impose great burdens on new parents and embody dated assumptions about family structure; notably, current parental leave policies are blithe to the responsibilities shouldered by single-parent households, adoptive families, and dual-professional (and especially dual-military) families. Additionally, the recent announcement by the Department of the Navy to extend maternity leave to 18 weeks places the Department of Defense under increased pressure to standardize parental leave policies throughout each of the Military Services.

PROPOSAL DESCRIPTION: This reform proposal establishes 18 weeks of Parental Leave as the Department of Defense standard for Service members within two distinct categories. Recognizing the extreme physical toll associated with child birth and the inherent hardship of Service members that are raising children independently, all birth mothers and single parents with sole custody of a child, upon birth, adoption, or receipt of custody, will be entitled to up to 18 weeks (126 days) of Parental Leave, upon request.

All other parents who are Service members, regardless of gender or marital status, will be entitled to up to 12 weeks (84 days) of Parental Leave, upon request, in cases of birth or adoption. In the case of dual military couples, DoD will enable transferability of Parental Leave balances among spouses to accommodate individual family circumstances, modeled upon extant civilian leave sharing programs. In the case of birth mothers and single parents with sole custody, Parental Leave will accrue at a rate of 126 days, per child. In the case of all other parents, Parental Leave will accrue at the rate of 84 days, per child. If a second child is born or introduced into the family prior to full use of Parental Leave (126 or 84 days, respectively), then Parental Leave will reset to all authorized days. Parental Leave applies to single and multiple births or adoptions (e.g., twins or adoption of two children simultaneously).
Any unused Parental Leave within one year of a child's birth or adoption may be used in increments determined by the Service member and his/her chain of command throughout the duration of a single career. Parental Leave used in this fashion will only be authorized for those instances directly related to child-rearing and is subject to approval by local commanders.

To ensure all birth mothers have the equivalent of 18 weeks of Parental Leave, the leave benefit shall be calculated based on work days. For example, eligible Service members who normally work seven days per week will receive 126 working days of Parental Leave and those who normally work five days per week will receive 84 working days of Parental Leave.

Reserve component Service members serving in an FTS or under mobilization orders will be eligible for 18 weeks of parental leave consistent with the stipulations enumerated for active component Service members. For the purposes of utilizing Parental Leave, Reserve component Service members will be extended on active duty or FTS at their request. In all cases, unused Parental Leave will be lost upon separation from active duty.

When the President declares a state of National Emergency and the Secretary of Defense orders forces to support, the Secretaries of the Military Departments involved may reserve the right to amend or abridge parental leave in order to assure adequate force readiness. However, parental leave for birth mothers and single parents with sole custody of a child will be exempt from this provision and parental leave may not be circumscribed.

**IMPLEMENTATION AND GOVERNANCE MECHANISM:** This reform will be achieved through a legislative proposal to Congress.

This change will articulate uniform Department of Defense definitions of “Parental Leave” for Service members that will explicitly define the eligibility for parental leave, the time frame within which the leave must be taken, and the circumstances of its use. Once the definition is finalized, the Deputy Assistant Secretary of Defense for Military Personnel Policy (DASD (MPP)) will ensure the change is written into DoDI 1327.06, “Leave and Liberty Policy and Procedures”. This will standardize implementation by the Military Services. Service-specific regulations and instructions on leave policy will also incorporate the legislative change. The Department will announce the policy prior to it going into effect to give time for Service members to ask questions and understand clearly the terms of the parental leave policy.

Nothing in this reform proposal is designed to amend or abridge ongoing efforts or initiatives by the Military Services that will achieve the desired effects outlined herein. Where Secretaries of the Military Departments believe that current efforts by the Military Services
meet the intent of this reform proposal, they may request an exception to policy from the Deputy Secretary of Defense for amended implementation.

**BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS:** The Military Services will, within 30 days of notification, provide the Secretary of Defense with anticipated costs and readiness impacts of this decision. Each year, Service members bring approximately 144,000 children into their homes, either by birth or adoption. For the most part, convalescent leave taken after childbirth (or parental leave granted) is cost-neutral. However, there is the possibility that Service members may earn parental leave and then leave Military Service, entitling them to sell back accrued normal leave not taken. In this case, a worst-case scenario of 60 days of leave sold back due to the added 18 weeks of parental leave could cost approximately $475M over the Future Years Defense Program. There may also be readiness implications associated with the extended leave. Readiness costs could be partially offset by requiring advance notice of a Service member's intention to take parental leave. This reform should be included in the Fall 2015 Program and Budget Review (PBR) in support of DoD’s President’s Budget 2017 submission.

**METRICS FOR SUCCESSFUL IMPLEMENTATION:** The primary metric to assess the success of this reform would be Service members' satisfaction with the leave policy change, as well as any change in their perception of military culture or DoD’s support for families. Increases in the accession or retention of female Service members and even to some extent male personnel could also be evidence of the success of the reform, although many factors affect recruitment and retention, of which leave policies are only one. To directly link recruitment or retention decisions to the leave policy, analysts could use surveys to determine if military personnel who choose to stay or new recruits who choose to enter the military based their decision partly or wholly on the leave policy change. Finally, surveys of the general public that ask about perceptions of the military as a career might also shed light on the efficacy of this policy.
TITLE: Improve Quality of Life for Military Families (Military Reform Proposal 7)

PROPOSAL SUMMARY: This reform proposal will increase quality of life for military families through long-needed updates to infrastructure and benefits, thereby supporting combat readiness and competitive positioning in the national labor marketplace; increase accessibility and relevance of Child Development Centers (CDCs) through extended hours and new parent mentor networks; increase the number and quality of mother's rooms to meet Patient Protection and Affordable Care Act requirements; and establish a Department of Defense-wide prohibition against requiring mothers to deploy within one year after the birth or adoption of a child; and direct review of assignment policies for women and single parent Service members with children under 36 months of age.

CURRENT CHALLENGES: Military families are often forced to choose between pursuing operational careers of distinction and raising families. Because of the many strictures defining successful career paths, few opportunities exist to raise children while at the same time achieving maximum success in operationally demanding jobs. Moreover, military benefits designed to ease the burdens of child-rearing were devised in previous eras. For example, Child Development Centers (CDCs) which do not support the demands of a modern full-time professional career are inadequate. So, too, is a lack of facilities to pump breast milk. More families consist of dual-professional partnerships than ever before. To meet the changing standards of American society, and attract and retain more of its increasingly prized talent, the Department of Defense must likewise adapt.

Service members do not currently have the option to remain in one location for longer tenures, even though many might trade greater permanence for an active duty service obligation. Although other government agencies and many private firms offer alternative “slow” and “fast” tracks for partners to trade during their careers, DoD makes little effort to do the same. Staggering milestone tours in order to develop needed skills, independent of time-based promotion management, can help to retain substantial return on investment in training, education and experience. Married Service members from different Military Departments currently find no coordinating authority to ensure their collocation; and even when they are collocated, no reasonable standard of maximum distance holds sway.

Unfavorable career implications often face mothers who bear or adopt children while in a deployable status due to the burdens placed on others once the mother eventually leaves the operational unit. In other cases, mothers and single parent Service members are forced to deploy despite a short time spent with their new child, or are ordered along strict career milestone timelines, regardless of the children’s ages. All of these situations are untenable.
and not in keeping with the policies of a world-class employer bent upon competing in a modern labor marketplace.

**PROPOSAL DESCRIPTION:** The proposal is composed of five parts:

**Expand Exchange of Station of Choice for Additional Service Obligation:** The Department of Defense will provide the Secretaries of the Military Departments authorities to extend Active Duty Service Obligations in exchange for longer tenures at permanent duty stations of choice, thereby providing Service members greater options to support the careers of their spouse or partner. These additional authorities will not be abrogated by a Service member’s critical skills retention bonus status. In addition to these authorities, DoD will establish a new definition of collocation as: married Service members of any Military Department ordered to duty stations no further than 50 miles apart, and subject to waiver only by concurrence of each of the Secretaries of the Military Departments concerned. The Under Secretary of Defense for Personnel and Readiness (USD (P&R)) will promulgate a policy directing the Services to collaborate on assignments for Service members in inter-service marriages.

**Examine and Expand Child Care Options:** The Department of Defense in conjunction with the Military Services will examine all aspects of child care for Service members, to include a) developing a strategic plan to expand capacity in critical areas where wait times for CDC enrollment exceeds 90 days; b) ensuring all Service members can go on CDC waiting lists upon receipt of orders, rather than requiring them to wait until they have arrived at the next duty station, and make the lists available, with masked identifiers; c) creating a universal application for major military concentrations areas (such as the National Capitol Region, Greater Hampton Roads, etc.) which will enable Service members to apply only once for multiple waiting lists; d) developing training for CDC directors on how to connect parents to other regional care resources, and support local parent advisory boards; and e) directing CDCs to sponsor new parent mentor networks, local forums for home-based child care facilities, and to establish a parent’s advisory board.

**Extend Child Development Center Hours:** The Department of Defense will task the Secretaries of the Military Departments to extend hours of CDCs to overlap the normal working shifts of Service members by at least two hours, or per base commander discretion, consistent with the work patterns of the majority of Service members at each specific installation. For example, for a normal work day of 0700-1700 (given a 50-hour workweek while not deployed), CDCs would remain continuously open from 0500 to 1900. As part of this proposal, the Department will also require the Secretaries of the Military Departments to
explore and report upon the efficacy of home child care options, with a goal of 24/7 child care available for every parent Service member.

**Install Mother's Rooms:** The Secretaries of the Military Departments will ensure the installation of mothers' rooms throughout all installations to meet Patient Protection and Affordable Care Act Requirements. These rooms must be a designated, clean, and private space that is not a restroom, unless the restroom has a clear, designated lounge area space appropriate for this activity. The room must also be equipped with electrical outlets as well as table and chair access for each person using the room. The room must be as close as possible to a water source for washing hands and rinsing equipment, and there must be assured access to dedicated refrigeration. Lactating Service members should be allowed a flexible schedule for pumping within the limits of mission requirements, and judgement over the frequency and duration of breaks should be deferred to the lactating Service member. Number, location, size, and privacy requirements for the rooms will be reported to the Deputy Assistant Secretary of Defense for Military Community and Family Policy (DASD (MC&FP)), and progress to meet these goals will be posted for public viewing.

**Decrease Deployments and Review Milestone Timing for Birth Mothers and Single Parents:** A DoD-wide prohibition against deploying birth mothers and single parents with sole custody of a child within one year of childbirth or adoption will be issued by the Secretary of Defense. This prohibition may only be adjusted by the mother or single parent Service member, in the case he or she desires to deploy within this timeframe. Each of the Military Services will review its policies on career milestone timing and tour lengths with an eye towards introducing maximum flexibility for pregnant women and families with children under 36 months of age, including the possibility of shifting training or transfer dates without lasting impact on the Service member's career. The Secretaries of the Military Departments will accordingly establish policies which support this deployment prohibition, and review assignment policies for families with young children.

**IMPLEMENTATION AND GOVERNANCE MECHANISM:**

**Expand Exchange of Station of Choice for Additional Service Obligation:** This reform will be achieved through legislative proposal to Congress. The Secretary of Defense will propose an active duty service obligation authority be granted to all Secretaries of the Military Departments in order to offer options for longer terms of service at permanent duty station locations of choice, independent of retention bonus status. No later than 60 days after passage of such law to enable a permanent duty station active duty obligation authority, the Secretaries of the Military Departments will issue policy guidance to their respective personnel commands to offer such option to all Service members, in accordance with
Military Service-specific requirements. To increase the effectiveness of this new policy, the DASD (MC&FP) will issue policy redefining multi-service family collocation. The Secretaries of the Military Departments will retain all flexibility and authority to execute such career options, within the guidelines set forth by the Secretary of Defense.

**Examine and Expand Child Care Options:** This reform will be achieved through a memorandum from DASD (MC&FP) to the Military Departments announcing a study regarding the state of Military Child care and possible CDC expansions. This memorandum will also outline immediate policy changes to CDC waiting lists, universal applications, and training for CDC directors throughout DoD.

**Extend Child Development Center Hours and Provide Ancillary Services:** This reform will be achieved through a directive memorandum from the Secretary of Defense. Secretaries of the Military Departments will provide plans and associated costs of updated CDC hours, along with plans to sponsor parent’s networks and child care forums to the Secretary of Defense, through the DASD (MC&FP), not later than 180 days after so directed by memorandum from the Secretary of Defense.

**Install Mothers’ Rooms:** This reform will be achieved through a directive memorandum from the Secretary of Defense. The DASD (MC&FP) will issue Departmental standards for mothers’ rooms, including standards for construction and usage. The Secretaries of the Military Departments will provide a survey of current mothers’ rooms to the Secretary of Defense, through DASD (MC&FP), not later than 90 days after receipt of DoD standards, along with a comprehensive plan to meet the new standards within two calendar years, along with associated costs.

**Decrease Deployments for Birth Mothers and Single Parents:** This reform will be achieved through a directive memorandum from the Secretary of Defense. The Secretaries of the Military Departments will create policy which ensures no mother (or single parent) will be required to deploy (leave the local area of their Permanent Duty Station under operational orders issued from any authority) within one year of giving birth, adopting a child or gaining sole custody, unless it is his or her expressed desire (in writing) to do so. This policy will be waived for readiness purposes only on an individual basis by the authority of the Secretaries of the Military Departments, and the waiver authority will not be delegated.
Nothing in this reform proposal is designed to amend or abridge ongoing efforts or initiatives by the Military Services that will achieve the desired effects outlined herein. Where Secretaries of the Military Departments believe that current efforts by the Military Services meet the intent of this reform proposal, they may request an exception to policy from the Deputy Secretary of Defense for amended implementation.

BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS: Due to the projected costs of this reform proposal, this proposal in its entirety should be included in the Program and Budget Review to be conducted in Fall 2015 with assistance and oversight from the Deputy Secretary of Defense. For reference, the Department of the Navy recently estimated the cost of extending the hours of child development centers at its major installations, from 12 hours (0600-1800) to 16 hours (0400-2000), at $45.81M annually, or roughly $229M over the Future Years Defense Program (FYDP). Using these figures as a rough order of magnitude, the Department should be able to undertake a similar expansion for approximately $228M, or $1.14B over the FYDP. This calculation takes into account that the Army has approximately 2.2 times the total number of facilities as the Navy, and the Air Force approximately 1.8 times as many. Readiness implications associated with extended leave and non-deployability of mothers will be measured and reported semi-annually to the Office of the Under Secretary of Defense for Personnel and Readiness. These reforms should be included in the Fall 2015 Program and Budget Review (PBR) in support of DoD’s President’s Budget 2017 submission.

METRICS FOR SUCCESSFUL IMPLEMENTATION: Increases in the accession or retention of female Service members and even to some extent male personnel could be evidence of the reform’s success. Changes in childcare utilization rates, along with Service member satisfaction as measured by questions on the new Exit Surveys and Interviews will also help to determine program efficacy. Increased family readiness should result in longer careers of service for parents, better child-raising outcomes, fewer medical problems, and overall, increased operational effectiveness. Finally, surveys of the general public that ask about perceptions of the military as a career might also shed light on the overall effectiveness of this policy in making the Department a more attractive and competitive employer. The Military Services will provide semi-annual updates on all elements of this proposal to the DASD (MC&FP) until the end of FY2020. Reports will include, at a minimum, the total costs associated with implementation, detailed program descriptions, and estimated timeline for achieving the Department of Defense benchmarks.

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6 Exit Surveys and Interviews are recommended by Military Personnel Reform Proposal 2.
TITLE: Expand Fertility Treatment (Military Reform Proposal 8)

PROPOSAL SUMMARY: This reform proposal will enhance the ability of Service members to have a family by offering additional fertility treatments such as oocyte and sperm preservation, Intrauterine Insemination (IUI), In Vitro Fertilization (IVF), and Advanced Reproductive Technology (ART) in the military health system. These services are not usually covered by TRICARE. Yet, for frequently deployed Service members and their legal spouses, elective oocyte and sperm cryopreservation offers an option to have a family at a later time. It also preserves this option should the Service member sustain a line of duty injury that negatively affects reproduction. For other Service members, the ability to have a family may be limited by other medical conditions, including cancer treatment. For these people, techniques like IUI and IVF provide new and safe methods to address diagnosed infertility. Oncofertility – the discipline bridging cancer treatment and reproductive health – offers hope to men and women whose treatment for cancer has compromised reproductive potential.

CURRENT CHALLENGES: According to the National Center for Health Statistics, more than six million American men and women – one in eight couples – struggle to have a child. There is a general trend toward later marriage and childbirth; studies consistently show that maternal age has a significant impact on fertility, affecting not only the ability to conceive but also pregnancy outcomes. In addition, some men and women have medical conditions that make starting a family difficult, if not impossible; cancer treatments, such as chemotherapy, radiation, and surgery, are paradigmatic examples of medically necessary procedures that can destroy a person’s ability to have children later in life. Finally, societal changes, such as same-sex marriage, demand a new paradigm for reproductive services. Fortunately, science is providing answers to all of these problems, as reproductive technologies have developed greatly over the last twenty years. IVF, IUI, and sperm and oocyte cryopreservation are perhaps the most prominent examples of the new therapies.

Family decisions can be particularly difficult for female Service members, who face demanding schedules during their prime childbearing years. In addition to frequent deployments, the requirements for promotion leave tightly circumscribed periods in which to have children. For example, Service members in the Navy who are unable to have a child during an assignment to shore duty must ultimately return to operational duty at sea to remain competitive for advancement, which can foreclose pregnancy for several years. Training requirements can also lead women to postpone childbearing. National Vital Statistics Birth Data files from 1970-2010 report that the average age for college-educated women in the United States to give birth is thirty years old. But, in the Navy, to take just one
Service, the average age of a Surface Warfare Officer (Nuclear) who has finished training and has any operational experience is thirty-three years old.

Despite the unique challenges of military service, TRICARE does not cover many reproductive procedures that now have widespread acceptance. TRICARE will cover hormones and other supplies that are deemed necessary to the correction of a physical cause of infertility. TRICARE will also cover diagnostic services, such as semen analysis, hormone evaluation, chromosomal studies, and immunologic studies. But generally no services associated with IVF, IUI, gamete intrafallopian transfer, or any other forms of noncoital reproduction are covered. Moreover, anticipatory storage of sperm and eggs is expressly proscribed. This is true even when cancer or other illness augurs treatments that will be harmful to glands that produce sperm or eggs; such storage has not been previously considered medically necessary care under any TRICARE plan or benefit.

Health insurance coverage of these techniques is limited in the private sector as well. Only fifteen states require infertility coverage, but even these requirements are quite variable. Furthermore, the Affordable Care Act does not require coverage for infertility treatment. Neither does the Office of Personnel Management (OPM) require coverage for infertility treatment under the Federal Employee Benefit Plans (FEBPs), although they do require that plans providing these services do so in a relationship neutral manner.

These static limitations place the Department at a decided disadvantage in attracting and retaining top talent in a rapidly changing and increasingly competitive labor marketplace. Moreover, the immense demands of military service are particularly impactful for families; a redoubled commitment to Service members and their expanded flexibility to raise families just as they might in the course of top-flight civilian professional careers is overdue.

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7 Arkansas, California, Connecticut, Hawaii, Illinois, Louisiana, Maryland, Massachusetts, Montana, New Jersey, New York, Ohio, Rhode Island, Texas and West Virginia have passed laws that require insurers to either cover or offer coverage for infertility diagnosis and treatment. Thirteen states have laws that require insurance companies to cover infertility treatment. Louisiana and New York prohibit the exclusion of coverage for a medical condition otherwise covered solely because the condition results in infertility. Two states, California and Texas have laws that require insurance companies to offer coverage for infertility treatment. Utah requires insurers providing coverage for maternity benefits to also provide an indemnity benefit for adoption or infertility treatments. While most states with laws requiring insurance companies to offer or provide coverage for infertility treatment include coverage for in vitro fertilization, California, Louisiana, and New York have laws that specifically exclude coverage for the procedure.

8 Federal Employee Health Benefits (FEHB) eligibility for infertility benefits includes same-sex spouses. Accordingly, while plans are not required to offer infertility benefits, if they do, they must ensure that benefit definitions and coverage descriptions use terms that are relationship neutral. The Office of Personnel Management (OPM) no longer requires plans to comply with benefit requirements for federally qualified Health Maintenance Organizations (HMOs). All brochures should clearly describe how members qualify for any available diagnostic and therapeutic infertility benefits; examples of updated brochure language are included in the Technical Guidance.
PROPOSAL DESCRIPTION: This reform proposal is composed of five parts. In recognition of the unique requirements and demands of the U.S. military, this proposal will increase access to reproductive health services in military treatment facilities and in private sector care networks through TRICARE.

First, within ninety days from the date of acceptance of this reform, the Assistant Secretary of Defense for Health Affairs (ASD (HA)) will submit a report, with the support of the Secretaries of the Military Departments and the Military Service Surgeons General, that includes the current availability of these services in both the direct care system of military treatment facilities and within the current private sector care provider networks through existing TRICARE managed care support contracts. The report will include an estimation of costs associated with providing additional defined reproductive services in both the direct care system and from private sector care. The report will also include recommendations for the types of services to be included in the new policy, as well as access parameters for these new services. In addition, the report will include an analysis of associated legal and ethical implications, along with the statutory, regulatory and existing policy changes, to include Service policies, in order to implement any new coverage or expansion of coverage.

Second, in addition to this report, the Secretaries of the Military Departments will provide a separate report identifying any potential impact to military readiness and mission capability anticipated from any new coverage or expansion of coverage. Both the ASD (HA) and the Secretaries of the Military Departments should recommend areas where insufficient information is available to determine if a specific therapy should be covered, either from the medical literature or from the potential impact on military mission and readiness. Upon receipt of this information, the Under Secretary of Defense for Personnel and Readiness (USD (P&R)) will commission relevant studies to help inform subsequent policy decisions regarding reproductive services.

Third, based on information received from ASD (HA), USD (P&R) will issue guidance on expansion of defined reproductive services. Not later than ninety days following this guidance, ASD (HA) will provide a timeline for implementation of approved expansion and issue any relevant policy memoranda, along with regulatory changes to implement new coverage or expansion of coverage. Along with this memorandum, the ASD (HA) will submit any required statutory change and an estimate of the costs of such services to be submitted during the Department’s FY2017 President’s Budget Review (PBR).
Fourth, the Secretaries of the Military Departments will maximize the availability of infertility treatments and ART at MTFs where reproductive endocrinologist (REI) services are available. ASD (HA) in concert with the Surgeons General of the Military Departments will, within ninety days of receipt of the memorandum from ASD (HA), provide a report which describes the state of readiness and capacity of MTFs and REI providers.

Fifth, the ASD (HA) will ensure that the Department provides fertility services for oncofertility patients. The ASD (HA) will add the category of oncofertility to current provisions for the delivery of fertility services to wounded Service members by amending extant memorandum. This resulting new memorandum will articulate that any Service member or legal spouse or partner anticipating loss of procreative ability due to impending cancer treatment will qualify for extended care fertility benefits, including IVF and ART, to be delivered through the TRICARE private sector network. Secretaries of the Military Departments will consider impact of deployments upon continued treatment provide appropriate measures to balance necessary medical procedures with unit readiness and mission accomplishment.

IMPLEMENTATION AND GOVERNANCE MECHANISM: This reform will be achieved through adjustments to Department of Defense Instructions.

When appropriate, and once the policy decisions are finalized, all applicable DoDIIs, to include TRICARE Operations and Policy Manuals (DoDI 6010.56M-57M) will be revised to reflect coverage changes. Upon implementation of any new policy, the Secretaries of the Military Departments will submit semi-annual reports on service availability and utilization within the direct care system, along with measures of success and all associated costs to the ASD (HA). Along with the information provided by the Secretaries of the Military Departments, the ASD (HA) will include the same metrics from private sector care and submit a semi-annual report to the USD (P&R). These reports are required for the first five years following implementation of any new coverage policy.

Nothing in this reform proposal is designed to amend or abridge ongoing efforts or initiatives by the Military Services that will achieve the desired effects outlined herein. Where Secretaries of the Military Departments believe that current efforts by the Military Services meet the intent of this reform proposal, they may request an exception to policy from the Deputy Secretary of Defense for amended implementation.

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9 Provision of TRICARE benefits for the loss of procreative ability due to serious injuries received while on Active Duty was by established by ASD (HA) Memorandum “Policy for Provision of In Vitro Fertilization Services for the Benefit of Seriously Injured Service Members,” dated April 27, 2010.
BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS:
TRICARE coverage for infertility services is controlled by 10 USC § 1079(a)(12) and 32 CFR § 199.4.

The TRICARE program for infertility includes the services and supplies required in the diagnosis and treatment of illness or injuries involving the genital system. Coverage is provided for the evaluation and treatment of infertility, to include correction of any physical causes of infertility. However, TRICARE does not cover services and supplies related to non-coital reproductive technologies, including IUI and other forms of ART. These procedures do not meet TRICARE’s definition of “medical treatment” – a service or supply that is medically or psychologically necessary to prevent, diagnose, or treat a mental or physical illness, injury, or bodily malfunction. The expanded application of “treatment” in terms of IVF, ART, and oncofertility will require legal review by the Department. The directed ASD (HA) review, assisted by DoD Office of General Counsel, will determine what opinions or statutory changes may be required (if any are necessary) for full implementation of this proposal.

The costs of this program are estimated as $5K-$12K per oocyte cryopreservation procedure (ovarian stimulation, surgical egg retrieval, egg freezing), plus annual $100-$1,100 for egg storage and preservation. For in vitro fertilization (IVF), cost estimates are $8K-$15K per cycle (ovarian stimulation, monitoring, surgical egg retrieval, embryo creation, surgical embryo transfer) in the civilian sector and $7K/IVF cycle in a Military Treatment Facility.

On average, the annual FY 2014 costs per Active Duty member receiving fertility treatment were $5,184 (average of $6,695 per patient in the direct care system and $2,046 in the purchased care system). These average costs include treatment for IVF, AI, cryopreservation, associated tests, medications, diagnostics, and “other” infertility treatments. Similar costs for ADFM were an average of $5,566 per patient in the direct care system and $2,235 in purchased care. Total actual costs for all infertility treatments in FY2014 were $18,036,114 (roughly $79M between FY2010 and FY2014).

These reforms should be included in the Fall 2015 Program and Budget Review (PBR) in support of the Department’s President’s Budget 2017 submission.

METRICS FOR SUCCESSFUL IMPLEMENTATION: Service members’ satisfaction with any potential policy change as well as any change in their perception of military culture or the military’s support for families will be assessed using existing survey vehicles. Increases in the accession or retention of female Service members and even to some extent male personnel could also be evidence of the success of any reform once implemented. Surveys of
the general public that ask about perceptions of the military as a career might also shed light on the efficacy of any policy changes. These measures will be included in the semi-annual reports submitted by the ASD (HA) and the Secretaries of the Military Departments. Information regarding any implementation of a policy change will be assessed by Military Personnel Policy through propensity to serve surveys and reported to USD (P&R).
TITLE: Improve Recruiting and Accessions Efficiency (Military Reform Proposal 9)

PROPOSAL SUMMARY: This reform proposal will improve the efficiency and effectiveness of recruiting and accessions by using modern data analytics, expanding non-cognitive testing, digitizing the Military Entrance Processing System (MEPS) process, and examining incentive pay for recruiters. The Deputy Assistant Secretary of Defense for Military Personnel Policy (DASD (MPP)) will also be required to submit a report to the Secretary of Defense detailing the business case for an enterprise recruiting system.

CURRENT CHALLENGES: The Department of Defense's recruiting and accessions systems have yet to fully enter the information age. The private sector has generated and benefited from a host of advances in data analytics, digitization, and non-cognitive testing. These advances, usually enabled by information technology (IT), can be used by DoD to address longstanding problems. Despite the need for an increasingly diverse set of talents in the military, our recruiting remains strongly concentrated geographically, relatively homogeneous in background, and ineffective in areas that could provide a more diverse set of candidates (e.g., the community college, post-college, and professional markets). Furthermore, usually slightly more than 10% of recruits—in the vicinity of 20,000 recruits annually—fail to successfully complete their first year of service, generating more than $1B in losses annually.

Once recruited, potential Service members encounter an accessions process that has changed little over the last few decades. DoD provides funding for travel, often for multiple trips, to MEPS to perform many duties that could be more efficiently handled at recruiting stations. While DoD's cognitive entry tests have performed admirably, modern non-cognitive testing can give a much more complete picture of recruits, helping identify those who will prove unsuitable for service, as well as better matching talent and military occupation.

The Military Services and the Department of Defense are also hindered by several legacy recruiting structures and limiting statutes. Specifically, little coordination in recruiting occurs among the Military Services or between the military and civilian domains, resulting in higher costs and little exchange of information and best practices. More importantly, this lack of coordination causes DoD to lose candidates who, if not suitable for one Military Service, could be passed successfully to other Military Services or to DoD's civilian managers. Finally, military recruiters have few incentives to pursue both quantity and quality in potential recruits.
PROPOSAL DESCRIPTION: This proposal is composed of five parts. First, the Office of the DASD (MPP) and the Army will direct the Military Entrance Processing Command (USMEPCOM) to transition to a modern, electronic, standards-based accession data collection and exchange architecture. Not later than FY2020, all accessions and recruiting forms will be accessible online, and USMEPCOM's recruit processing will be fully digitized. DASD (MPP) will direct USMEPCOM to expand non-cognitive testing of recruits, screening one-third of all recruits not later than FY2020 and all recruits by FY2025. USMEPCOM will submit a report by the end of FY2017 to the Secretary of Defense on the first year's progress, cost estimates, and lessons learned. Additionally, this report will detail what aptitude testing and qualification can be accomplished at recruiting stations.

Second, the Office of the Under Secretary of Defense for Personnel and Readiness (OUSD (P&R)) will conduct a study examining the causes of geographic and familial concentration in military recruiting and how the Department of Defense can address these issues. This study will include policy recommendations, costs analysis, and alternative courses of action, and be delivered to the Secretary of Defense within 365 days after publication of the USD (P&R) Force of the Future report.

Third, each Military Service will establish a two-year pilot partnership with the Office of People Analytics to examine the broader use of data analytics and microtargeting in recruiting. The first six months should be dedicated to constructing suitable pilots; the following year to conducting pilot programs using expanded analytics; and the concluding six months to examining the findings and recommending policy changes in a report for DASD (MPP), due not later than the first quarter of FY2018. This report should include a structured comparison of private sector human resources analytics, microtargeting, and recruiting with current Military Service practices, and should identify areas to pursue additional recruiting flexibilities for the Military Services.

Fourth, in FY2016, the Office of the Under Secretary of Defense for Personnel and Readiness will commission a study on managing and rewarding recruiters for performance. This study, due in the fourth quarter of FY2016, will include: an exploration of past attempts to monetarily reward recruiting performance; a review of contemporary private sector recruiting management and incentive structures, and those of relevant foreign militaries; and the employment of contemporary data analytics to support military recruiting. Informed by the results of this study, not later than the end of FY2017, the Military Services will establish five year pilot programs for special pays and incentives for recruiters, giving increasing rewards based exclusively on the number of recruits scoring highly on recruit screening and

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86 The Office of People Analytics is recommended by Multi-Domain Reform Proposal 4.
testing and on successfully completing their first two years of service. Additionally, no credit will be given to recruiters for recruits that fail to complete initial entry training. The Military Services will provide a report to the Deputy Secretary of Defense, not later than one year after the pilot’s conclusion, comparing the results to existing means of rewarding recruiters. The Military Services will also initiate a pilot of extended five- to eight-year recruiter tenures, at no less than five recruiting stations.

Fifth, the DASD (MPP) will submit a report to the Secretary of Defense on the merits of an enterprise-wide recruiting system, inclusive of both military and civilian recruiting. This will include: plans for formally sharing information on potential recruits among the Military Services and the Department’s civilian managers; an update on accessions modernization; and a plan for incorporating the results of the pilots described above.

IMPLEMENTATION AND GOVERNANCE MECHANISM: This reform will be achieved through a directive memorandum from the Secretary of Defense.

The Accession Modernization Working Group (AMWG),\(^\text{11}\) chartered by the Under Secretary of Defense for Personnel and Readiness (USD (P&R)), will be the principal forum for providing oversight of the implementation of this set of initiatives. Relevant AMWG meetings will include the participation of DASD (MPP), the Principal Deputy Assistant Secretary of Defense for Health Affairs (PDASD (HA)), and Deputy Assistant Secretary of Defense for Future Force Implementation (DASD (FFI))\(^\text{12}\). The AMWG will provide quarterly reports on progress to the USD (P&R) for the first two years of implementation. By the conclusion of the implementation phase, the AMWG will present the USD (P&R) with any additional recommendations for other actions required to meet the intent of the above proposals, including a plan for sustained oversight.

Nothing in this reform proposal is designed to amend or abridge ongoing efforts or initiatives by the Military Services that will achieve the desired effects outlined herein. Where Secretaries of the Military Departments believe that current efforts by the Military Services

\(^{11}\) The USD (P&R) Chartered Accession Modernization Working Group (AMWG) is dedicated to identifying the efficiencies and technological advancements needed to modernize military accessions. The AMWG is currently composed of Service Officer and Enlisted Accession Organizations, United States Military Entrance Processing Command (USMEPCOM), Department of Defense Medical Evaluation Review Board (DoDMERB), MPP/Accession Policy, and HA/Defense Health Agency (DHA). The AMWG began "as-is" reviews in April 2015 and established Tiger Teams for the three major lines of effort (Biometrics, Accession Medical Forms, Dependent Records) with targeted milestone implementation through fiscal year 2020.

\(^{12}\) The Deputy Assistant Secretary of Defense for Future Force Implementation is Multi-Domain Proposal 5.
meet the intent of this reform proposal, they may request an exception to policy from the Deputy Secretary of Defense for amended implementation.

**BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS:**
Monetary incentives for recruiters will require funding. Assuming the FY2014 recruiting mission of 179,000, rewarding recruiters with, by way of example, a $200 reward for every top recruit — those who score in the top 20% in combined cognitive and non-cognitive testing—would cost less than $36M annually across the four Military Services, or $180M across the Future Years Defense Program (FYDP).

Regarding the resource implications of accessions modernization, significant analytical work is needed, and the Office of the DASD (MPP) will provide detailed cost estimates as part of its FY2017 report, covering both digitization and non-cognitive testing expansion. The estimated cost for cognitive and non-cognitive enlistment screening over the FYDP is $105M, inclusive of $30M for IT development; $7.5M annually for IT maintenance; and an additional $7.5M annually for test development and validation.

While modernization requires upfront costs, savings should be generated in at least three dimensions. First, the number of non-performing recruits should be reduced. A 1% decrease in first-term attrition, based on an accession cohort of 170,000 recruits, would “save” 1,700 Service members. The U.S. Government Accountability Office (U.S. GAO) estimated the cost of replacing (recruiting, equipping, training) each member who left service prematurely as $55K. At $55K each, 1,700 successful recruits represent a cost savings of $93.5M annually, or $467.5M over the Future Years Defense Plan. Second, the current paper-based accessions process is manpower-intensive; USMEPCOM processes up to 80 million pieces of paper each year. A more digitized system will be less error-prone and should be far less labor intensive, generating efficiencies on both fronts. Third, by conducting greater initial aptitude and quality testing at recruiting centers, the need for multiple government-funded trips to MEPS should be reduced. In FY2014, to produce 179,000 recruits who graduated basic training, USMEPCOM required 474,000 applicants generating a total of 922,000 applicant visits to a MEPS (roughly two visits per applicant). USMEPCOM aims to decrease the number of required visits to one visit per applicant, in part by conducting initial screening and testing at recruiting stations. While ambitious, this would result in approximately 262,000 less trips to USMEPCOM. Finally, significant cost savings can likely be realized by moving to enterprise recruiting. DASD (MPP) will provide a detailed description of potential efficiencies. This reform should be included in the Fall 2015 Program and Budget Review in support of the Department’s President’s Budget 2017 submission.
METRICS FOR SUCCESSFUL IMPLEMENTATION: DASD (FFI) will measure reduction of legacy systems as part of its quarterly updates, working with DASD (MPP) to establish appropriate enterprise recruiting metrics. The performance of the entire recruiting system will continue to be monitored, assessed, and compared with past performance. Efficiencies garnered, such as recruits gained per recruiter, will be measured anew in terms of success through initial entry training, reporting to a first unit in the field/fleet, and completion of first tour. DASD (MPP) will coordinate with DASD (FFI) to create a new dashboard of recruiting metrics, aligned with civilian recruiting practices and measures of return on investment.
TITLE: *Increase Permeability between Components* (Military Reform Proposal 10)

**PROPOSAL SUMMARY:** This reform proposal will establish mechanisms by which Service members may easily transfer between the active and Reserve components.

**CURRENT CHALLENGES:** Inadequate information technology (IT) systems and architecture, incompatible record keeping, and differing commissioning sources across components all present real and serious barriers to Service members who want to "roll over" their duty status between components. A complex web of internal Reserve component duty statuses complicates transition across components. Reserve component (RC) duty statuses are derived from differing elements to include: activation authority, funding type, mission type, strength accounting, and involuntary versus voluntary duty. Problems with existing RC duty statuses include: overall complexity, difficulty in accessing RC members, pay and benefit inequities, disruption in pay, appropriation and budgeting challenges, relevance and use of certain authorities, such as inactive duty training (IDT). Two-way accessions pipelines for mid-grade officers and non-commissioned officers (NCOs) are particularly clogged, even though these are precisely the grades which the Reserve components need most. Strong cultural barriers discourage routine movements between components, as identical billets or assignments (e.g., battalion executive officer) are not viewed as equivalent experiences. Active duty Service members assigned to fellowship or civil schooling are often removed from military training for years at a time – this is costly both to the currency of their warfighting skills and to the larger organization. Current barriers to permeability between components wastes an opportunity to keep these Service members actively connected to their Military Service during their sabbatical period, while increasing the exchange of ideas, people, and practices between the components.

**PROPOSAL DESCRIPTION:** This reform is composed of five parts. First, the Secretaries of the Military Departments will direct the adoption of multi-component data management and human resources systems that allow for a single transfer of personnel information (personnel files, evaluation reports, awards, retirement eligibility, and benefits) between components of the Service. These systems will be in place not later than FY2020, and will be designated as the single source information technology solution for all components (Active, Reserve, and National Guard) of a given Service.

Second, the Secretaries of the Military Departments will examine the utility of replacing certain billets in their generating forces (e.g., recruiters and Reserve Officers’ Training Corps cadre) with Reserve component full-time support (FTS) personnel. These reports will be submitted to the Deputy Secretary of Defense within 365 days of the Secretary of Defense directing such a report.
Third, all active duty Service members assigned to fellowships (e.g., Secretary of Defense Industry Fellows) or advanced civil schooling will be transferred from the active component into an appropriate Reserve component for the duration of their assigned program. While assigned to the Reserve component, Service members will be assigned to an Active Guard and Reserve (AGR) status, and receive full pay and benefits according to their rank and years of service, as if they were on active duty. However, they will be assigned to a reserve unit, conducting monthly drill and annual training. If that unit is activated and deployed, the Service member will have the same obligations as any other member of the unit. The Service member’s tenure in the reserve unit will be appropriately reflected in their official file with credit offered for key developmental assignments.

Fourth, the Secretary of Defense will direct the establishment of a task force to provide him with recommendations on streamlining the transition procedures from the Active Component (AC) to RC. Topics to be resolved will include expediting the re-scrolling process (e.g., decentralize to Services, or process improvements), removing redundant medical screening, achieving portability of qualifications, and identifying transition counseling and assistance requirements. This task force will be chaired by the Deputy Assistant Secretary of Defense for Reserve Affairs (DASD (RA)) and involve the appropriate participation of the Office of the Under Secretary of Defense for Acquisition, Technology and Logistics; Military Services; Reserve components; National Guard Bureau; Office of General Counsel; and representatives of the Reserve Forces Policy Board. This task force will provide its findings to the Under Secretary of Defense for Personnel and Readiness (USD (P&R)) within 90 days of its establishment.

Fifth, the Secretary of Defense will propose to Congress implementation of the Military Compensation and Retirement Modernization Commission’s (MCRMC) proposal to amend Titles 10, 32, and 14 to streamline and consolidate Reserve component statuses from the current 30 to six broad categories (along with associated conforming amendments), as part of the FY2017 President’s Budget proposal. Under Title 10 the resulting Reserve component duty statuses will include active duty, inactive reserve service, and federal service (Presidential call-up). Under Title 32, duty statuses will include full-time National Guard and inactive National Guard. Under Title 14 for the Coast Guard, the only duty status will be Active Duty. Title 10 should be amended to contain language that stipulates changes to duty statuses, purpose, or funding require amendments to existing orders, rather than issuance of new orders. This revised language should also stipulate no break in service should be recorded if orders are changed and the break in service was 24 hours or fewer.
IMPLEMENTATION AND GOVERNANCE MECHANISM: This reform will be achieved through a legislative proposal to Congress, and a directive memorandum from the Secretary of Defense.

Implementation will be completed in three parts. First, the Chief, National Guard Bureau (CNGB) and Service Chiefs will sign Memorandums of Understanding (MOUs) detailing the arrangements and funding streams for personnel assigned to the National Guard during a fellowship or civil schooling. They will also identify to USD (P&R) any legislative relief required to meet the reform's intent to avoid any impacts on the pay, benefits, or promotion timing for participating Service members. At the same time, the Secretaries of the Military Departments should arrange similar internal MOUs with their Reserve component counterparts. Second, the Secretaries of the Military Departments will submit a written report to the Deputy Secretary of Defense that details the business case and advisability of utilizing FTS personnel for a greater share of generating force billets. The report should include a clear recommendation from each of the Secretaries of the Military Departments whether to adopt the practice. Finally, the Secretaries of the Military Departments will submit a detailed plan of action to the Secretary of Defense, through the (DASS (RA)), detailing the timeline, implementation, and operationalization of a multi-component human resources data system. The Office of the Deputy Assistant Secretary of Defense for Future Force Implementation (DASS (FI)) will monitor development of such systems among each of the Military Services until that office sunsets on October 1, 2020. At that time, the Deputy Assistant Secretary of Defense for Military Personnel Policy (DASS (MPP)) will oversee any remaining actions.

Nothing in this reform proposal is designed to amend or abridge ongoing efforts or initiatives by the Military Services that will achieve the desired effects outlined herein. Where Secretaries of the Military Departments believe that current efforts by the Military Services meet the intent of this reform proposal, they may request an exception to policy from the Deputy Secretary of Defense for amended implementation.

BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS: Although there will be significant cultural barriers to reducing distinctions between the components -- a necessary result of increased permeability -- the real impediments lie in the associated costs of developing and fielding a multi-component human resources data repository. Using other human resources IT solutions as a benchmark, the development, prototyping, and implementation of a new multi-component system could cost as much as $20M, with an additional $6M in annual operation and maintenance requirements (a grand

13 The Deputy Assistant Secretary of Defense for Future Force Implementation is Multi-Domain Proposal 5.
total of approximately $38M over the Future Years Defense Program per Military Service).
For full implementation of parts one and two of the reform proposal, a detailed review of
current definitions of Title 10 and Title 32 activation authority for Reserve component
personnel would have to be conducted to ensure appropriate funding streams for AGR
personnel attending fellowships and civil schooling. Additionally, the Military Services would
need to examine the alternatives for those personnel attending overseas fellowship and
whether to exempt them from assignment to an appropriate Reserve component due to their
geographic location. However, this reform proposal could generate numerous manpower
savings, as personnel attending fellowships and civil schooling are moved out of active duty
training accounts and re-assigned (albeit temporarily) against Reserve component end
strength. This would give the active component greater flexibility in managing its end
strength and help fill critical rank and experience gaps in the Reserve component. This
reform should be included in the Fall 2015 Program and Budget Review (PBR) in support of
the Department’s President’s Budget 2017 submission.

METRICS FOR SUCCESSFUL IMPLEMENTATION: The Secretaries of the Military
Departments will monitor the effects of this reform on the health and readiness of the
Reserve component, incorporating and adjudicating any concerns raised by the Chief of the
National Guard Bureau and Chiefs of the respective Reserve components. Personnel who
return to active duty after time in the Reserve components should be monitored for
retention and job satisfaction. The Military Services must ensure appropriate credit for key
developmental or career essential assignments performed while serving in the Reserve
component (e.g., the Military Services will have to determine and appropriately credit a
Battalion Operations Officers for "key development" credit while serving in a Reserve
component during a fellowship or civil schooling). The Military Services and National Guard
Bureau will have to monitor the impact on Reserve component officer promotion rates and
timing from having midgrade officers from the active component entering and departing the
Reserve component at specific Reserve component grades.
TITLE: Expand In-Service Civil Schooling Opportunities (Military Reform Proposal 11)

PROPOSAL SUMMARY: This reform proposal will provide broad guidance to the Military Services to increase opportunities for in-residence, fully funded civilian graduate education.

CURRENT CHALLENGES: Based largely upon the professional timeline requirements of an “up or out” promotion system, few opportunities exist for Soldiers, Sailors, Airmen, and Marines to take advantage of civil schooling (CS) opportunities. Instead, Service members are often forced into “zero-sum” choices between civil schooling and Joint Professional Military Education (JPME) or key developmental career requirements. Although there are often opportunities for Service members to seek civilian education on their own time and expense, military life is not generally conducive to such study. Additionally, based solely on available time between promotions, many officers opt for graduate degrees from military institutions (e.g., Joint Advanced Warfighting School and the U.S. Army War College) in lieu of the broadening opportunities found in civilian higher education. Although trends indicate more officers are receiving graduate degrees than in previous years, they also reveal that the vast majority of these degrees are from military institutions. The effect of this on the force is a less intellectually diversified corps of Service members in the most senior ranks. Civilian institutions are also denied the very real benefit offered by attendance of military personnel.

PROPOSAL DESCRIPTION: This reform proposal is composed of two parts. First, it establishes a baseline requirement that 30% of graduate degrees received each year by officers and senior non-commissioned officers (NCOs) be from a civilian institution. This requirement will be administered by the Secretaries of the Military Departments as deemed appropriate for each branch, occupational specialty, or career field.

Second, it directs the Military Services to establish pilot programs for enlisted personnel (no fewer than 20 billets annually, beginning in FY2018) to receive a four-year, fully funded undergraduate education while still in service. While attending any civil schooling opportunity, Service members will normally be assigned to a Reserve component, with Secretary of the Military Department authority to make an exception to policy and determine best funding sources. As a de facto matter, this will lead to increases in current advanced civil schooling and civil schooling opportunities, force Service choices with regard to existing military educational institutions, and will almost certainly require creation of new programs as well. The Secretaries of the Military Departments will establish appropriate Active Duty Service Obligations (ADSOs) and guidelines for participant eligibility. Upon the Service member’s completion of residual JPME II requirements by distance learning, civilian
graduate school will be treated as a full equivalent of in-resident JPME II for all Military Service promotion and assignment considerations.

IMPLEMENTATION AND GOVERNANCE MECHANISM: This reform will be achieved through a directive memorandum from the Secretary of Defense and resulting Military Service pilots.

The Secretaries of the Military Departments will provide updated and new civil schooling program descriptions to the Secretary of Defense, through the Deputy Assistant Secretary of Defense for Force Education (DASD (FE)), in coordination with Deputy Assistant Secretary of Defense for Future Force Implementation (DASD (FFI))\textsuperscript{14}, not later than 180 days after the Secretary of Defense directs such action. Each Military Services will report, at a minimum, the total costs associated with implementation; detailed program descriptions, including any additional ADSOs; a description of requirements and administrative processes associated with transferring personnel to a Reserve component during program execution; and an estimated timeline for achieving DoD’s benchmark of 30\%, measuring progress by each branch, occupational specialty or career field. Once approved, the Military Services will provide semi-annual updates to the DASD (FE) until the end of FY2020.

Nothing in this reform proposal is designed to amend or abridge ongoing efforts or initiatives by the Military Services that will achieve the desired effects outlined herein. Where Secretaries of the Military Departments believe that current efforts by the Military Services meet the intent of this reform proposal, they may request an exception to policy from the Deputy Secretary of Defense for amended implementation.

BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS: The incurred costs, in terms of manpower and resources, could be substantial. Taking into consideration an assumed average cost of an accredited MBA at $40K and a permanent change of station (PCS) move at $12K, the need to rapidly expand current programs (essentially doubling the number of current attendees to advanced civil schooling) and further additional costs to the Military Services for ACS alone could be in the realm of $83.2M annually, or $416M over the Future Years Defense Program (FYDP), inclusive of additional PCS expense. With additional Military Service pilots for enlisted undergraduate opportunities, there could be additional costs in excess of $39M annually, or $195M over the FYDP. Beyond these financial costs, there would also be associated manpower costs in placing a higher number of Soldier, Sailor, Airman, and Marine trainees, transients, holders and students (TTHS) accounts (or other Military Service equivalents) at the expense

\textsuperscript{14} The Deputy Assistant Secretary of Defense for Future Force Implementation is Multi-Domain Proposal 5.
of operational force billets. The Military Services would need to use anticipated savings garnished from other Force of the Future reform proposals to “buy back” this end strength and ensure reduced readiness impacts. These reforms should be included in the Fall 2015 Program and Budget Review (PBR) in support of the Department’s President’s Budget 2017 submission.

**METRICS FOR SUCCESSFUL IMPLEMENTATION:** Success will be measured by the number of Service members receiving graduate degrees from civilian institutions and the number of enlisted personnel receiving undergraduate degrees. The Military Services will establish appropriate additional metrics based on the broad requirements entailed above. As a general matter, these metrics should include monitoring retention, degree utilization, and job satisfaction for those Service members participating in these programs.
TITLE: Expand Partnerships with Industry and Local Government (Military Reform Proposal 12)

PROPOSAL SUMMARY: This reform proposal will establish the Secretary of Defense Executive Fellows program, with 50 total billets made available annually for officers and senior non-commissioned officers (NCOs) to conduct tours of at least 18 months with industry and state or local governments.

CURRENT CHALLENGES: Service members are presently offered scant exposure to civil matters that are deeply entwined with modern military operations. As exemplified by the last two wars, effective military operations have demanded a far deeper understanding of political, social, and civil-military matters across the Total Force, from junior officers acting as de facto mayors and deciding upon issues of local governance, to senior officers contemplating the conflicts' complex social realities and political resolution. While performing admirably under the circumstances, few officers were armed with much relevant civil experience to guide such decisions.

At the same time, based largely upon the professional timeline requirements of an “up or out” promotion system, relatively few opportunities exist for Soldiers, Sailors, Airmen, and Marines to diversify their skills and absorb best practices from the private sector. Instead, Service members are often forced into “zero sum” choices between such broadening opportunities and Professional Military Education (PME) or other key developmental career requirements, meaning that many officers are unable to take advantage of outside opportunities. Where such programs do exist—such as the Secretary of Defense Corporate Fellows program—there is little incentive for personnel to take advantage of the 20 billets available each year; few Service members are encouraged to take these extraordinary training opportunities. In addition to their disparate and uneven use by the Military Services, current programs are also restricted to field grade officers.

The net result is an officer and senior NCO corps with comparatively little exposure to valuable experiences from the private and civil sectors. Thus, despite an operating environment where the distinction between the military and civilian domains is blurring, and despite ready avenues for more civilian experience among senior Military Service leaders, the Department insulates itself from extensive use of such “broadening” experiences. This unnecessarily diminishes both the Department’s operational performance and the Nation’s civil-military bond.
**PROPOSAL DESCRIPTION:** The Under Secretary of Defense for Personnel and Readiness (USD (P&R)) will establish a new executive fellows program, the Secretary of Defense Executive Fellows (SDEF), which subsumes and expands the Secretary of Defense Corporate Fellows Program. The fellowship will be centrally administered from the Office of the Deputy Assistant Secretary of Defense for Force Education (DASD (FE)), who will serve as the executive agent for the fellowship. Each year, beginning in FY2017, 50 billets will be available for officers (O-1 to O-6) and senior NCOs (E-7 and above) to submit requests to their respective Military Services for participation, according to guidance and eligibility criteria established by each respective Secretary of the Military Departments. As a general matter, officers and NCOs under consideration should demonstrate high potential, be characterized among the top 15% of their cohort as defined by the respective Secretaries of the Military Departments, and have demonstrated potential for senior and strategic leadership. Fellowships should focus on areas of interest to the Secretaries of the Military Departments; the Military Services are encouraged to consider a broad range of industry (e.g. information technology and communications; global logistics; defense industry) or civil (e.g. state or city government; city manager’s offices; emergency management or other offices enhancing Defense Support of Civil Authorities (DSCA); civil society organizations) experiences.

Executive fellowships will last at least 18 months and participating Service members will receive regular, active duty compensation while participating. Requests for a SDEF of less than 18 months in duration may be submitted through the Under Secretaries of the Military Departments to the USD (P&R) and may only be approved by the Deputy Secretary of Defense. While participating in the SDEF fellowship, Service members will be assigned in an Active Guard Reserve (AGR) or Individual Mobilization Augmentee (IMA) status to a Reserve component of their respective Military Service. Each Military Service will be guaranteed at least ten billets each year, with the remaining ten billets distributed to the best qualified candidates, irrespective of Military Service. Each Military Service will have at least one senior enlisted member (E-7 or above) attend SDEF annually. An Active Duty Service Obligation (ADSO) of 1.5 years for every one year of participation in the program will apply to all participating Service members, officers and enlisted.

**IMPLEMENTATION AND GOVERNANCE MECHANISM:** This reform will be achieved through a directive memorandum from the Secretary of Defense.

The Secretaries of the Military Departments will provide Military Service-specific eligibility criteria, estimated additional costs, and a timeline for implementation. The DoD Office of General Counsel will work alongside the USD (P&R) and General Counsels of the Military Departments to determine the shape and boundaries for enhanced civil-military partnering.
with local government. By FY2027 all Military Services will strive for 50% of active duty officers promoted to O-7 having some significant experience external to the Department, defined by either a SDEF tour, advanced civilian schooling, interagency tour, think-tank fellowship, or service in the Reserve component. Credit for SDEF will be extended to the Military Services on a one-for-one basis for their existing programs that partner with industry, provided those partnerships meet minimum SDEF requirements (18 month duration; competitive selection; temporary movement to the Reserve component).

Upon implementation, the Military Services will submit their ten selections for SDEF and five alternates annually to the DASD (FE). From the slate of alternates, the remaining ten billets will be apportioned by the DASD (FE), with start dates for SDEF on a dual cycle of January and June. A dual cycle will allow constant force allocation (the January class transitions with the June, and vice versa). June and January start dates should facilitate easier transitions for Service members, considering family, school, and military relocation requirements. The Office of the Under Secretary of Defense for Personnel and Readiness (OUSD (P&R)) will discuss the details of package submission, employment, and transition to reserve status with the Military Services and Reserve component stakeholders prior to program implementation. The OUSD (P&R) will work with the Military Services and National Guard Bureau to facilitate SDEF Fellows’ movement into the Reserve component. The DASD (FE) will be responsible for working with the Defense Business Board, private sector firms and industrial partners, the Department of Homeland Security, and local and state emergency management offices to ensure appropriate billets for the fellowship.

Nothing in this reform proposal is designed to amend or abridge ongoing efforts or initiatives by the Military Services that will achieve the desired effects outlined herein. Where Secretaries of the Military Departments believe that current efforts by the Military Services meet the intent of this reform proposal, they may request an exception to policy from the Deputy Secretary of Defense for amended implementation.

BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS: Although there are no statutory barriers to implementation with industry, OUSD (P&R) and the General Counsel will conduct a rigorous examination of the statutory implications of expanded partnering of Service members with local government. While there will be some impacts to resources and manpower, the program should be relatively cost neutral, particularly given that it will subsume the current Secretary of Defense Corporate Fellows Program. There will likely be some additional expenses in terms of the basic allowance for housing (BAH) and locality pay. For example, an O-4 with dependents that would otherwise have been assigned to Fort Hood, TX would normally receive $1,662 each month. If selected for the SDEF at Amazon, the officer would be authorized $2,823 each month for
assignment to Seattle, W.A. This would constitute an approximate BAH payment increase of $13,860 per Service member, per year. With 50 participants each year, this could mean an additional expense in excess of $3.4M in BAH for the Department over the Future Years Defense Program (FYDP). In addition to these dollar costs, there would be some associated manpower costs that would place an increasing number of Service members into a training status at the expense of operational or force generating billets. The Military Services would need to use anticipated savings garnished from other Force of the Future reform proposals to “buy back” this end strength to ensure reduced readiness impacts. This reform should be included in the Fall 2015 Program and Budget Review (PBR) in support of the Department’s President’s Budget 2017 submission.

METRICS FOR SUCCESSFUL IMPLEMENTATION: The Military Services will establish appropriate metrics based upon their individual needs and tailored implementation of the broad requirements entailed above. As a general matter, these metrics should include monitoring retention, SDEF utilization at a major command or headquarters, and job satisfaction for those Service members participating in the program. Finally, the DASD (Force Education) will provide annual reports to the USD (P&R), beginning October 1, 2025, regarding the percentage of senior leaders from each Military Service with significant experience outside the Department selected for O-7 and E-9.
TITLE: Modernize Joint Professional Development (Military Reform Proposal 13)

PROPOSAL SUMMARY: This reform proposal will enhance and update the Joint Officer Management (JOM) Program's statutory definition of “Joint Matters” and the requirements for joint qualification under the Goldwater-Nichols Department of Defense Reorganization Act of 1986. This will allow greater flexibility in managing joint requirements under a talent management paradigm.

CURRENT CHALLENGES: Current legislation governing the JOM Program and joint manning requirements for the Military Services constrains the career-planning flexibility required in a talent management system. Rigid statutory policies for developing and defining joint qualified officers (JQOs) need revision, as they often discount the vast joint experience already resident within the officer corps. Since the passage of the Goldwater-Nichols Act, the military has become highly proficient at joint operations – many final training exercises prior to deployment are conducted jointly, as are nearly all operational missions the military executes, and “jointness” has become the coin of the realm within the officer corps. The majority of joint qualified officers currently receive credit for joint experience through standard joint duty assignment (S-JDA) positions. Those positions are dictated to the Military Services through inclusion on the Joint Duty Assignment List (JDAL) and include minimum tour lengths. Despite the proliferation of joint operations during the past fourteen years of war, a small number of officers receive credit through experience-based joint duty assignments (E-JDA) which allow the officer to demonstrate accumulated joint experience over a career. The infrequent occurrence of E-JDA qualification is likely due to the requirement for officers to self-nominate for this type of credit and to the Joint Staff J-1’s required application of a rigid statutory definition of “joint matters” in awarding the credit.

The challenge facing military personnel management has changed since Goldwater-Nichols. Then, it was ensuring sufficient “jointness” in the officer corps to enable effective conventional operations. Today, the Department of Defense must ensure sufficient diversity in the officer corps to enable an adaptive force that can effectively conduct joint operations across the full range of military operations. Joint experience in complex operational environments is and should remain a vital component of senior leader development. However, the current system places officers in a conundrum, as they must choose between the key and developmental position required for promotion and rigidly-defined joint requirements. In a talent management system, the obvious benefits of a joint assignment would be a part of the succession planning process; employment considerations for joint duty would ideally be tailored to individual developmental requirements (i.e., no mandatory tenure requirements), and more fluid credit would be applied for joint experiences, as part of
the aggregated knowledge, skills and abilities collected and measured for the entire officer corps.\footnote{This system is discussed in Military Personnel Reform Proposal 2, “Develop and Employ Military Talent Management Systems.”}

**PROPOSAL DESCRIPTION:** Alignment of joint requirements with the talent management paradigm will require amendment of Title 10. The Secretary of Defense will propose that Congress broaden the statutory definition of Joint Matters (Title 10, USC § 668) to allow for more flexible application. Additionally, the Secretary of Defense will request removal of minimum joint assignment tour lengths from statute (Title 10, USC § 661, § 664). The Secretary of Defense will also provide the Secretaries of the Military Departments more discretion under Title 10, USC § 619a to waive the JQO designation requirement for general officers whose promotion is based primarily on scientific or technical qualifications and for which appropriate joint assignments do not really exist.

**IMPLEMENTATION AND GOVERNANCE MECHANISM:** This reform will be achieved through a legislative proposal to Congress.

Upon statutory relief, the Department of Defense will establish broader standards for awarding joint credit using E-JDAs as the primary method. The DoD will award joint credit for any assignment to include those in Service organizations, temporary task forces, defense agencies, and joint training schools if the officers' duties and responsibilities meet the statutory joint matters definition. The joint nature of current and future operational demands suggest that most officers will be immersed in career-long joint opportunities, giving them cumulative joint experience, and the E-JDA is the more appropriate tool to evaluate and give credit for these experiences. Additionally, the Department will reduce or eliminate the JDAL in recognition of the increased usage of E-JDAs as the primary means of joint experience credit. Finally, joint experience will be tabulated in future talent management-based information technology systems, providing the Joint Staff and Service Chiefs greater visibility of joint skills as they are acquired.

Nothing in this reform proposal is designed to amend or abridge ongoing efforts or initiatives by the Military Services that will achieve the desired effects outlined herein. Where Secretaries of the Military Departments believe that current efforts by the Military Services meet the intent of this reform proposal, they may request an exception to policy from the Deputy Secretary of Defense for amended implementation.
BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS: The primary barrier to implementation is statutory. The Goldwater-Nichols Act would require amendment. Another barrier is the complexity of regulatory guidance derived from this law. Finally, resistance to change inherent in any large bureaucracy’s organizational culture must be overcome as, for example, current JOM practices are often used to ensure sufficient manning levels. Individually-tailored career paths and succession planning will use joint assignments not merely as perfunctory career requirements but instead as key steps in the talent development process. The intended result is that officers perceive joint assignments as providing essential skills necessary to succeed in future positions. Although this realization would eventually address any concerns regarding manning of the Joint force, strong leadership and effective, if temporary, strategic communication will be vital to ensuring officers with the current mindset are appropriately rewarded for pursuing joint assignments. These reforms should be included in the Fall 2015 Program and Budget Review (PBR) in support of the DoD’s President’s Budget 2017 submission.

METRICS FOR SUCCESSFUL IMPLEMENTATION: Success will be determined by the effectiveness of the joint force. The Department must measure the use of E-JDAs and continually assure that actual achieved “jointness” is accurately reflected, and further inculcated across the Military Services in a more pervasive and effective manner than assignments to standing headquarters. Metrics such as those resulting from more flexibility in career management will also be important. These include more advanced civil schooling, increased use of the Career Intermission Program and, in general, more diversity in the backgrounds of military leaders. With greater flexibility in the JOM Program, the military will be better able to capture and credit officers’ cumulative joint experiences and more effectively employ the talents of the officer corps in support of the national defense.
Civilian Personnel Reform Proposals
TITLE: Expand DoD Title 10 Authority (Civilian Reform Proposal 1)

PROPOSAL SUMMARY: This reform proposal will move the remainder of the Department of Defense non-bargaining unit civilian workforce from Title 5 authorities to Title 10 authorities for all personnel management actions, including hiring, determining compensation, managing performance, and promotion. This proposal does not prescribe details for a new personnel system for those personnel; instead, its goal is to provide the Secretary of Defense with the authority and flexibilities he currently lacks to directly make decisions about an additional 15-20% of his workforce that currently falls under Title 5 authorities and is governed by the Office of Personnel Management (OPM). Importantly, it will also enable other Force of the Future reform proposals, such as establishing more flexible pay structures, piloting new personnel systems, and hiring students and recent graduates.

CURRENT CHALLENGES: The Department of Defense is in need of an enterprise-wide, comprehensive set of hiring and personnel management authorities that enable it to effectively acquire, develop, and retain its civilian workforce. There are currently 66 different civilian personnel systems within the Department of Defense, each with different rules and flexibilities. Instead of attempting to navigate this disparate construct of systems and authorities when the workforce requires additional flexibilities, the Department of Defense must begin to move its civilian workforce under a single authority controlled directly by the Secretary of Defense. This reform will enable more efficient, effective, and necessary decisions on how Department of Defense personnel are managed. For this reason, placing additional components of the DoD workforce under Title 10 is a necessary step to enable such an integrated system and successfully carry out many of the reform proposals that follow in the Force of the Future report.

Two-thirds of DoD’s civilian workforce is hired and managed under Title 5 “competitive service” authorities. The current Title 5 General Schedule (GS) personnel system is outdated, rigid and representative of a workforce demographic from more than 60 years ago. When the current system was established in 1949, 70% of the white collar positions were clerical; comparatively, today’s DoD civilian workforce is comprised of professional occupations such as information technology specialists, scientists, engineers, logisticians, financial managers, mathematicians and cybersecurity specialists. Although the current federal personnel management system is based on important core principles, those principles are operationalized in an inflexible, one-size-fits-all-system of defining work, hiring staff,
managing people, assessing and rewarding performance, and advancing personnel. These inherent weaknesses make support of DoD's mission complex, costly and ultimately risky.\textsuperscript{16}

Many reform proposals within the Force of the Future report require legislative change that may be difficult to implement effectively under Title 5 authorities. If they were approved as amendments to Title 5, they may further complicate an already convoluted system, creating additional bureaucracy by adding to the already lengthy list of special authorities that human resources (HR) personnel and hiring managers must understand. Agencies with some of the highest employee engagement scores, such as the Department of Commerce, National Science Foundation, NASA, and the FDIC are all exempt from Title 5.\textsuperscript{17} Even agencies within the Defense Intelligence Community typically rate higher than the rest of the Department of Defense, indicating that by OPM's own measurements, federal agencies that are more exempt from the Title 5 rules have more engaged employees.

At a time when private sector recruitment and compensation practices are aggressive and highly adept at targeting a talent spectrum ranging from new college graduates to seasoned professionals in various fields, the Department is increasingly unable to recruit diverse and top-tier talent efficiently and effectively. When vacancies are filled, supervisors have expressed concern over the talent they ultimately attained. The limited hiring flexibilities afforded under Title 5, such as Direct Hire Authority (DHA) and recruiting bonuses, are largely centralized outside of the DoD in a way that requires OPM approval for any expansions in how these authorities are applied. These authorities are underfunded and unduly constrained, rendering them insufficient to meet DoD's civilian workforce needs because the rules are cumbersome and provide barriers to effectively recruit and retain a high quality workforce. The OPM-regulated hiring process, supported by USAJobs' self-certification requirement, provides unsatisfactory lists of highly qualified candidates, and OPM has been slow to recognize and refine the system to allow the application of Veterans' Preference only amongst the truly best qualified. Fortunately, the Department has successfully deployed such a hiring program under independent Title 10 authorities in the Intelligence Community (IC).

Under Title 10 authorities, the Department of Defense moved a sizeable portion of its workforce to the IC's Defense Civilian Intelligence Personnel System (DCIPS), which would serve as a basic model for the rest of DoD. DCIPS was authorized by the FY1995 National Defense Authorization Act (NDAA), and its authority is codified in Chapter 83 of Title 10 USC. Although it does not require accordance with regular Title 5 OPM civil service rules, it


\textsuperscript{17} Federal Employee Viewpoint Surveys are conducted on an annual basis throughout the federal government and assess employee satisfaction and engagement, leadership and management abilities, and general quality of life within the workforce.
does maintain merit system principles, Veterans’ Preference in hiring, and civil service protections consistent with Title 5 USC § 2301. DCIPS features a streamlined hiring authority, workforce shaping retention priority that places performance before length of service, and the ability to use innovative practices to meet mission requirements.

**PROPOSAL DESCRIPTION:** This reform proposal would extend Title 10 authorities to all non-bargaining unit employees (approximately 30% of the DoD civilian workforce) in addition to the intelligence roles currently covered. This change will provide the Secretary of Defense with control over the additional components of the DoD workforce, making a total-force solution for civilian personnel management increasingly possible. Under a common authority, the Secretary of Defense would be poised to develop a unified integrated force, with meaningful and clear career tracks, promotion opportunities based on acquisition of skills and contribution to mission, and career growth through planned development activities. Additional Title 10 authorities will provide for broader, ‘excepted’ hiring authorities and pay setting practices necessary to meet the requirements of the mission that are not subject to OPM delegation or approval. As demonstrated by the National Security Agency’s (NSA) use of DCIPS, these authorities can be instrumental in addressing competitive market demands. It will also allow DoD to extend a GS employee’s initial probationary period from one year to two and would eliminate the minimum time-in-grade requirement for promotion.

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18 The previous section describes the Defense Civilian Intelligence Personnel System, which operates under Title 10 authorities. Additionally, there are some Acquisition demonstration projects that fall under Title 10.

19 NSA has used the flexibilities afforded by Title 10 to establish a promotion system based not on longevity but on ability and potential; special pay and retention programs; internal development programs; and on-campus recruiting and direct hiring.
<table>
<thead>
<tr>
<th>Classification</th>
<th>Title 5 “Competitive Service”</th>
<th>Title 10 “Excepted Service”</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Requires rigid adherence to the OPM occupational classification guides and handbooks for defining the work and level of a position. Hinders DoD’s ability to differentiate work roles</td>
<td>Provides flexibility in classifying work and level of positions to more accurately and precisely reflect mission requirements.</td>
</tr>
<tr>
<td>Applicant Assessment</td>
<td>Applicants must be examined against the qualifications requirements of the position as established by OPM, which does not provide an accurate assessment of a candidate’s capabilities.</td>
<td>Applicants may be examined by other means, including written examinations, skills tests, personality tests, and psychological evaluation. Alternative assessment methods must still meet federal validation requirements.</td>
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<tr>
<td>Appointment</td>
<td>Requires application of veterans preference, using category rating (provides a list of highly qualified applicants with veterans always at the top, and only limited ability to hire non-veterans if they are on the list). Limited direct or excepted hiring authority with OPM approval.</td>
<td>Veterans preference must still be applied but not in the competitive formulaic process. Allows for highly qualified applicants to be hired quickly from a variety of sources, and treats Veterans’ Preference as a “tie breaker” as opposed to allowing the applicant to “float” to the top of a hiring list.</td>
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<td>Title 5 “Competitive Service”</td>
<td>Title 10 “Excepted Service”</td>
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<td>-----------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Probationary Terms</td>
<td>One-year probationary period</td>
<td>Allows for expanded, flexible probationary period (generally two years or more). Especially important when evaluating employees in extended training/development programs.</td>
</tr>
<tr>
<td>Compensation</td>
<td>Requires use of the GS pay tables and limitations. Not market sensitive. All occupations are graded the same, receiving the same level of compensation with few exceptions. Requires rigid adherence to pay setting regulations.</td>
<td>Enables flexible pay setting based on market value. Market-sensitive pay structures will still be subject to pay caps at the upper end of the scale.</td>
</tr>
<tr>
<td>Career Advancement</td>
<td>Requires candidates to apply for a new position in order to be promoted.</td>
<td>Enables candidates to advance based on their development and organizational need so long as qualification and budget factors are maintained.</td>
</tr>
<tr>
<td>Promotion Process</td>
<td>Based on minimum time-in-grade. Requires 52 weeks at next lower grade for promotion or placement to higher grade. Additionally, a higher graded billet must be available, a new higher, graded billet established, or the current position description rewritten and reclassified at a higher level.</td>
<td>Promotion or placement is solely based on the assessment of the person’s qualifications and readiness for advancement.</td>
</tr>
</tbody>
</table>

**IMPLEMENTATION AND GOVERNANCE MECHANISM:** This reform will be achieved through statutory changes to Title 10, USC Chapter 81 (Civilian Employees). As a basis for the legislative reform language, the Department will use language from the current proposal to amend Chapter 83 of Title 10, USC (Civilian Defense Intelligence Employees) to bring cyber employees under the direct authority of the Secretary of Defense, using the same authorities as the defense intelligence community.

The Deputy Assistant Secretary of Defense for Civilian Personnel Policy (DASD (CPP)) will oversee this change in coordination with Deputy Assistant Secretary of Defense Future Force Implementation (DASD (FFI)) 20. Because this proposal would simply provide

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20 The Deputy Assistant Secretary of Defense for Future Force Implementation is Multi-Domain Proposal 5.
authorities that enable other structural and systemic changes, any subsequent proposals and flexibilities will require their own planning and implementation. Similarly, the costs that are associated with this change will come only from the manpower required to staff the proposed legislative change; related costs would be incurred through the planning and implementation of the programs and initiatives that this authority will make possible.\\(^{21}\)

As part of this proposal, bargaining units will not be included. There is an important role for employee unions and collective bargaining in the Department of Defense. If this proposal moves forward, DASD (CPP) and DASD (FFI) in conjunction with the bargaining units will use the statutory requirements in Title 5 USC Chapter 71 as a basis for identifying the most important regulations to include in Title 10.

**BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS:**

Moving additional components of the Department of Defense’s civilian personnel to Title 10 could result in opposition from the Federal employee unions, Congress, and/or OPM. From the perspectives of the unions and Congress, this proposal could be viewed as another attempt to implement the National Security Personnel System (NSPS), which was repealed in FY 2010.\\(^{22}\) Those planning and implementing Force of the Future proposals would benefit from understanding the lessons learned from NSPS in order to avoid similar mistakes in this process. There are two key differences between this proposal and NSPS. First, this proposal seeks to move additional parts of the workforce under a separate authority, whereas NSPS also included a collective of personnel management systems and structures to be implemented throughout the Department. This met staunch opposition because the unions and other stakeholders feared it would not be applied fairly and consistently. Second, the architects and implementers of NSPS intentionally excluded bargaining units and had other restrictions on the interactions between unions and DoD. Unions are typically in strong support of strict OPM oversight or merit-based principles and could perceive this reform as a first attempt to circumvent those standards. Additionally, institutional interests of the unions outweigh the mission imperative for change.

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\(^{21}\) This includes several reform proposals included in this Force of the Future report, such as “Increase Permeability with the Private Sector and Academic” (4); “Increase Recruitment from Colleges and Universities” (6); “Compensate, Promote, and Retain Critical Skills” (2); “Expand Individual Broadening Opportunities” (10); “Strengthen Methods to Shape Workforce” (13); “Hold Low Performers Accountable” (5); and “Expand Parental Leave Policies” (3)

\(^{22}\) NSPS was a system created in 2004-2005 that replaced the GS system with a pay-based and pay-for-performance system for a large portion of the DoD workforce. This system fell under Title 5, not Title 10, and failed for several reasons, including flawed implementation and strong opposition from the unions because Bargaining Unit Eligible (BUE) employees were excluded from the system. It was repealed in 2009, and all employees that fell under it were restored to the GS system by 2012.
The main challenge with Congress will be to demonstrate the valuable lessons learned by the Department of Defense from the NSPS experience and to further show it is well-positioned to manage its personnel in a way that supports the national security mission without compromising the fundamental merit-system principles.

Removing additional parts of DoD from Title 5 authority would downsize the workforce for which OPM is responsible by approximately 15%. Today’s federal government is not a single business with the same products and services requiring a solitary business structure or set of processes. OPM would better serve the government in less of a purely management role and more of an oversight and management role.

METRICS FOR SUCCESSFUL IMPLEMENTATION: On the most basic level, this initiative will be deemed successful when the law is reformed. However, what will be far more indicative of its success are the systems and structures that are implemented as a result of these new Title 10 flexibilities. To that end, the ultimate success of this proposal hinges on the subsequent realization of other proposals within the Force of the Future report. An additional measure of success will be the improved ability of components and organizations to determine other necessary flexibilities or adjustments to policy. Ultimately, all of these changes would result in a quantifiably increased time to hire and onboard top-tier, diverse talent that is comparable to the private sector, and the ability for DoD components and agencies to request and be granted authorities and flexibilities for them to be most effective and efficient.
TITLE: Increase Pay Flexibilities (Civilian Reform Proposal 2)

PROPOSAL SUMMARY: This reform proposal will establish alternatives to the General Schedule (GS) system and provide the Secretaries of the Military Departments and Principal Staff Assistants (PSAs) with increased flexibility to compensate and promote talented employees. It will accomplish this through four main actions: (1) establish an authority to pilot alternative compensation systems; (2) establish a dual-track for leaders to excel in management or technical fields; (3) establish a market-based compensation system for high-skilled positions in science, technology, engineering, and mathematics (STEM) and medical fields; and (4) double the cap on retention incentives to ensure the Department of Defense can compete in the talent marketplace.

CURRENT CHALLENGES: The current General Schedule (GS) system, now sixty-six years old, is wholly inflexible and ill-suited to attract critical skills or motivate high-performers. Enacted by the Classification Act of 1949, the GS system’s rigid architecture was built to support a preponderance of largely homogenous administrative and clerical positions; at the time of its creation, 70% of federal public servants were clerical or administrative professionals. Because of this innate uniformity and resulting desire to invoke fairness, the promotion system primarily rewarded time in grade.

Additionally, the GS system is a “rank-in-position” system, whereby compensation and paygrade are tied to the billet, not the person. In this system, an employee will typically only receive a raise after successfully competing for a new position coded at a higher pay grade, which limits top performers’ ability to advance not to available funding but to the number of vacant positions. There are no methods by which managers can easily and efficiently increase compensation for the most talented workers outside of a promotion in position. For example, some private companies might reward and motivate a select group of the workforce by offering pay raises of 10-20% of salary to a smaller group of top performers. In contrast, like the rest of the Federal Government, DoD grants automatic Within-Grade Increases (WGIs) equal to 3% of base salary to all employees who receive a satisfactory rating on their performance reviews. Only 0.06% of the workforce is typically denied this.

23 Comparatively, in a “rank-in-person” system, which is the system the uniformed services use, the rank and compensation are tied to the individual, not the billet. An O-4 could serve in a billet typically coded for an O-3 or O-5, but would remain an O-4 and would be compensated at that level.

24 WGIs are pay increases from one step to another (e.g. GS-13 Step 1 would be increased to GS-13 Step 2). They are loosely tied to performance as they are authorized to members of the workforce who receive at least a satisfactory on their performance evaluation (99.4% of the workforce). Research shows that small monetary rewards to a large portion of the workforce do not act as an incentive for improved performance from the higher performers, and also become expected by the workforce. In fact, because employees count on receiving the increase, if it is not authorized for the workforce one year because of reduced budgets or other reasons, it can have an adverse effect on employees, similar to if they received a pay cut. Contrarily, more substantial
increase for performance reasons. Said differently, instead of identifying, rewarding, and motivating high performers, the GS system rewards mediocrity.

Compounding this structural problem is the limited number of advancement opportunities. What positions exist do are often supervisory or managerial in nature, leaving even fewer options for those exclusively interested in being technical or subject matter experts. Some employees may be interested in continuing to advance within their specific field, but finding no positions to promote into when seeking increased pay and responsibilities, may choose to become managers. This mismatch between talent and profession is ultimately not only bad for the person but for the organization, which should ideally seek to balance mission demands with professional interests.

The rigidity of the GS pay structure is felt most keenly in the high-skilled STEM professions over which the Department of Defense faces the most competition from the private sector. Potential candidates find compensation to be far lower than what they could earn in the private sector, and those who do choose service in the DoD become frustrated by the lack of opportunities to continue advancing in their technical field. Data from the Federal Salary Council shows that, on average, federal employees earn 35% less than their peers in the private sector. When high-skilled workers in whom the Department has invested heavily consider other job options, we do not have the tools to retain them. Retention incentives are capped at 25% of base salary, which does not adequately address the public-private wage gap.

Although two-thirds of DoD is managed under the GS system, parts of the Department of Defense have been granted authority to establish temporary or permanent alternative personnel systems. However, the Office of Personnel Management (OPM) has not granted DoD-wide expansion of any of these programs or authorities despite demonstrated success. The Intelligence Community (IC) established the Defense Civilian Intelligence Personnel System (DCIPS) under Title 10 authorities. Through flexibilities available through DCIPS, the National Security Agency (NSA) has established a promotion system based not on longevity but on ability and potential; special pay and retention programs; internal development programs; and on-campus recruiting and direct hiring.

Likewise, the Acquisitions community has more than 20 demonstration projects under OPM-delegated Title 10 authority. Current Acquisition Demonstration (AcqDemo) projects and Science and Technology Reinvention Laboratories (STRL) demonstration projects have monetary rewards for a small portion of the workforce often result in increased productivity and are seen as a more “scarce” and selective reward.

proven successful in rewarding and engaging employees, in large part due to a clear line of sight between their performance and mission accomplishments along with ease of management afforded by more flexible classification and pay systems, using broad pay bands. Evaluations point to a greater results-oriented performance culture that enables managers and supervisors to more effectively manage performance.\footnote{26}

**PROPOSAL DESCRIPTION:** This proposal is composed of four parts. First, the Secretary of Defense will direct a six-month study team led by the Office of the Under Secretary of Defense for Personnel and Readiness (OUSD (P&R)) and the Office of the Under Secretary of Defense for Acquisitions, Technology, and Logistics (OUSD (AT&L)) to examine existing AcqDemo and STRL projects, as well as DCIPS. The majority of the workforce would benefit from moving out of the GS system, but does not necessarily have the extant ability to develop and implement a system similar to AcqDemo, STRL, or DCIPS. Moreover, because there are already more than two dozen successful examples of these demonstration projects, there is little utility in other organizations reinventing the wheel. Beginning October 1, 2015, the team will identify best practices among the programs, evaluating feasibility, successful outcomes, resource implications, and scalability. In April 2016, the team will recommend a system to the Secretary of Defense to be exported to the rest of the DoD. The Secretary of Defense will then prescribe pilots to be implemented throughout the Department of Defense.

The second reform establishes two distinct career tracks for leaders GS-14 and above: management and technical. Employees interested in further development of their technical skills will have the opportunity for continued advancement without supervisory responsibilities. This option also makes it more likely that those employees in the management track have a real interest and aptitude in supervising the workforce and are not applying simply for a promotion. Additionally, those in the management track will have demonstrated the potential and aptitude to lead, both through experience and responsibilities and through non-cognitive indicators, developed in the Civilian Human Capital Innovation Lab (CHIL)\footnote{27} in coordination with the Office of People Analytics.\footnote{28} This is good for our people and our organizations. Improved talent matching leads to increased satisfaction, productivity, and effectiveness.

The third reform aligns compensation with market-based pay in the private sector, enabling the Department to more easily attract and retain critically-needed skills. One of the ways in which the DoD’s current performance management fails its highly technical and skilled


\footnote{27} The Civilian Human Capital Innovation Laboratory is recommended by Civilian Reform Proposal 9.

\footnote{28} The Office of People Analytics is recommended by Multi-Domain Reform Proposal 4.
workforce is through its inability to quickly, easily, and reliably match pay to needed abilities. In the most competitive, high-demand fields, there exists a sizeable public-private wage gap, resulting in the DoD continuing to lose top talent. This market-based pay will be piloted in STEM fields as well as the medical community.

The fourth reform will double the current cap on retention incentives from 25% of base pay to up to 50%. For those employees who receive offers outside DoD, this incentive again allows the Department to compete more evenly with private sector companies that have similar tools. Retention bonuses could be precisely targeted to people in specific fields and to those for whom the allure of the private sector would be particularly high.

**IMPLEMENTATION AND GOVERNANCE MECHANISM:** This reform proposal will be achieved through a legislative proposal to Congress.

**Pilot Alternative Compensation Systems:** The team led by OUSD (P&R) and OUSD (AT&L) will begin evaluating the feasibility, outcomes, resource implications, and scalability of existing AcqDemo, STRL, and DCIPS on October 1, 2015 through a Secretary of Defense Policy Memorandum. The participants will complete and deliver their report to the Secretary of Defense no later than April 1, 2016, when he will decide which system to pilot, as well as within which components or organizations. The designated components will then begin planning for the pilots to be included in the Fall 2016 Planning, Programming, Budgeting (PPB) cycle. While the study is being conducted, OUSD (P&R) will also seek Title 10 authority for the Secretary of Defense to direct and oversee demonstration pilot projects, delegated by Title 5 USC § 4703. Implementation will begin no later than October 1, 2017.  

**Establish Dual Compensation Track for Managers and Technical Experts:** Under this system, GS-14s will select whether they will pursue further technical expertise through the Technical Track, or want to gain managerial and supervisory experience through the Management Track. They will remain in their track if and when they are promoted to GS-15 or into the ranks of the Senior Executive Service (SES), continuing to hone expertise in their area and developing leadership abilities to grow the more junior force. Those in the Technical Track will continue training in their functional field, while those in the Management Track will work with the Center for Talent Development (CTD) to train in best practices for management-related topics such as employee supervision, strategic planning, and budgeting.  

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22 This proposal is written assuming Defense civilian personnel are not moved under Title 10 as recommended in Civilian Reform Proposal 12. If it is passed, the Secretary of Defense will not need to request delegated authority from Title 5 USC § 4703. All other elements of this sub-proposal will remain unchanged.

31 The Center for Talent Development (CTD) is recommended by Civilian Reform Proposal 9.
The Deputy Assistant Secretary of Defense for Civilian Personnel Policy (DASD (CPP)), in coordination with the Deputy Assistant Secretary of Defense for Future Force Implementation (DASD (FFI)), will oversee this re-structuring by amending Chapters 51 and 53 of Title 5 USC and working with the Components to implement the system. They will also coordinate with the Under Secretary of Defense (Comptroller) (USD(C)), the Director, Cost Assessment and Program Evaluation (CAPE), and the Office of Management and Budget to establish salary baselines. OPM would also consider the monetary value of each group’s compensation package in order to ensure that both tracks encompass all relevant costs. This complete baseline would enable occupation-specific compensation increases that would enable managers to differentiate their workforce fairly and efficiently.\(^{31}\)

Align DoD Compensation in STEM and Technical Fields with Market-Based Pay:

To determine fair competitive rates for these high-skilled fields, the Department would adopt the “mid-point principle,” a formula used in private industry that pins an employee’s salary within a standardized range. When starting in a position within the DoD, the employee would be matched to the lower end of the range; if they perform well, a series of incremental annual salary increases will quickly move them within close range of their market price in the private sector. This means that those who perform better than their peers reach the market value earlier, while those who under-perform achieve their private sector worth more slowly, or not at all. The truly exceptional employees will rise above the market rate over time.

The Deputy Assistant Secretary of Defense for Civilian Personnel Policy (DASD (CPP)) and the Deputy Assistant Secretary of Defense for Future Force Implementation (DASD (FFI))\(^{32}\) will work to amend Chapters 51 and 53 of Title 5 USC. They will then work with the (USD(C), OMB, and the Department of Labor’s salary surveys to determine the mid-point for all relevant occupations, primarily STEM and technical fields. This system would require Congress and the White House to determine the amount of the DoD’s total payroll every year. DoD or another executive agency could determine salary rate and increases or decreases.

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\(^{31}\) This proposal is written assuming Defense civilian personnel are not moved under Title 10 as recommended in Civilian Reform Proposal 1. If it is passed, the Secretary of Defense will not need to request exceptions to Chapters 51 and 53. All other elements of this sub-proposal will remain the same.

\(^{32}\) The Deputy Assistant Secretary of Defense for Future Force Implementation is Multi-Domain Proposal 5.
Increase the Cap on Retention Bonuses from 25% to 50%: DASD (CPP), in coordination with DASD (FFI) will work to amend 5 CFR § 5753, "Recruitment and Relocation Bonuses," to raise the retention bonus to 50%.

BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS:

Pilot Alternative Compensation Systems: The team conducting the six-month study will be comprised of three people each from OUSD (P&R) and OUSD (AT&L) and two from CAPE. This project will not require any new hires so there will be no added manpower costs. After the team makes its recommendation to the Secretary of Defense, there will likely be additional costs incurred for the planning and implementation of the pilots.

Establish Dual Compensation Tracks for Managers and Technical Experts: There are no anticipated additional costs associated with this proposal, and in fact the Department could find efficiencies through talent matching and allowing people to gain deeper expertise in an area instead of driving them toward a career as a generalist. This proposal will be implemented by current staff with existing resources and will be closely linked with improved training and development for managers.

Align DoD Compensation in STEM and Technical Fields with Market-Based Pay: This system requires a level of constant collaboration between the Department of Defense, Congress, and the White House. Because this proposal increases pay for certain fields, it is inevitable that it will increase the overall civilian personnel budget. The OUSD(C), CAPE, and OUSD (P&R) will need to develop a detailed plan and structure to avoid unnecessarily driving up costs within DoD.

Increase the Cap on Retention Bonuses from 25% to 50%: Assuming the DoD retains 2,000 existing civilian employees after a cap increase at an average retention bonus of $50K each, the annual cost would be $100M and $500M across the Future Years Defense Program. (To put this amount in context, $100M is the amount the DoD spent in 2012 on a single study, the money spent in 2013 on a grade school and high school for 1,260 children outside of Stuttgart, and the amount the Air Force requested in 2014 for a rocket launch competition.) One inadvertent secondary effect could be that employees seek alternative employment in order to generate offers to use in bargaining for retention bonuses. However, this is something that is out of DoD control. The cost of this reform depends on the budget year.

53 This proposal is written assuming Defense civilian personnel are not moved under Title 10 as recommended in Civilian Reform Proposal 1. If it is passed, the Secretary of Defense could raise the retention bonus to 50% by issuing a DoDI.

54 The Center for Talent Development (CTD) is recommended by Civilian Reform Proposal 9.
METRICS FOR SUCCESSFUL IMPLEMENTATION:

Pilot Alternative Compensation Systems: Employee surveys of satisfaction and perception of fairness regarding pay and promotion prior to and subsequent to implementation will produce a reasonable qualitative metric for success. Another qualitative metric would be the degree to which the organization meets or exceeds the goals of their stated mission following this change. A more quantitative metric will be retention and promotion rates before and after the pilots are implemented.

Establish Dual Compensation Track for Managers and Technical Experts: Employee surveys to measure levels of satisfaction with job matching before and after implementation would provide qualitative results. Quantitative metrics include increases or decreases in managers' ratings, and comparison of promotion rates of employees who chose the management track versus those who became managers before the implementation of this change.

Align DoD Compensation in STEM and Technical Fields with Market-Based Pay: The number and demographics of STEM employees attracted to and retained by the Department before and after the implementation of this proposal will be a clear indicator of success. In addition, how quickly the Department can respond to shifts in the private sector market, both positive and negative, will be the proxy indicator for how closely the Department continues to align with, and compensate according to, private sector salaries.

Increase the Cap on Retention Bonuses from 25% to 50%: Comparing the retention rates and frequency of use of this bonus before and after cap increase will provide the Department a ready benchmark for success.
TITLE: Create Parental Leave Policies (Civilian Reform Proposal 3)

PROPOSAL SUMMARY: This reform proposal will strengthen the Department’s parental leave policies by doing the following: 1) Establishing a paid “parental leave” category for civilian employees of the Department of Defense, and 2) Establishing a phased return policy for parents returning to work after child birth, adoption, or fostering.

CURRENT CHALLENGES: There is no maternity, paternity, or parental leave available to Department of Defense employees. Policies dictating the use of types of leave are complicated and restrictive. Because there is no nationally-mandated paid leave policy, Department of Defense employees can take up to 12 weeks of unpaid leave, as provided by the Family and Medical Leave Act (FMLA)\textsuperscript{35}, making it difficult and costly for parents to take leave for a child’s birth, adoption, or foster care. This is financially untenable for those workers who are unable to support themselves, much less a family, without a steady paycheck.

If Department of Defense employees want to continue earning an income while taking personal time after childbirth or to care for their child, new parents must use accrued paid leave, which often completely depletes the hours they have earned. If the new parents have no accrued paid leave, they must request advance leave, which prevents further accrual of leave until it is repaid. Sick leave may only be used for the “period of incapacitation,” which most medical professionals determine to be six to eight weeks. Sick leave beyond that time must be used only for “serious health conditions.” OPM goes on to specify, “There is no provision in law or regulation that permits the use of sick leave to care for a healthy newborn, bond with a healthy child, or for other child care responsibilities.”\textsuperscript{36} Finally, only annual leave—not sick leave—may be transferred from one partner or spouse to the other, and only for the purposes of a medical emergency.

Many studies have shown that paid parental leave is a normative good that improves physical, mental, and emotional well-being of both children and parents. Paid parental leave is also has important positive effects in the workplace. New parents who are able to spend more time at home early in the child’s life are more productive and effective when they return to work. It also improves both morale and retention because of the social contract of employment forged between the employee, manager, and teammates.

\textsuperscript{35} This act, passed in 1993, requires all companies and organizations with at least 50 employees to grant up to 12 weeks per year of unpaid leave to any full-time employees for the purposes of childcare or other family-related medical issues.

\textsuperscript{36} OPM Handbook on Leave and Workplace Flexibilities for Childbirth, Adoption, and Foster Care, April 2015.
One study found that women with access to paid leave are more likely to work later into their pregnancies, and that while these women are less likely to start working again within the first month after childbirth than women without paid leave, they are actually more likely to return to the labor force in the year after they give birth than women who are not offered paid leave. Another found that although women who are eligible for paid leave are more likely to stay at home longer than a woman without paid leave, they are also more likely to return to work after that period of leave.

Allowing fathers and partners to take leave is important to the child’s well-being and to promoting gender equality at home. It is also critical to enabling gender equality at work by allowing the mother to more quickly and effectively return to her career.

Both of these proposals are consistent with President Obama’s recent instruction for agencies to review policies related to parental leave and pledge for support as they “align themselves...with the parental leave policies of leading private sector companies and other industrialized countries.”

**PROPOSAL DESCRIPTION:** This proposal is composed of two parts. First, the Department of Defense will establish a new category of paid leave for its employees. Under “parental leave,” birth mothers will be granted 18 weeks of paid leave per birth, and partners, spouses, adoptive parents, and foster parents will be granted 12 weeks of paid leave per birth. If both parents are employed by the Department of Defense, they may share or transfer the leave to each other for increased flexibility. This leave may be used at any point within the first 18 months of birth, adoption, or beginning of foster care, allowing the parents to create a schedule that is most beneficial to their family, the child’s growth, health, and well-being, childcare costs, and the parents’ careers. If the parent(s) have another birth, adoption, or foster care event, they will not be eligible to save unused parental leave; instead it will reset at the next event.

Second, in addition to being encouraged to use any available flexible work schedule or telework options, parents may choose to work part-time for the first year after the birth, adoption, or beginning of foster care as they “phase-in” their return. For example, they may

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41 Under this policy, multiple births (e.g. twins, triplets) will not increase the number of weeks of leave from 18 and 12, respectively.
choose to work 75% of their normal hours for 75% of the pay, or 50% of their hours for 50% pay.

It is not enough to simply authorize leave to be taken. The Department of Defense must begin to effect a cultural change in the Department that does not prevent women from advancing in the workplace because they have taken time to care for a child. Likewise, DoD leadership must recognize the potential for partners who take advantage of parental leave to be penalized in the same way women have been for years. To guard against this, both men and women in influential and senior positions will need to lead by example and be open about the time they are taking off and why to show to the rest of the workforce that, not only is it not harmful to their teams or professional careers, it is in the interest of the parents and child for both parents to take responsibility for the child and requirements at home.

IMPLEMENTATION AND GOVERNANCE MECHANISM: This reform will be achieved through an amendment to Title 5 CFR § 630, to include a new category of leave for birth mothers, fathers, adoptive parents, and foster parents called “parental leave,” and introducing new flexibilities associated with such leave, including a part-time phased return to work. This will require coordination between the Secretary of Defense and the Director of OPM. The Deputy Assistant Secretary of Defense for Civilian Personnel Policy (DASD (CPP)) in coordination with Deputy Assistant Secretary of Defense for Future Force Implementation (DASD (FFI)) will govern the statutory change, implementation, and measuring the impact of the workforce. This change will articulate a single definition of “parental leave” for DoD civilians that will make explicit the previously stated eligibility for parental leave, the time frame within which the leave must be taken, and the circumstances of its use.

BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS: The public would likely be supportive, as would progressive members of Congress. Some members of Congress may be opposed due to the perceived expense, which is estimated at $95,609,484 annually, or $478,047,420 over the FYDP for birth mothers. For fathers and partners, the cost is estimated at $130,394,968 annually, or $651,974,841 over the FYDP.

43 The Deputy Assistant Secretary of Defense for Future Force Implementation is Multi-Domain Proposal 5.
44 These estimates are based on the following information: there are 72,120 female DoD civilian employees ages 40 and younger. Assuming the national birth rate of 6.25%, this would result in 4507.5 births per year. The average (mode) pay grade for female employees in this age range is GS-12, which earns an hourly salary of $29.46. Therefore, 720 hours of paid leave would cost $95,609,484.
45 These estimates are based on the following information: There are 147,539 male DoD civilian employees ages 40 and younger. Assuming the national birth rate of 6.25%, this would result in 9221.2 births per year. The
This comes to a total cost of $226,004,452 annually, or $1,130,022,260 over the FYDP.\textsuperscript{46} However, this number does not consider that for some employees, this leave will be used in lieu of annual or sick leave which components have already accounted for. Additionally, as previously explained, parental leave is not an expense but an investment in DoD’s civilian personnel. These costs will be offset by the aforementioned increased productivity when they return. Moreover, increased retention means fewer new hires and costs savings of the associated training.

The Center for Economic and Policy Research found, in a recent study, that “91% of employers surveyed in California noted that paid medical leave policies enacted by the state had either boosted profits or had no effect on their bottom line.”\textsuperscript{47} Although the Department of Defense does not operate based on profits, it does operate based on productivity and quality of work. Additionally, the benefits – to government, parents, and their children – likely outweigh the costs, as “The availability of paid maternity leave...has been shown to increase the likelihood that mothers return to their jobs following the birth of a child, and paid maternity and paternity leave has been shown to improve the health and development outcomes of the infant.”\textsuperscript{48} As this is an issue that matters for male and female Millennials alike, it will help DoD recruit top young talent. These reforms should be included in the Fall 2015 Program and Budget Review (PBR) in support of the Department’s President’s Budget 2017 submission.

**METRICS FOR SUCCESSFUL IMPLEMENTATION:** DoD leadership should measure how many people are using the leave and at what point in the year following the birth, adoption, or fostering. They should also survey workers who have used it as well as their supervisors and teams to see the effect on morale and productivity. Results should be reported to the DASD (CPP). Along with the numbers of employees using the leave, DASD (CPP) should measure retention rate of those employees. Finally, any negative repercussions such as inability for teams to complete tasks should be measured and addressed by making necessary adjustments to the program or adding new incentives.

\textsuperscript{46} Although this estimate does not include estimates for same-sex partners, cohabitants (which would make it an underestimate), it also does not account for dual-Department employees. This estimate is simply that—an estimate. However it is an informed one.

\textsuperscript{47} *Ibid.,* 3.

\textsuperscript{48} White House Memo on Family Leave, January 15, 2015.
TITLE: Increase Permeability with the Private Sector and Academia (Civilian Reform Proposal 4)

PROPOSAL SUMMARY: This reform proposal will (1) designate a Chief Recruitment Officer (CRO) to target high-quality candidates from the private sector; (2) create a tiered expert hiring system; (3) establish a public-private talent exchange by amending the Intergovernmental Personnel Act (IPA); and (4) extend sabbatical opportunities below the Senior Executive Service (SES) level to afford more personally tailored learning opportunities.

CURRENT CHALLENGES: The exchange of talent between the private sector and the Department of Defense is often unnaturally restricted to narrow bands of opportunity. For example, the Department of the Air Force has the Education with Industry (EWI) program that selects mid-level officers and civilian employees, GS-11 through GS-13, to spend one year on a tour with industry. Without a standardized enterprise-wide approach, the Department of Defense is left at a deep disadvantage in the national labor marketplace. DoD currently has limited authorities to enable employees to seize developmental opportunities in the private sector, and the authorities that do exist are used infrequently because of restrictions and limitations on when and how they can be applied. Moreover, there are no programs in place to encourage managers and employees to employ these authorities. Without a well-publicized and understood signal that the Department’s doors are open to careers of promise and choice, we limit the talent best able to support our dynamic national security mission.

The DoD must therefore make a focused effort to target, attract, and recruit top mid- and senior-level talent. In corporate America, headhunters work actively to match this level of talent with opportunities, yet DoD has no designated office assigned to target needed talent. Additionally, movement between the private and public sectors requires compliance with an often complex set of ethics rules and regulations, necessitating a dedicated group of legal experts to ensure transparency and understanding, and prevent violations. Despite mechanisms originally designed to on-board Highly Qualified Experts (HQEs) for decisive impact to the workforce, the Department’s risk-averse and byzantine policies over-define requirements to the exclusion of younger, ambitious candidates.

Current legislation extends IPA agreements to nearly every sector, including other federal agencies, Indian tribal governments, institutions of higher learning, state and local

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governments, non-profit organizations, and federally funded research and development centers. However, the private sector is not included, and there is no comparable authority that allows two-way exchanges between DoD and private businesses.

More DoD employees could benefit from taking a period of time off for personal and professional development such as academic study or independent research. Currently, sabbaticals are available only to SES employees. Eligible candidates have used the authority only 35 times in five years, usually citing they have too many responsibilities at their level to take time away from their normal duties.

The Department of Defense will not compete in the 21st Century talent marketplace, nor draw adequate strength from within it, unless it finds new ways to accelerate high potential talent flows between the standing national security workforce and private industry.

PROPOSAL DESCRIPTION: This reform is composed of the following parts: (1) Designating a Chief Recruitment Officer (CRO); (2) Creating Tiered Expert Hiring System; (3) Encouraging a Public-Private Talent Exchange; and (4) Expanding Authorization of Sabbaticals.

Designate a Chief Recruiting Officer: In order to attract those who would temporarily give of their time and experience to infuse the workforce with new ways of thinking, the Department will develop a strategic approach to recruiting a diverse group of leaders from across relevant sectors who will serve in a temporary but influential capacity. The Chief Recruiting Officer (CRO) will lead a small team, the Office of Executive Recruitment (OER), and report to the Deputy Chief Management Officer (DCMO) or the Deputy Secretary of Defense. The CRO will advise, not replace, the existing Service Civilian Senior Executive Management Offices. The CRO, a veteran of the private-sector executive search industry, will be a HQE and serve a four-year term.

The CRO's key mission is to drive the Department of Defense towards a targeted, aggressive approach to hiring for specific talents and expertise by applying best practices from the executive search industry. To achieve this, the CRO will (1) continually survey the Department's leadership to identify gaps in expertise, skills, and relationships; (2) recruit a diverse array of leaders from across society to fill those gaps; (3) utilize the new hiring authorities proposed within this reform proposal—Tiered HQE Hiring and Public-Private Talent Exchange—to bring those people on board; and (4) facilitate the onboarding process, particularly regarding compliance with ethics rules and regulations. The CRO's Office of Executive Recruitment will include a staff of expert Human Resources specialists with in-depth knowledge of special hiring authorities such as Direct Hire Authority, Schedule A, HQE, and IPAs and will therefore be able to quickly and efficiently onboard the talent.
The CRO will also assume responsibility for the selection of 100 leaders from across society every other year, to be known as the Defense 100 (D100). The D100 list is inspired by other “Top-100” lists published in such professional outlets as Foreign Policy or Fast Company, Inc. but will go beyond simply being a list of names. It will be a cohort of technical experts and industry leaders, selected on the basis of knowledge that can fill critical gaps determined by discussions throughout the Department of Defense, who will serve in strategically selected positions for two year terms.

Establish Tiered Expert Hiring System: The Department of Defense will create a three-tiered classification system of experts, according to their skills and experience, to serve in terms of up to four years: Level 1 – Highly Qualified Experts (SES level); Level 2 – Qualified Experts (GS-15 level); and Level 3 – Emerging Qualified Experts (GS-14 level). Level 1 will reflect the de jure reality of how HQEs have been interpreted heretofore. Levels 2 and 3 would clarify current policy and facilitate the hiring of HQEs currently not under consideration. Creating this system would require changes in both statute and policy to formalize these definitions as well as designate their commensurate compensation levels. This will motivate DoD to use the HQE authorities in their true spirit and bring in a wider variety of experts that will be paid according to their experience. Existing technology solutions for matching experts to critical talent requirements will need to be identified as well. These changes will encourage components to use this authority to hire people who are qualified experts by clarifying that the expertise need not be based upon time spent in their field but can also be emergent.

Create Public-Private Talent Exchange: This proposal extends IPA agreements beyond current legislation and Office of Personnel Management (OPM) implementing guidance by permitting additional exchanges with the for-profit private sector. The IPA allows for the exchange of personnel between participating agencies for up to five years. Government employees would gain valuable experience with for-profit private sector industries via personnel exchange and industry personnel would be able to accept IPA positions, infusing the Department of Defense with the best ideas and lessons from industry.

Currently, DoD’s IPA program allows for cost-sharing between the Government and the Institution. This reform proposal further opens opportunities to reach more advantageous agreements for both DoD and industry, whether that be in the form of cost-sharing, which occurs presently, or cost-exchange.50

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50 DoD would have full responsibility for payment of all salary, allowances, and benefits to Department employees participating in the Exchange program. In turn, the private sector organization would have full responsibility for payment of all salary, allowances, and benefits to their employees participating in the Exchange Program.
Expand Authorization of Sabbaticals: The authority would empower agencies to grant paid time off to employees at the GS-12 level and higher for the purpose of professional development opportunities such as education or research. Employees would be offered a paid sabbatical of up to 12 months in duration in any 10-year period. Time spent on sabbatical in a paid status will be treated as "official duty time" without impact to service computation date or benefits. Employees approved for paid sabbatical must sign a service obligation agreement to continue in federal service for a period of time which, at a minimum, is equivalent to the length of the sabbatical.

The proposed authority is intended to provide top performing employees with career growth and development opportunities. Decisions regarding which employees would be eligible for sabbaticals would be left to the discretion of Component leadership. The initiative would include measurable criteria for eligibility and qualification.

IMPLEMENTATION AND GOVERNANCE MECHANISM:

Designate a Chief Recruitment Officer: This reform proposal will be achieved through a directive memorandum from the Secretary of Defense. The CRO will be hired as a Level 1 Highly Qualified Expert under the newly reformed tiered classification system of experts. The OER would be designed to be a force multiplier by complementing, coordinating, and enhancing ongoing recruiting efforts across the Department, enacted by Secretary of Defense Memorandum.

Each member of the D100 will be recruited under the expanded authorities within this proposal—Tiered Expert Hiring System and Public-Private Talent Exchange—for a two-year term. The CRO will pay for the salaries of each person on the list and place them in strategic billets throughout the Department in consultation with Component heads. The Deputy Assistant Secretary of Defense for Civilian Personnel Policy (DASD (CPP)), in coordination with DASD Future Force Implementation (DASD (FFI)) will oversee this effort.

Establish Tiered Expert Hiring System: This reform proposal will be achieved through a legislative proposal to amend Title 5, USC § 9903, which authorizes DoD to hire "Highly Qualified Experts." The statute will be amended to authorize "Qualified Experts." Classification and pay authorities will be determined based on an evaluation of the applicant's experience and skills. This amendment should be a part of the FY2017 National Defense Authorization Act. The effort will be overseen by the Deputy Assistant Secretary of

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31 This proposal is written assuming Defense civilian personnel are not moved under Title 10 as recommended in Civilian Reform Proposal 1. If it is passed, the Secretary of Defense will not need to amend Title 5 and will only need to amend the DoDI. All other elements of this sub-proposal will remain unchanged.

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Defense for Civilian Personnel Policy (DASD (CPP)), in coordination with Deputy Assistant Secretary of Defense for Future Force Integration (DASD (FFI))\textsuperscript{52}.

Subsequent to amending Title 5, DoDI 1400.25 will also need to be amended to reflect the three different levels of expertise. The existing language will still be applicable to the Level 1 Highly Qualified Experts. It requires the candidate “possess uncommon and recognized knowledge, skills, and experience in an occupational field, and judgment that is accorded authority and status by peers or the public.” Further, this person must have “substantial experience and/or education and is generally credentialed, and has proven ability in a particular field or fields.”

New policy language will specify Level 2 Qualified Experts “possess recognized knowledge, skills, and experience in an occupational field, and judgment that is accorded expertise by peers or the public.” Further, this person must have “experience and/or education, and has proven ability in a particular field or fields.”

New policy language will specify Level 3 Emerging Qualified Experts “demonstrate knowledge, skills, and abilities in an occupational field, and judgment that is accorded high potential by peers or the public.” Further, this person must have “experience and/or education, and has both proven ability and potential for further recognition in a particular field or fields.”

**Create Public-Private Talent Exchange:** This reform proposal will be achieved through a legislative proposal to amend the Intergovernmental Personnel Act of 1970 (Title 5, USC §§ 3371-3376) to establish a viable two-way exchange program between organizations in the DoD and the private sector.\textsuperscript{53} Such an approach provides an additional mechanism for the Department of Defense to access world-class industry experts without forcing them to sever ties to their home organizations.

Additionally, legislative language should include a provision regarding trade secrets. Using the Government Accountability Office’s exchange program as an example, the legislative language should mandate that regulations governing the program “require that an employee of a private sector organization assigned to the Office may not have access to any trade secrets or to any other nonpublic information which is of commercial value to the private sector organization from which such employee is assigned.” The DASD (CPP), in coordination with DASD (FFI) will oversee this effort.

\textsuperscript{52} The Deputy Assistant Secretary of Defense for Future Force Implementation is Multi-Domain Proposal 5.

\textsuperscript{53} This proposal is written assuming Defense civilian personnel are not moved under Title 10 as recommended in Civilian Reform Proposal 1. If it is passed, the Secretary of Defense will not need to amend Title 5. All other elements of this sub-proposal will remain unchanged.
Expand Authorization of Sabbaticals: This reform proposal will be achieved through a legislative proposal to amend Title 5 USC § 3396, “Development for and within the Senior Executive Service;” OPM Chapter 15, “Placement in Nonpay or Nonduty Status;” and DoDI 1400.25, “DoD Civilian Personnel Management System: Training, Education, and Professional Development” to extend the authority for sabbaticals down to GS-12. The DASD (CPP), in coordination with DASD (FFI) will oversee this effort.

BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS:

The primary challenge to all these initiatives is the “revolving-door” provision in Executive Order 13490. Related to this, another limiting factor may be reluctance to serve due to ethics regulation requirements such as the Office of Government Ethics Form 278, Executive Branch Personnel Public Disclosure Report, potential divestiture of holdings, and post-employment restrictions. However, the establishment of the CRO is intended in part to address these sorts of concerns specifically, by identifying, recruiting, and hiring talent who may have previously hesitated to work in the DoD. The CRO will be responsible for ensuring designees are aware of the regulations and will work closely with a dedicated staff of labor relations legal experts, in concert with the Standards of Conduct Office (SOCO) in the DoD Office of General Counsel, to ensure compliance. The initiatives would also have to be carefully managed to ensure the steady influx of new leaders with significant experience outside the Department of Defense but unfamiliar with DoD practices and procedures are constructively integrated into existing organizations and that they form partnerships with career civil servants.

Designate a Chief Recruitment Officer: Establishing the CRO and the Office of Executive Recruiting would entail a relatively modest dollar cost to start up. Two senior executives with an office of nine employees (assuming a CRO, deputy CRO, three GS-15s, three GS-14s, three GS-12s) would require a budget of approximately $3.2M per fiscal year. The total estimated cost across the Future Years Defense Program (FYDP) is projected at $15.8M.

Another consideration is the demand for a limited number of senior billets (executive level or senior executive service). The salary costs of the D100 are projected at $23.5M per fiscal year and $118M across the FYDP. This budget assumes the OER would cover salary and benefit costs and that the office in which members of the D100 are placed would absorb the cost of administration, logistics, and support in their existing budget. The projected budget for the OER for the salary and benefits of members of the D100 across the FYDP is

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54 This proposal is written assuming Defense civilian personnel are not moved under Title 10 as recommended in Civilian Reform Proposal 1. If it is passed, the Secretary of Defense will only need to amend the DoDI, not Title 5. All other elements of this sub-proposal will remain unchanged.
$118M. This reform should be included in the Fall 2015 Program and Budget Review (PBR) in support of DoD’s President’s Budget 2017 Submission.

Establish Tiered Expert Hiring System: One potential barrier is the components’ hesitation to use part of their civilian personnel budget for a highly-ranked Qualified Expert instead of a permanent employee. There are no legal barriers to the proposal’s implementation aside from the stated legal amendments. There are also no additional barriers aside from the aforementioned potential concerns regarding revolving-door policy and ethics, which will be addressed through the CRO. Costs will be commensurate with the person’s pay and do not increase the existing civilian personnel budget. This reform should be included in the Fall 2015 Program and Budget Review (PBR) in support of the DoD’s President’s Budget 2017 Submission.

Create Public-Private Talent Exchange: DoD will need to provide a compelling case why it is not making greater use of existing authorities related to term, temporary, and IPA appointments, as well as the Information Technology Exchange Program (ITEP), Training with Industry, and Systems Engineering and Technical Assistance (SETA) contracting. However, none of these authorities provides the same flexibilities to the same group of people as the initiatives included in this reform proposal. There are no additional costs related to the program aside from salaries for the DoD employees on exchange in the private sector. This reform should be included in the Fall 2015 Program and Budget Review (PBR) in support of the DoD’s President’s Budget 2017 Submission.

Expand Authorization of Sabbaticals: According to the GAO, salaries of employees on sabbatical accounted for 87% of sabbatical costs with the remaining costs attributed to travel and related expenses, educational expenses, moving expenses, and miscellaneous expenses such as providing a leased car. The costs may also include office space, administrative support, and computer time, although many hosting organizations will pay for these costs, as well as travel. This reform should be included in the Fall 2015 Program and Budget Review (PBR) in support of the DoD’s President’s Budget 2017 Submission.

DoD components may oppose the expansion of sabbaticals to the GS grades. In a tight budget environment, as civilian employee payrolls are reduced through attrition and, possibly, workforce reduction efforts, more work will be placed on all employees, particularly the top performers, and leadership may be reluctant to spare them for a sabbatical. Employees may be reluctant to take sabbaticals for fear that they will be replaced in their absence or their position will no longer be necessary.

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55 ITEP is the temporary exchange of DoD and private sector employees who work in the field of information technology.
56 SETA contracting is civilian employees or government contractors who are contracted to assist the United States Department of Defense (DoD) components in acquisition programs.
There could be negative effects on the morale of employees who have to backfill or take on the workload of the employee on sabbatical, particularly during adjustment periods upon the return of the employee from sabbatical. The need to backfill or take on extra workload may also result in a lower quality of work and inefficiency in the office.

**METRICS FOR SUCCESSFUL IMPLEMENTATION:**

**Designate a Chief Recruitment Officer:** A direct measure would be the CRO successfully hiring technical experts and business leaders. These people must generate useful results and encourage others from outside the DoD to participate after completing their tenure. Organizations in the Department of Defense that receive D100 participants would have positive reports on how they benefitted the organization. Survey results would show that career-oriented people value the program. It is expected that the initiatives would be focused enough to make it possible to track results on a case-by-case basis.

**Establish Tiered Expert Hiring System:** Success would be measured by the number of people appointed and the variety of occupational classifications and specialties, education levels, and years in their field of expertise. DoD should also evaluate what critical skill or mission gaps these employees fill. The annual cost of pay and additional payments are also important. Finally, evaluations and surveys within the employing office are important to measure the success of the program and to continue improving it.

**Create Public-Private Talent Exchange:** Success is determined by the number of personnel in DoD participating in the exchange program. DoD should determine the sufficiency of those numbers by occupation and grade and codify the value proposition for participation in exchanges, akin to Joint duty credit for uniformed personnel. DoD should continue to survey the workforce to ascertain current attitudes associated with personnel exchanges, looking for positive response. Retention of employees post-exchange should also be evaluated. Furthermore, DoD will evaluate the degree to which these professional development opportunities improve an employee’s performance.

**Expand Authorization of Sabbaticals:** DoD should monitor the numbers of employees accepting and declining sabbaticals and measure the number of degrees and certifications obtained through sabbaticals, as well as retention and promotion statistics of employees returning from sabbaticals. Job satisfaction, increased production or quality of work upon return, and retention rates are all important measures of the effectiveness of the program.
TITLE: Hold Low Performers Accountable (Civilian Reform Proposal 5)

PROPOSAL SUMMARY: This reform proposal will empower Department of Defense leaders to take effective action to divest low performers. Empowered supervisors and managers will more consistently hold low performers accountable for their work. This proposal includes the following reforms: (1) allowing for expedited and streamlined removals and demotions of low performers; (2) establishing a centralized office with labor relations lawyers and human resources (HR) experts that specialize in performance management and divestiture; and (3) emphasizing supervisors' responsibilities for performance management and accountability by linking supervisor performance ratings to ensuring employee excellence.

CURRENT CHALLENGES: The current performance management system does not effectively hold low performers accountable, offering few negative consequences when an employee falls short of expectations, and gives supervisors unwieldy options for intervening. In 2014, 16% of the private sector lost their jobs due to underperformance, yet in the U.S. Federal Government, the separation rate for poor performance or disciplinary action is just 4.5%. There have been only 1,810 instances of separation due to poor performance or disciplinary action in the DoD in FY2015. Assuming the DoD civilian workforce comports to the rest of the American labor force, these statistics indicate a structural inability or a lack of willingness to take adverse action against underperformers. Indeed, according to the 2014 Federal Employee Viewpoint Survey (FEVS) survey, only 27% of DoD employees believe managers in their work units take appropriate steps to deal with poor performers.

One of the most common tools for addressing an underperforming employee is a Performance Improvement Plan (PIP), through which workers are told their performance is unsatisfactory and given an action plan for remediation. They are given objectives that must be accomplished within a set period of time. Once they meet these minimum goals, they are removed from probationary status and the PIP is removed from official records. For this reason, it is impossible to track the number of employees listed as underperforming on an annual basis, or to track workers placed on PIPs more than once. Most importantly, there is no way for future hiring managers to know an employee was on a PIP unless they ask directly. This problem is so widespread; employee relations experts have a name for this phenomenon: "yo-yo employees."

The process of removing or disciplining an employee, which can take well over a year to resolve, is daunting to supervisors. It is time consuming, labor intensive, procedurally complex, and emotionally draining. Consequently, many supervisors are discouraged from

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57 CEB
58 Fedscope Database, Separations Cube FY2009-FY2014. Provided by CEB.
taking appropriate actions. Training for managers does not sufficiently explain their options and rights for handling low performers. Many perceive they would not receive top-level support if they do take action against an underperformer. They often choose not to take action against an employee out of concern for the potential legal consequences, not to mention the personal toll and disruptive impact it may have on the work unit. Employees, on the other hand, have multiple avenues for contesting adverse decisions, which has created a system that facilitates delays and is ripe for abuse. This system leaves employees in limbo and demoralizes other workers who are performing well.

The Department of Defense is not alone in the federal government in its challenge to hold low performers accountable and can build off the work by other agencies. The Department of Veterans Affairs (VA), for example, was recently granted authority to divest members of its Senior Executive Service (SES) workforce who are proven low performers. There are also two bills in Congress aimed at extending strengthened performance management processes to the entire VA workforce. Although this reform proposal builds on the overarching goals of these bills to establish a more efficient process for divesting poor performers, it does so with the express intent of preserving appeal rights and the due process of the employee.

**PROPOSAL DESCRIPTION:** This reform proposal is composed of three parts. First, under this proposal, the Secretary of Defense, or Deputy Secretary of Defense, Secretaries of Military Departments, and Principal Staff Assistants, if designated to act on his behalf, may suspend an employee without pay if he determines the performance or misconduct of the person may warrant removal or demotion. Within 30 days of the suspension but before removal, the employee will be entitled to a written statement of the specific charges against the employee. The suspended worker will then have seven days to answer charges orally or in writing and to furnish documents to support the case. At the employee’s request, a DoD SES may be appointed to conduct a formal investigation within 15 business days of the suspension. The Secretary of Defense must review the case in order for the suspended employee to be demoted or removed from their position. The Secretary of Defense’s written decision will include the specific reasons for the decision.

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39 Veterans Access, Choice, and Accountability Act (2014)
40 The House of Representatives recently passed the 2015 VA Accountability Act, which essentially extends the 2014 law to the entire workforce. This bill has met strong opposition from labor relations groups and has also drawn a veto threat from the Administration. At the same time, the Senate Veterans Affairs Committee is considering Senate bill S. 1856, which is a more moderate proposal to clarify and streamline the process for suspending, demoting, and removing employees while maintaining the rights to due process and appeal. Additionally, a bill recently passed the U.S. House of Representatives extending these authorities to the entire VA workforce, and there is another, more moderate bill in the U.S. Senate’s Veteran’s Affairs Committee that proposes a more streamlined and efficient process for the Secretary to remove anyone in the VA.
If investigation disproves the allegation, the employee will be fully reinstated in the previous position and retroactively compensated for the working hours during suspension. If investigation confirms the misconduct, the Secretary of Defense may remove or demote the employee. A demoted employee will immediately begin receiving pay at the rate of the new lower grade and may not be placed on administrative leave or use any other category of paid leave during the period during which an appeal is ongoing. The authority to remove employees is limited to the Secretary of Defense (rather than all managers in the enterprise) to limit the potential for abuse of this new authority.

In accordance with Title 5 USC § 7701, suspended, demoted, or removed employees are entitled to appeal to the Merit Systems Promotion Board (MSPB), but must do so within seven days of the decision for removal or demotion. In accordance with Title 5 USC § 7703, employees may further obtain judicial review of the MSPB’s final order or decision. To avoid allowing these efforts to languish for months or years at a time, DoD will work with MSPB, the Equal Employment Opportunity Council (EEOC), and other relevant appeals boards to optimize the process with the goal of making appeal determinations in 60 days or fewer.

Additionally, probationary periods for the entire workforce will increase from one year to two years. This gives a supervisor more time to assess both the abilities and potential of employees before granting them tenured status. At the end of the probation, the supervisor must make an affirmative decision to convert the employee to a permanent status or the employee will remain on probation.

PIPs will be documented actions that will remain in employees’ personnel records, allowing managers who could hire them in the future to see whether the worker was ever on a PIP, what the circumstances were, and how it was resolved. This will allow the Department to monitor low performance across the enterprise for the first time.

The second part of this proposal is to establish the DoD Office of Professional Excellence & Accountability (OPEA) within the Defense Human Resources Activity (DHRA). OPEA will be a centralized, independent office with labor relations lawyers and human resources (HR) experts dedicated exclusively to supporting supervisors with performance management and divestiture.

OPEA will have three functions: (I) The first is to support supervisors by providing timely, accurate, and independent counsel and advice to supervisors contemplating taking adverse action against a worker who holds permanent status. While lawyers and specialists in the Office of Labor and Management Employee Relations (LMER) and Office of the General Counsel (OGC) of each component must cover a wide range of legal and operational issues, the attorneys for the OPEA will have highly specialized expertise in employment law and
will be focused on protecting and advising the supervisors themselves. (2) OPEA will work with the Labor and Employee Relations Office in DHRA, the Deputy Assistant Secretary of Defense for Civilian Personnel Policy (DASD (CPP)), and the Chief Learning Officer within the Center for Talent Development\textsuperscript{61} to ensure employees in the Management track\textsuperscript{62} have the training and tools necessary for holding employees accountable for excellence. (3) OPEA will help avoid litigation against the Department of Defense and supervisors by ensuring personnel actions are thoroughly and properly prepared, and will assist supervisors in the event an employee does file a complaint or lawsuit.

The third part of this proposal encourages supervisors to differentiate between high and low performers by linking their own promotion potential and bonuses to their employees’ performance reviews as well as what actions the supervisors took to hold them accountable. To assess this, employees will assess supervisors on an annual basis via a 360 review that evaluates whether they feel the supervisors are identifying high and low performers and then acting to hold low performers accountable. The results of this survey will be included in a supervisor’s personal performance evaluation and used as a key performance measurement in their evaluations and when under consideration for promotion or bonuses. These will not be quantitative measurements based on the number of demotions or removals, but qualitative assessments by the rest of the workforce of a manager’s ability to hold employees accountable and ensure excellence across their teams.

**IMPLEMENTATION AND GOVERNANCE MECHANISM:** This reform will be achieved through amending Title 5 USC § 4303 and § 7532. The legislative proposal will closely resemble the language in existing Senate bill S. 1856.

The Deputy Assistant Secretary of Defense for Civilian Personnel Policy (DASD (CPP)) will oversee this legislative reform proposal in coordination with the Deputy Assistant Secretary of Defense Future Force Implementation (DASD(FFI))\textsuperscript{63}\textsuperscript{64}. DASD (CPP) and DASD (FFI) will also work with MSPB, EEOC, and other relevant appeals boards to shorten the processing time for the appeals process.

The extension of probationary periods for new employees will be through amendment of Title 5 USC § 315, Subpart H. Directing PIPs to be officially and permanently documented, and standing up an Employee-Labor Relations Committee, will both be established via

\textsuperscript{61} The Center for Talent Development (CTD) is recommended by Civilian Reform Proposal 9.

\textsuperscript{62} The Management track is an element of element of Increased Pay Flexibilities, which is recommended by Civilian Reform Proposal 2.

\textsuperscript{63} The Deputy Assistant Secretary of Defense for Future Force Implementation is Multi-Domain Proposal 5.

\textsuperscript{64} This proposal is written assuming Defense civilian personnel are not moved under Title 10 as recommended in Civilian Reform Proposal 1. If that proposal is passed, the Secretary of Defense will need to determine statutory requirements for employee suspensions and removals, and interactions with MSPB.

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DoD.I. These three actions will all be led by DASD (CPP) in coordination with DASD (FFI).

The establishment of OPEA will be achieved by directive memorandum from the Secretary of Defense and modeled on the Sexual Assault Prevention and Response Office in 2004. It will report to the Director of the DHRA. Establishment of this office will be implemented by the Director of DHRA and overseen by DASD (CPP) and DASD (FFI). OPEA will be established by directive memorandum from the Secretary of Defense.

Additionally, DASD (CPP) and DASD (FFI) will oversee the development of language to be added to all supervisor and manager performance evaluations. The office will also develop survey questions for subordinates and superiors to complete that specifically assess the manager's ability to distinguish between excellent and poor performers, as well as the way she acted on these distinctions.

**BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS:** If approved, this reform should be included in the Fall 2015 Program and Budget Review (PBR) in support of the Department's President's Budget 2017 submission. The multiple avenues employees have to contest adverse decisions will not change based on this proposal; however, the expedited and streamlined approach will prevent such long delays and will lessen the associated costs of time, money, and morale. The unions could have concerns with fairness and equity. Language too similar to the VA Accountability Act or the H.R. bill could result in non-concurrence from the Administration.

Staffing OPEA will require ten lawyers and five HR professionals. Assuming a staff of 15 GS-15s, this will cost approximately $2.3M each year, or $11.5M across the Future Years Defense Program.

**METRICS FOR SUCCESSFUL IMPLEMENTATION:** Successful implementation of these programs will result in holding low performers accountable through demotion or removal. This will be measured first through semi-annual surveys to assess the degree to which employees feel that managers are holding low performers accountable, and by officially documenting previous PIPs in employee personnel files. This will further result in a more effective and productive workforce, to be measured largely through surveys such as FEVS, as well as by retention and recruitment rates of top performers. A final metric would be the number of appeals and law suits submitted compared to the number that are successful.
TITLE: Increase Recruitment at Colleges and Universities (Civilian Reform Proposal 6)

PROPOSAL SUMMARY: This reform proposal will strengthen the Department of Defense’s approach to recruiting students, interns, and recent college graduates by combining five elements: (1) establishing a DoD Civilian On-Campus Recruiting Authority under Title 10; (2) expanding the existing DoD Student Training and Academic Recruitment Program; (3) building a DoD New Call to Service Scholarship program; (4) establishing a DoD Exceptional Scholars Program within the New Call to Service Scholarship program; and (5) enhancing the Department’s internship programs.

CURRENT CHALLENGES: The DoD civilian workforce is aging; 43% are eligible for retirement today or will be in the next five years. The Department of Defense needs an influx of new talent and fresh perspectives, but it lacks sufficient authorities and programs to attract young people and bring them into the workforce. DoD’s approach to hiring students and recent graduates is too passive and does not adequately address specific talent requirements, changing workforce demographics, or shifts in an increasingly kaleidoscopic labor market.

The Military Services, the Peace Corps, the Department of State, the Intelligence Community, nonprofits like Teach for America, and scores of companies all visit campuses across the Nation and hire directly. The Department of Defense cannot compete because it cannot hire directly. While DoD civilian recruiters visited nearly 200 campuses in FY2015, Office of Personnel Management (OPM) rules implementing the provisions of the Pathways program blocked direct hiring. These rules require agencies to issue a public notice of any open job, even those that pertain to students or recent graduates, which requires that opportunities be held open for specified periods and that all candidates are pooled and evaluated—a process designed to preclude targeted recruiting. The same OPM regulation also clarifies that Title 5 Veterans’ Preference rules apply and also allows veterans “up to six years from the time of graduation [rather than the standard two years] to participate in the Pathways Recent Graduates Program.” According to DoD human resources experts, talented students without military experience are at such a disadvantage in the USAJobs rating system that they are effectively rendered non-competitive. This is particularly challenging to reconcile with the concern expressed in Executive Order 13562,

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63 OPM launched the Pathways Programs to offer students and recent graduates entry points into federal internships and careers. It also includes the Recent Graduates Program for persons who have recently graduated from qualifying educational institutions (or programs) and seek federal employment. To be eligible, applicants must apply within two years of degree or certificate completion (except for veterans precluded from doing so due to their military service obligation, who will have up to six years to apply). There is no maximum age to qualify.

66 USAJobs is an OPM-maintained website used by candidates to apply for jobs in the federal government.
which established Pathways, that the “existing competitive hiring process… is structured in a manner that, even at the entry level, favors job applicants who have significant previous work experience.”

Internship programs are an ideal opportunity to evaluate people before they are hired in a full-time capacity. No number of written statements, online evaluations, or interviews can surpass the insight that comes from supervising someone for several months. Many private sector firms invite candidates to compete for acceptance into an internship program and then to compete during the internship for a full-time position. Currently, most DoD internship programs are not optimized to support sourcing promising talent for full-time employment. There is also no enterprise-wide intern database that lists qualified interns to improve talent matching across the Department of Defense.

**PROPOSAL DESCRIPTION:** This reform proposal is composed of five parts. First, DoD will submit a legislative proposal to establish a DoD Civilian On-Campus Recruiting Authority (CORA) under Title 10 as an alternative to the federal government-wide Pathways program. Once approved, DoD will launch a two-year pilot for on-campus recruiting of current undergraduate and graduate students with direct hiring authority. CORA will allow hiring managers to recruit qualified students without burdensome requirements for public announcements and would be able to apply Veterans’ Preference under Title 10 rather than Title 5, which will dramatically enhance the Department’s efforts to hire students and recent graduates. Hiring managers and recruiters who already travel to specific schools with programs they want to target, will now be able to involve candidates in a rigorous interview process, and make conditional offers on the spot.

Second, the Department of Defense Civilian Personnel Advisory Service (DCPAS) Recruitment Assistance Division (RAD) runs the Student Training and Academic Recruitment (STAR) Program, in which students are hired as part-time on-campus representatives to promote career opportunities at DoD. Through peer-to-peer interaction, STAR students market DoD’s various and diverse employment and scholarship opportunities. RAD manages the STAR program, and encourages DoD Components to hire full-time students majoring in academic studies matching DoD’s mission critical skills. Currently this program operates on only four campuses. The STAR program will double in size every year until it reaches 100 campuses across the United States. Universities will be selected strategically based on a portfolio that includes the most selective institutions in the country and schools with academic programs aligned to the Department’s needs, including political science, international relations, public administration, science, engineering, mathematics, economics, and language and area studies.
Third, the Department of Defense will establish an undergraduate scholarship program called the DoD New Call to Service Scholarship, similar to Reserve Officers' Training Corps (ROTC) in the Military Services, but aimed at civilians aspiring to serve in DoD. This program will offer scholarships to high potential college juniors and seniors in exchange for summer internships and a service commitment upon graduation equal to twice the number of years of scholarship support. For example, students who join in their junior year would have two years of university paid for in exchange for an internship, usually in their junior summer, and would incur a four year service commitment after graduation. The New Call to Service Scholarship will target a diverse range of students from different campuses, majors, student groups, or career fields to shape the workforce based on specific and evolving needs and missions of the Department of Defense.

Fourth, within the New Call to Service Scholarship program, DoD will establish a special category for exceptionally gifted students with outstanding academic achievements called the DoD Exceptional Scholars Program (ESP). Students must meet all the criteria for the New Call to Service Scholarship program, but need not have already been accepted into it at the time of their application. Applicants must be juniors or seniors who maintain a minimum grade point average (GPA) of 3.5 on a 4.0 scale for all undergraduate coursework. 50 Exceptional Scholars will be selected annually to receive a full tuition payment for the following one or two remaining years of study in exchange for one year of service commitment for every year the scholarship is received. Students who apply for ESP and are not selected may be offered a scholarship under the New Call to Service Scholarship program.

Fifth, the Department of Defense will enhance internship programs to maximize their potential to improve targeted recruiting of high-performing early career professionals. Creating a stronger pipeline of undergraduate and graduate interns into DoD is an effective way to reduce the risk in hiring decisions by testing potential employees over an extended period of time under conditions nearly identical to actual employment. To enhance its internship programs, DoD will (1) establish well-managed, well-advertised internship initiatives in critical occupations and advertise them aggressively to high-performing undergraduate and graduate students; (2) provide templates and enhanced guidance to components for rigorous evaluation of intern performance; (3) build and maintain a DoD-wide database of profiles of desirable candidates who successfully complete internships and are eligible for employment under CORA; and (4) design a blueprint for programs that transition successful interns into appropriate entry-level full-time positions that each component could rapidly adopt.
IMPLEMENTATION AND GOVERNANCE MECHANISM: Regarding CORA, this reform proposal will be achieved through a legislative proposal to Congress. Following a successful legislative proposal, the Office of the Under Secretary of Defense (Personnel and Readiness) (OUSD (P&R)) will serve as the executive agent for overseeing the implementation of CORA, which would grant the Department flexibility to hire college students directly under Title 10. DoD will use CORA to hire students following their successful completion of the academic requirements in the New Call to Service Scholarship program, including the DoD Exceptional Scholar Program; at the successful completion of enhanced internships, should supervisors choose to convert interns into competitive service; for students recruited through the STAR program, when appropriate; and for other on-campus recruiting activities targeting students and recent graduates. OUSD (P&R) would provide overall leadership for designing and implementing the CORA program, working in concert with hiring managers from the Military Services and the Office of the Secretary of Defense.

The expansion of the STAR program will be achieved through a directive memorandum from the Secretary of Defense. The STAR program will be managed by the RAD office in DCPAS that currently manages it, with additional resources proposed herein. Progress would be monitored by the Deputy Assistant Secretary of Defense for Civilian Personnel Policy (DASD (CPP)).

The New Call to Service Scholarship program will be achieved through a directive memorandum from the Secretary of Defense. The program will be managed by (DASD (CPP)). The first year of the program will be capped at 500 students selected strategically based on criteria determined by DASD (CPP). The program will increase by 500 students every year until it reaches 2,000 in the fourth year. (The program will be evaluated annually to determine if the size needs to be adjusted.) College juniors and seniors competitively selected into the program would receive scholarships on the condition they maintain a GPA of 3.0 and meet certain academic and behavioral requirements. The specific non-cognitive requirements will be determined with the assistance of the Office of People Analytics (OPA). DASD (CPP) will be responsible for matching scholarship recipients with the appropriate offices in DoD to place the students in internships. Recipients of the scholarships will also participate in a specially-designed summer internship after their junior year to prepare them for the workforce and will be eligible for conversion to competitive service after graduation. Students who join the program in their senior year will do the preparatory internship after graduation.

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67 The establishment of the Office of People Analytics (OPA) is recommended by Multi-Domain Reform Proposal 4. OPA’s mission is to harness the power of predictive analytics and data analytics to inform human capital decisions in the Department, particularly as it applies to the use of non-cognitive characteristics of DoD personnel.
graduation and then transition into fulltime employment. The internship need not be in the office that will receive them upon successful completion of the program requirements, but must be in DoD.

The Exceptional Scholars Program will be achieved through the same directive memorandum from the Secretary of Defense. DASD (CPP) would also manage the Exceptional Scholars Program (ESP) through the same program office that manages the New Call to Service Scholarship.

Enhanced DoD internship programs will be achieved through a directive memorandum from the Secretary of Defense. These programs will continue to be managed at the local level by each component, with oversight and administrative support from appropriate headquarters elements; however, OUSD (P&R) will undertake an effort to enhance the internship program Department of Defense-wide in partnership with components. This effort will be led by the DCPAS, which will execute the program and work with components to improve their internship programs and implement measures to assess and monitor the maturity of their programs. Some degree of standardization among internship programs will provide structure and guidance, but recruitment, selection, placement, and management of intern candidates will be managed by the components and their subordinate commands. OUSD (P&R) will provide augmentation such as enterprise internship recruiting on a referral and placement basis, creating the intern profile database, and capturing and promulgating best practices for transition of interns to full-time hires.

BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS: Because CORA is an alternative to Pathways for recruiting students and recent graduates, it could be interpreted to have inconsistencies with Executive Order 13562, “Recruiting and Hiring Students and Recent Graduates,” issued December 27, 2010, which serves as the authority for the Pathways Program, and Executive Order 13518, “Veteran’s Employment Initiative,” issued November 9, 2009. Those who believe the strictest interpretation of Veterans’ Preference and expansive public notice requirements should be applied in all circumstances, even when it has been shown to interfere with diversity and recruiting for specialized skills, may not see the merit in creating an alternative path to recruiting students to DoD; the relatively small size of CORA should mitigate concerns that it will somehow displace competitive hiring in toto. All work on developing and implementing CORA would be performed as a collateral duty of OUSD (P&R) staff, so no additional budget requirements are projected.
DCPAS will oversee the expansion to the STAR program and will add three full-time employees to focus on identifying universities to add to the program and students to recruit as peer-to-peer representatives. Members of the Millennial Ambassador Corps\textsuperscript{68} will also be able to assist in recruiting students to serve as on-campus recruiters and will refer them to DCPAS. The additional staff would entail an estimated annual cost of $500K annually, and $2.5M across the Future Years Defense Program (FYDP).

The \textit{New Call to Service Scholarship} would be centrally funded and managed by the DASD (CPP). Based on projections developed by the Institute for Defense Analyses (IDA), the anticipated cost of the \textit{New Call to Service Scholarship} program is $478M over the Future Years Defense Program. The current implementation plan projects a gradual scaling of the program annually for the first four years, and plateauing at 2,000 students in the fourth year. The chart below shows the incremental cost increases as the program expands. (Some proportion of students would join in their senior year only, but that would reduce the program costs.)

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<td>Class 1 (500 students)</td>
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<td>Class 2 (1,000 students)</td>
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<td>Class 3 (1,500 students)</td>
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<td>Class 4 (2,000 students)</td>
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<td>Class 5 (2,000 students)</td>
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<td>Totals</td>
<td>$22M</td>
<td>$61M</td>
<td>$100M</td>
<td>$139M</td>
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The cost of this reform proposal was derived from projections developed by IDA and the RAND Corporation. While a variety of factors could influence costs, this projection is based on the following: the scholarship would be capped at $20K per student per year, which is 83\% of the average in-state tuition at a public four-year university; the estimated cost of the internship in the summer after the junior or senior year would be $10K per student, to cover a modest stipend and programmatic expenses; and program administration costs would be benchmarked at 10\% of the total scholarship funds dispensed each year, bringing the total cost per student to $54K.

The cost of the Exceptional Scholar Program adds an additional estimated $13.5M over the FYDP. Assuming that the full tuition cost at selective institutions could add an additional $30K per student for 50 students, this program could add an additional $1.5M in the first year.

\textsuperscript{68}The Millennial Ambassador Corps is recommended in Civilian Reform Proposal 12.
year and potentially an additional $3M in the subsequent years, for a potential additional $13.5M over the FYDP. It should not add significant administrative costs as the 50 students would be subtracted from the total number of participants in the New Call to Service Scholarship program.

DCPAS will oversee enhancements to the internship program and will add three full time employees to focus on managing the efforts to enhance DoD internship programs, at an estimated annual cost of $500K annually, and $2.5M across the Future Years Defense Program (FYDP). The intern profile database will be developed internally by the Defense Digital Service.⁶⁹

**METRICS FOR SUCCESSFUL IMPLEMENTATION:** CORA should simplify and accelerate the process for recruiting recent graduates, which should result in an increase in accessed candidates in desirable categories and a reduction in the time-to-fill. Success will be measured by the volume, quality, and diversity of the applicant pool; the quality of people hired under CORA, their performance in the job and their retention rates.

The expansion of the STAR program should result in an increase in the number and diversity of applicants from current students and in accessed candidates in desirable categories. Success will be measured by the volume, quality, and diversity of the applicant pool, their performance in the job; and their retention rates.

The *New Call to Service Scholarship* program and the Exceptional Scholar Program should be evaluated by the number and quality of the students who participate, based on their academic performance, major, and university; and the quality and diversity of the schools that participate. The program should, over time, increase the numbers of applicants and employees in DoD, leading to greater diversity in the civilian workforce overall. By tracking these participants' performance, promotion, and retention beyond service commitment, we can assess whether the scholarship has the desired return on investment.

Enhancing DoD internship programs should increase the number and quality of intern participants, the number of hiring components, the number of interns entered into the database, usage statistics for the database, the number of interns who convert to fulltime positions, and retention rates. Surveys should be administered to all stakeholders to gather qualitative and quantitative feedback on the success of different aspects of internship programs to inform future iterations and enhancements, most importantly the satisfaction of the interns and their supervisors.

⁶⁹The Defense Digital Service is recommended in Cross Domain Reform Proposal 1.
TITLE: Expand Opportunities to Attract and Retain Mission Critical Occupations (Civilian Reform Proposal 7)

PROPOSAL SUMMARY: This reform proposal will expand the existing DoD Science, Mathematics, and Research for Transformation (SMART) Scholarship program, better tie this program to Mission Critical Occupations (MCOs), and increase program scholarship investment.

CURRENT CHALLENGES: Science, technology, engineering, and mathematics (STEM) are essential academic disciplines to inform and animate the Department of Defense's Mission Critical Occupations (such as Computer Engineering, Intelligence, and Medical, among others) as identified in the DoD Strategic Workforce Plan. Currently, there is a demand/supply imbalance degrading DoD's ability to acquire and retain the right technical talent to execute mission requirements. For example, in FY2015, budget limitations prevented DoD from maximizing the opportunities provided by the SMART scholarship authority and enabled it to fill only 30% of its SMART Scholarship requirements. The high cost of a STEM degree is an additional barrier which makes public sector employment unattractive for many college students given compensation disparities between the government and private sector for similar talent. Collectively, this constrains the Department of Defense's ability to have a consistent, refreshed corps of trained and talented college graduates to meet mission requirements. SMART Scholarship recipients often fill those positions that constitute the heart of innovation in the Department of Defense, creating pioneering solutions for an increasingly complex operational environment.

Moreover, through DoD's Fiscal Years 2014-2019 Strategic Workforce Plan, DoD has identified manning shortfalls in MCOs that support long-term national defense. This plan provides strategic insight into the required long-term knowledge, skills, and abilities to influence STEM and MCO workforce shaping and sustainment strategies to ensure the workforce is positioned to meet emerging challenges.

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5 The Science, Mathematics, and Research for Transformation (SMART) Defense Education Program provides financial assistance for education in science, mathematics, engineering, and technology skills and disciplines that, as determined by the Secretary of Defense, are critical to national security functions and are necessary in the Department.
PROPOSAL DESCRIPTION: This proposal expands the existing DoD SMART Scholarship, and connects its mission more directly to fill critical MCOs by aligning undergraduate and graduate degrees in STEM disciplines with Departmental requirements.

The expansion of the existing SMART authority to include MCOs will require modification of Title 10, § USC 2192a, SMART Scholarship Defense Education Program, including title modification to read “DoD SMART+” to reflect expanded authority. This program will provide necessary flexibilities to enable increased recruitment and retention of civilian employees in STEM fields and MCOs critical to national security as identified in the DoD Strategic Workforce Plan.

This proposal will increase the number of SMART+ scholarships funded and awarded per year to 520, accommodating the expanded authority and further supporting a STEM/MCO diversified workforce. Under the current SMART Scholarship program, the Department has the authority to award scholarships based on fiscal year funding available and offers one to five years of academic support with a one-to-one service commitment in DoD. Under SMART+, scholarship funding would be increased to cover the full allocation of requirements of 520 scholarships, similar to numbers projected for FY2015. These program enhancements will support a diverse population receiving a fully-funded undergraduate or graduate degree in an approved STEM/MCO discipline critical to the Department’s national security functions. Candidates for participation in the SMART+ Scholarship Program will apply for a scholarship using current SMART criteria.

SMART+ Scholars will be selected by components and agencies based on workforce requirements as aligned with the DoD Strategic Workforce Plan. SMART+ Scholars will be assigned to a DoD activity at the time of award and interviewed on-site to ensure a suitable fit. Upon selection, SMART+ Scholars will attend an accredited academic institution with a STEM and/or MCO related degree of study. Scholarship benefits include: full tuition and fees, book allowance, health insurance allowance, annual stipend, summer internships and post-graduation employment in DoD. SMART+ Scholars will participate in eight- to twelve-week internships with the sponsoring organization during the summers between academic school years. Upon graduation with a STEM/MCO-related degree, the SMART+ Scholar will be employed by the sponsoring activity for a minimum of one-to-one service commitment for the number of awarded scholarship years, through appointment via existing authorities or the newly established DoD Civilian On-Campus Recruiting Authority (CORA).71

71 The DoD Civilian on Campus Recruiting Authority is part of Civilian Reform Proposal 6. It establishes an alternative to federal-wide Pathways program.
IMPLEMENTATION AND GOVERNANCE MECHANISM: This reform will be achieved through legislative proposal to Congress and directive memorandum from the Secretary of Defense.

In accordance with the proposed revision of Title 10, USC § 2192a, the Office of the Deputy Assistant Secretary of Defense for Research (DASD (R)) STEM Development Program will serve as the executive agent of the SMART+ Program.

BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS: The primary barriers to implementation are cost and legislation, regulatory, and policy modifications for the expanded SMART authority to include both STEM and MCO requirements. In FY2015, DoD agencies requested allocations for 519 scholarships but were able to fund only 217 (10 of which did not get filled due to declinations). When SMART was created in 2006, the Department’s plan was to incrementally increase supply of scholarships until the budget was commensurate with the requirements set forth by the Components. The highest year of funding was FY2011 with a budget of $50M. In FY2012, the budget was decreased to $37.4M. The budget has not been substantively increased and is currently $36M, which does not satisfy the needs of the Department of Defense.

To increase the number of scholarships to meet the requirement, at an estimate of $80,000 per scholar for each year of scholarship (the current average cost of a SMART Scholarship), the SMART+ Program will cost $42M annually and add one Full Time Equivalent (FTE) hire to the SMART+ Scholarship staff. Program costs may increase proportionate to college costs.

METRICS FOR SUCCESSFUL IMPLEMENTATION: Specific program metrics are already being implemented by the executive agent of the SMART Scholarship Program including: successful graduation, retention of SMART recipients beyond service commitment, internship impact, value of SMART Scholar contribution to DoD, and diverse workforce needs met. These existing SMART metrics would be expanded to include MCOs for the SMART+ Program. Other metrics may be established to address reduction in staffing gaps in MCO, as filled by SMART+ program graduates.
TITLE: Overhaul Civilian Human Resources Information Technology Systems (Civilian Reform Proposal 8)

PROPOSAL SUMMARY: This reform proposal will pursue the migration of traditional, legacy enterprise resource planning (ERP) on-premises systems for civilian human resources (HR) to a modern, cloud-based software-as-a-service (SaaS) provider in the HR management (HRM) space. The initial focus will be on four key functionalities: 1) personnel/core HR; 2) payroll; 3) time and attendance; and 4) benefits management. Upon successful migration of these functionalities, DoD will explore the viability of other HRM SaaS services (e.g., Learning Management Systems and recruiting and onboarding platforms).

CURRENT CHALLENGES: A recent McKinsey & Company study commissioned by the Deputy Chief Management Officer (DCMO) found that the Department of Defense spends 870% more per Full Time Equivalent (FTE) on HRM than the next costliest commercial entity in the firm’s benchmarking database. Annually, DoD spends $1.6B on HR information technology (IT) systems, of which there are more than 600 extant. This reform proposal focuses on the systems that handle four key civilian HRM functionalities: 1) personnel/core HR, which is currently managed by the Defense Civilian Personnel Data System (DCPDS); 2) payroll, which is processed by the Defense Civilian Pay System (DCPS); 3) the fifteen time and attendance systems across DoD (e.g., ATAPS); and 4) benefits management, which is currently handled by the Employee Benefits Information System (EBIS). These systems drive the highest ecosystem costs when it comes to touch labor; current implementation architecture only provides visibility at the enterprise level, thereby inhibiting a full accounting of overall implementation costs across the DoD.

With heavy customization and years of patches, DoD HR IT implementation - with its many interfaces - is inefficient, thereby complicating modernization. In many cases, due to the lack of modern automated workflows, gaps in functionality are bridged by human intervention. When these manual steps fail, they result in astounding anomalies such as 486 Army civilians owing the government $84M in overpayments they didn’t know they had received. The DoD mission is jeopardized when hiring takes more than 120 days from a job posting to a new hire’s first day, when 25% of personnel actions require rework; when payroll errors leave employees without pay and Defense Finance and Accounting Services (DFAS) reconciles 120,000 pay cases annually; and when senior leadership has limited real-time visibility into workforce data analytics. For context, DoD employs 22,000 civilian HR employees at a total estimated annual cost of $1.9B. Because of poor business intelligence capabilities, it is difficult to assess what percentage of these employees exists solely or even fractionally to do data entry or extraneous human intervention.
By continuing with the status quo, DoD diverts management attention that could otherwise be directed to mission activities. Instead, the Department of Defense incurs substantial and sometimes hidden technical sustainment costs across the enterprise. A prime example of such costs is described in a Washington Post expose entitled “Sinkhole of Bureaucracy” that outlines what happens when a civilian employee retires. On the DoD side, a benefits specialist prints forms from the electronic Official Personnel Folder (eOPF) and sends them via Federal Express to a DFAS location where another record is printed and inserted in the package, which is then sent to an underground limestone mine in Pennsylvania where the Office of Personnel Management (OPM) scans the package into its own separate eOPF instance for later manual adjudication. OPM must advance its own retirement modernization initiative, but the costs to DoD of printing, processing, shipping, etc. cannot be ignored and represent just one example of hidden costs.

**PROPOSAL DESCRIPTION:** The Department of Defense will devise a procurement strategy to acquire a HRM SaaS provider for the four (4) key functionalities – personnel/core HR, payroll, time and attendance, and benefits management – with the intent to expand in a phased approach to additional services that address the entire employee lifecycle from recruitment to retirement; HRM SaaS vendors offer fully-integrated suites of such services (e.g., workforce planning, talent acquisition, onboarding, performance appraisals, and learning management). For HRM SaaS offerings, users need only a web browser to access the services; most providers have interfaces designed to be intuitive and promise fully mobile-enabled experiences for HR specialists and employees, to encourage both self-service and leaders’ use of robust data analytics tools. The underlying technology offers unified codebases and hosted software in secure, segmented multi-tenant environments.

Many HRM SaaS providers take great advantage of the newest technology (e.g., NoSQL (Not Only Structured Query Language) databases, Application Program Interface (APIs) for connectivity to legacy ERP systems, and open source software). Code updates can be pushed to all customers simultaneously as frequently as weekly; some providers often release major updates to all customers twice a year, ensuring that customers always have the most up-to-date, innovative solution (i.e., enabling feature-set) rather than forcing them to wait years between upgrades in traditional, heavily-customized ERP systems. Updates are generally identified and prioritized via crowdsourcing within the user base. One market leader included in recent market research by DoD officials boasts a 97% satisfaction rating and more than 1,000 customers across a range of industries, including banking, manufacturing, consumer products, retail, higher education, and state and local governments.
To meet such a wide array of customer requirements, the HRM SaaS providers build business process frameworks – one provider offers more than 350 of them – that can be configured to suit the particular organizational structures, policies, and processes of a given customer. For large customers, HRM SaaS providers included in the market research by DoD signaled willingness to develop functionality that is not already offered; such functionality would be available to the entire customer base. Indeed, that is the key benefit of SaaS generally – everyone works from the same unified code base so there are no hefty customization and sustainment costs to carry. Once in production, updates to configuration can be made by HR subject matter experts rather than large teams of costly IT staffs working on multi-month deployment cycles. The business model is priced on a per-user, per-functionality basis, and seems to be relatively uniform across customers with some likely potential for the DoD to negotiate based on its scale and buying power.

IMPLEMENTATION AND GOVERNANCE MECHANISM: This reform will be achieved through a directive memorandum from the Secretary of Defense.

The Secretary of Defense will direct the Under Secretary of Defense for Personnel and Readiness (USD (P&R)) to establish a civilian HR IT Executive Steering Committee (ESC), chaired by USD (P&R), that includes the Under Secretary of Defense for Acquisition, Technology, & Logistics (USD (AT&L)), the DCMO, the Chief Information Officer (CIO), and other senior Pentagon officials as appropriate. The ESC will report its findings regularly to the Deputy Secretary of Defense. Under OUSD (P&R) leadership, the ESC will devise an acquisition strategy that accounts for the nontraditional technology acquisition (i.e., Software-as-a-Service) and associated implementation and integration support.

The USD (P&R) will establish a Program Management Office (PMO), spearheaded by an SES with DoD HR IT subject matter expertise of the existing legacy architecture and knowledgeable of the new post-modern ERP construct that employs on/off-premise SaaS solutions. The PMO will staff the ESC, manage the initiative on a day-to-day basis, and coordinate with HR policy and operations offices across DoD. Importantly, a PMO charter will outline a robust change management strategy and an aggressive stakeholder engagement plan that ensures user groups (e.g., HR specialists and managers) are fully and regularly consulted to drive adoption. The Secretary of Defense will direct the new PMO, in coordination with the new Defense Digital Services (DDS)\(^{72}\), to cultivate a mental shift from traditional software development approaches to one concentrated on "middleware" expertise which focuses on the integration layers between on/off-premise software and SaaS offerings.

\(^{72}\) The Defense Digital Service is recommended in Multi-Domain Reform Proposal 1
BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS:
Unfortunately, in the wake of the Defense Integrated Military Human Resources System (DIMHRS), a failed effort that attempted to integrate military personnel and payroll and that the General Accounting Office (GAO) alleges wasted $1B over 12 years, it is tempting to settle for 'traditional' investments in existing legacy ERP systems rather than risk the failure of another major HR IT modernization effort. In fact, the DoD HR IT team does have a modernization roadmap that offers an approach described as "realistic but not ideal" that has buy-in from stakeholders but is traditional nonetheless. Enlightened and empowered leadership must overcome this inertia, develop a foundational hybrid ERP construct employing on/off-premise solutions as legacy systems get retired over time, and vigorously protect against scope creep (i.e., keep the initial focus on the four key functionalities before expanding to other HR IT systems that span the employee lifecycle).

The SES leader of the PMO must be a master of synthesis with a knack for convergence to ensure that the complexity of HR policies and the cacophony of stakeholder voices do not become a distraction from implementation; successful execution may require significant policy and process changes – some including coordination with OPM – as well as an overall harmonization across the DoD enterprise. The SES leader of the PMO must also demonstrate exemplary abilities to marshal the various and essential functions of bureaucracy that may be hostile or ambivalent towards project success.

However, any movement by DoD towards a HRM SaaS provider will directly challenge OPM's ongoing HR IT modernization initiative, obviating DoD payments for OPM-provided services. Coordination with – and support from – the DoD CIO will be necessary to overcome any real or perceived security issues associated with using an HRM SaaS provider and hosting personnel data in a cloud environment, especially in the aftermath of recent data breaches. The economics and potential cost savings outlined below should provide sufficient incentive to solve what may be viewed as an intractable security problem.

The current direct annual cost (i.e., for FTEs and contracts) of personnel/core HR, payroll, time and attendance, and benefits management is approximately $145M annually. This includes only rough estimates for the fifteen time and attendance systems and benefits management and does not include estimates for broader ecosystem costs such as manual interventions or hidden costs of retirement processing as described above. The $145M annual spend on status quo, equivalent to $725M across the Future Years Defense Plan (FYDP), provides a clear baseline against which to compare estimates for HRM SaaS offerings for the four key functionalities. For DoD's 700,000 civilian population, this is estimated to be approximately $42M annually in steady state; there would be initial costs for implementation/migration. This projected cost is $210M over the FYDP, a savings of
approximately $505M. These costs are based on early market research and, given the novelty of HRM SaaS in the federal government; more robust estimates must be obtained through the formal acquisition process. However, with these early estimates, even when accounting for DoD PMO costs, security services, cloud access, etc., a movement from traditional legacy ERP on-premises systems to a HRM SaaS provider appears to produce a significantly positive return on investment (ROI) even in the first year, with growing ROIs and cost avoidance as steady state takes hold – all while providing DoD with modern HR services with automated workflows and intuitive self-service that puts DoD in line with Fortune 100 companies, including Hewlett-Packard, J.P. Morgan, Google, and Johnson & Johnson.

As noted, this does not begin to account for ecosystem cost avoidance driven by more seamless integration of personnel and payroll systems, the ability for employee self-service and the resulting elimination or reutilization of HR specialists, and the potential for follow-on migration of some portion of the other 600 legacy HR IT systems to the same HRM SaaS platform. Consideration of these economics produces savings an order of magnitude higher than the system sustainment costs described above. Any procurement strategy will include a formal Analysis of Alternatives and robust analysis of the economics of each option.

These reforms should be included in the Fall 2015 Program and Budget Review (PBR) in support of the Department’s President’s Budget 2017 submission.

**METRICS FOR SUCCESSFUL IMPLEMENTATION:** There are both qualitative and quantitative metrics to identify successful implementation. Qualitatively, success would be indicated by a binary determination of an efficacious implementation (i.e., yes/no) of the selected HRM SaaS provider for civilian personnel and payroll services for each Military Department and DoD component. Indicators include every DoD civilian having a single, authoritative record that is fully digital and portable across the DoD enterprise so they can move freely for career development or retire without hassle; every DoD civilian having a single device-agnostic log-on to a user-friendly, intuitive system to review their account information, check pay history, and complete self-service tasks that can be done at work, from home, or on the go; and every DoD executive, leader, manager, and supervisor having access to business analytics (e.g., a dashboard) that shows FTEs, vacancies, skills, and performance data. Quantitatively, success would be indicated by metrics such as DoD decreasing the total spend per FTE on HR management, as measured against the McKinsey benchmarking dataset; DoD reducing the total spend per FTE on HR IT system against the McKinsey benchmarking dataset; DoD decreasing time-to-market of key feature set to the customers and HR professionals to improve work force management; reduced HR specialist FTE count; and reduced payroll errors.
TITLE: Develop and Sustain Civilian Talent Management Systems (Civilian Reform Proposal 9)

PROPOSAL SUMMARY: This reform proposal will undertake three talent management initiatives, working in concert. The Center for Talent Development (CTD) will provide Department-wide guidance on talent development policy and strategy, offer world class professional development opportunities to the civilian workforce, and serve as a repository of expertise on talent development. The Civilian Human Capital Innovation Lab (CHIL), a special research team within the CTD, will operate as DoD’s internal think tank on human capital by discovering and sharing current innovations in human capital in and out of government, and providing sustained focus on maintaining a highly capable human capital workforce. Simultaneously, the creation of Civilian Talent Investment Funds (CTIFs) across the Department will provide stable and adequate funding for talent management in every component. Together, these reform proposals lay out a talent development ecosystem that will develop, support, and retain a high performing civilian workforce.

CURRENT CHALLENGES: The Department’s current approach to developing the civilian workforce is ineffective for five reasons. First, there are too few civilian education and training opportunities. Second, existing opportunities go underutilized because some supervisors do not prioritize time, resources, or attention to ensure all employees participate in talent development. Third, the quality of opportunities is highly varied: there are pockets of excellence that set the standard for the federal government, such as the Executive Leadership Development Program (ELDP), but these are rare exceptions to an otherwise disappointing menu of options. Fourth, resources devoted to talent development are usually disconnected from an organizational strategy for talent development that is connected to performance measures, competency gaps, and succession plans. There are few, if any, quality standards or performance measures to ensure that the taxpayers’ dollars invested in learning and development will yield beneficial outcomes aligned to organizational objectives. Fifth, talent development opportunities are not always linked to the individual needs of the employee, most of whom are not receiving the benefit of continuous feedback, professional coaching and mentoring, well-defined career paths, and current competency models. One reason for this is that functional communities are under-resourced and not prioritized.

These circumstances have led to competency gaps that have been identified in DoD-wide assessments of civilian leaders at all levels; a U.S. Government Accountability Office (GAO) study from 2012 also revealed gaps in federal employees’ critical competencies and skills. There is ample evidence of general dissatisfaction among civilians with both their career development and advancement prospects. According to the 2014 Office of Personnel Management (OPM) Federal Employee Viewpoint Survey (FEVS), only 48% of DoD
employees feel their training needs are being assessed or are satisfied with the training received.

DoD must do better on leadership and management training for civilian supervisors. Supervisors are the center of gravity in any strategy for workforce development and talent management. The DoD’s cadre of supervisors – and the employees they manage – deserve a robust, sustained, and excellent menu of options for supervisors to develop and continually refresh their tradecraft as managers. Many of the reform proposals in Force of the Future, if approved, will introduce additional dynamism into the workforce such as joint duty assignments, sabbaticals, or innovation time. Combined with initiatives to increase accountability in the workforce, the primary role of the DoD’s supervisors will be more crucial and more challenging than ever.

In particular, the Department of Defense’s human capital workforce needs additional resources and training to ensure it is ready to meet the growing demands of supporting increasing complex human capital systems. In the July 2015 edition of *Harvard Business Review*, Wharton professor Peter Capelli described why Human Resources professionals are often maligned, “Little has been done in the past few decades to examine the value of widely used practices that are central to how [organizations] operate.” In this regard, DoD is no different. An aggressive and sustained effort to pursue excellence and innovation in all aspect of human capital is needed to ensure human capital professionals have the skills, knowledge, and ambition to deliver excellent service to all the stakeholders in the workforce they routinely serve: applicants, employees, hiring managers, leaders, and the public. This will pave the way for elevating DoD’s human resources workforce into human capital experts who serve as strategic partners to DoD leaders in accomplishing the DoD’s missions.

Lastly, DoD does not invest enough resources to cover the cost of an excellent talent development program, nor does it provide program stability to resource multi-year succession planning strategies. If civilian professional development budgets continually fluctuate, it is not possible to plan a career or manage a workforce strategically.

**PROPOSAL DESCRIPTION:** This reform proposal is composed of three parts: (1) establishing the Center for Talent Development; (2) establishing the Civilian Human Capital Innovation Lab; and (3) establishing Civilian Talent Investment Funds.

**Establish Center for Talent Development:** The Department of Defense generally has taken a fragmented and inconsistent approach to civilian talent development, including the crucial decisions on how it fosters excellence in its supervisors and managers. To address these deficiencies, this reform proposal would establish a permanent civilian workforce
Center for Talent Development (CTD) to serve as a “one-stop” repository of expertise, capability, capacity, and policy guidance for talent development. The CTD will have three distinct roles: (1) to develop policy for talent development, (2) to conduct research and development on human capital excellence, through the CHIL, and (3) to deliver world class learning and development opportunities to build the capability and capacity of the civilian workforce. This approach is consistent with the current trend in the private sector of establishing “corporate universities” to increase the focus, quality, efficiency, and relevance of professional development efforts at the enterprise level.

To fulfill its policy role, the CTD will assist the Office of the Under Secretary of Defense for Personnel and Readiness (OUSD (P&R)) with providing policy guidance on enterprise-level civilian workforce career management. The Chief Learning Officer (CLO), the director of the CTD, would engage human capital leaders across the Department of Defense and the Office of People Analytics 73 to develop policy guidance for talent development that promotes best practices and reduces inconsistencies in talent development across the DoD civilian workforce, while preserving the flexibility of every component to ensure their learning and development programs are tailored to meet their unique mission requirements.

To fulfill its Research & Development role, the CTD will stand up the CHIL, as described below.

To fulfill its operational role, the CTD will provide on-demand career information, resources, guidance, and professional development opportunities directly to civilians and their supervisors. DoD will realize significant efficiencies and quality improvements by creating a central point of coordination dedicated exclusively to organizing civilian development opportunities. Military Departments and components may continue to conduct talent development independently if they choose, but the CTD will encourage their partnership via a streamlined, efficient, cost-sharing system. Components that maintain independent talent development opportunities could use the CTD to advertise them to civilians across DoD, further increasing coordination and efficiency.

73 The Office of People Analytics is recommended by Multi-Domain Reform Proposal 4.
Establish Civilian Human Capital Innovation Laboratory: To ensure the Department’s human resources personnel remain at the forefront of best practice, this reform proposal would establish a Civilian Human Capital Innovation Laboratory (CHIL) within the CTD. The CHIL will offer useful training and development explicitly designed for human capital professionals on emerging concepts and practices in the field of human capital, both in and out of government. The CHIL will engage with relevant federal offices as well as experts from industry and academia to ensure it remains the DoD’s resource for the best and newest ideas in human capital management practices.

The CHIL will employ Human-Centered Design methodologies\textsuperscript{74}, which will give the DoD human capital workforce insights into the customer experience of the stakeholders who use DoD’s human capital processes – applicants, civilian personnel, and their managers. By using empathy-based techniques to understand the behaviors and user experiences of the consumers of DoD human resource processes, and feeding these insights continuously into our curriculum, the CHIL will be able to assist human capital professionals in making unprecedented advances in customer service.

\textsuperscript{74} Human-Centered Design (HCD) is defined by the LUMA Institute as “the discipline of developing solutions in the service of people.” HCD is also sometimes described as Design Thinking, which is defined by Tim Brown, president and CEO of the premier innovation firm, IDEO, as “a human-centered approach to innovation that draws from the designer’s toolkit to integrate the needs of people, the possibilities of technology, and the requirements for business success.”
The CHIL’s primary purpose is to design, launch, and evaluate a continuous stream of pilots, prototypes, and experiments aimed at formulating and testing ideas that improve human capital outcomes for customers, accelerate and simplify process, and reduce cost. The CHIL’s purview includes evaluating any human capital practice, including accession processes, performance evaluation, and promotion policy to identify potential improvements and make recommendations.

Establish Civilian Talent Investment Funds: Increasing funding for civilian education and training will enhance the performance of both people and organizations, improve morale, and enable DoD to attract and retain top talent. This reform proposes the creation of Civilian Talent Investment Funds (CTIFs) in each component to increase – and stabilize – funding for civilian talent development, to include training, education, and broadening experiences. Each CTIF is a funding line in the budget of each Military Department, Principal Staff Assistant, and the Fourth Estate dedicated to civilian talent development. Each component will contribute and manage 1.5% of its civilian pay budget to its CTIF, starting in FY2018 Program Objective Memorandum (POM). According to research and analysis by the Corporate Executive Board, setting the investment at 1.5% of civilian pay will bring DoD into line with average benchmarks in the private sector.

Each component leader will identify an official within his or her organization to be responsible for setting and promulgating strategies, priorities, and plans for maximizing the impact of CTIF resources on developing their civilian workforce. These plans will include a prioritized list of competency gaps to be addressed by their respective talent development programs and a plan for addressing those gaps, including broadening assignments, education, and training opportunities.

The CTD would play a valuable advisory role in ensuring this additional infusion of funding is used strategically, sustainably, and efficiently to support highest value professional development activities in support of specific talent management objectives determined by each component according to their unique mission requirements. The CLO will provide annual guidance to inform each component’s learning plan. The CTD would also provide a wide variety of world-class talent development opportunities for each component to incorporate into their talent development plan, should they choose to do so. This gives each Military Department and component maximum flexibility while reducing the considerable administrative burden and technical complexity of designing and executing all the talent development programs in isolation.
IMPLEMENTATION AND GOVERNANCE MECHANISM:

Establish Center for Talent Development: This reform will be achieved through amending DoD Instruction 1400.25, Volume 410, “DoD Civilian Personnel Management System: Training, Education, and Professional Development.”

The CTD will be established and led by an SES-level Chief Learning Officer who will be selected by the Under Secretary of Defense for Personnel and Readiness (USD (P&R)), in consultation with the Deputy Chief Management Officer (DCMO), the Deputy Assistant Secretary of Defense for Civilian Personnel Policy (DASD (CPP)) and the Deputy Assistant Secretary of Defense for Future Force Implementation (DASD (FFI)). The Chief Recruiting Officer (CRO) will assist in identifying candidates who possesses extensive background in strategic human capital, learning and development, and enterprise transformation, and have appropriate executive experience necessary to stand up this new enterprise-wide office. The DCMO, DASD (FFI), and the DASD (CPP) will play instrumental roles in shaping the design and launch of the CTD, but the CLO will report directly to the DASD (CPP). The CTD would have a staff of approximately 105 personnel, 80 of whom are already working in similar roles, most of them in the Defense Civilian Personnel Advisory Service (DCPAS) that could be realigned.

The CTD’s first charge will be to develop a comprehensive Civilian Talent Development Framework, with a target approval date one year after CTD’s launch, which would be directed by a Secretary of Defense memorandum. The Framework will be built on existing civilian functional communities (FCs) and provide holistic guidance for career management for DoD civilians. This will include provisions for providing dedicated civilian career counselors (similar to military branch chiefs) for individual FCs or groups of similar FCs, assessing and recommending emerging technologies to enhance learning, and ensuring adequate assessments of learning progress and succession readiness. Within 18 months, the CTD will provide DoD-wide standards for civilian learning and development. The CTD will also provide guidance and recommendations on the use of resources for civilian training and development.

Establish Civilian Human Capital Innovation Laboratory: This reform will be achieved through amending DoD Instruction 1400.25, Volume 410, “DoD Civilian Personnel Management System: Training, Education, and Professional Development.”

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75 The Deputy Assistant Secretary of Defense for Future Force Implementation is Multi-Domain Proposal 5.
76 The Chief Recruiting Officer and Defense 100 are recommended by Civilian Reform Proposal 4.
The Secretary of Defense memorandum that establishes the CTD would include the necessary provisions to launch the CHIL, which would reside within it. The Director of the CHIL will report to the CLO. The CHIL will require a purpose-built workspace modeled after comparable spaces in the General Services Administration (GSA) and Office of Personnel Management (OPM). The CHIL would be staffed by a ten-person team composed of DoD human capital experts; experts from other federal agencies and the private sector with a mastery of human-centered design methods; and several billets for rotations to ensure the perspective of typical users are directly incorporated into experiments. The CHIL staff will be mentored by an Entrepreneur-in-Residence.

CHIL’s first order of business will be to work with OPA to develop non-cognitive attributes to be integrated within existing position descriptions. The integration will be piloted by OUSD (P&R) for a period of two years. OUSD (P&R) will provide a report summarizing the effects of the non-cognitive attributes to the Director of the Office of People Analytics (OPA) at the conclusion of the pilot program. Once the CHIL identifies improvements, it will refer them to DASD (CPP) or the appropriate office for implementation, freeing it up to move on to new problem sets and stakeholder communities.

Additionally, to broaden perspectives and spark innovation, the CHIL will engage experts from industry and academia to enable the CHIL to act as a central clearing house and repository of human capital best practices across components and industries. This will enable the CHIL to benchmark progress to the rest of government and the private sector.

Establish Civilian Talent Investment Funds: This reform will be achieved through a directive memorandum from the Secretary of Defense.

The Secretary of Defense will direct all DoD components to dedicate an amount equal to 1.5% of their civilian personnel account as a dedicated funding line for civilian training and development in the FY2018 POM and all subsequent POMs. Each CTIF will be managed by a designee of the Military Departments, Principal Staff Assistants (PSA), and the 4th Estate and used for talent development programs such as civilian education and training, participation in professional development activities, tuition reimbursement, travel and per diem related to training, costs associated with civilian participation in Sabbaticals, rotations,

77 This is an excerpt from the GSA website: “The Office of Personnel Management (OPM), and GSA (National Capital Region and the Center for Workplace Strategy) developed the OPM Innovation Lab to redefine the office workplace. The space will be transformed into a model office that can adapt to organizational change using flexible infrastructure and furnishings, including: wired and wireless computer access, various audio/visual systems, a universal power grid, a range of open and enclosed, formal and casual areas, and a limited number of freestanding furniture pieces that can be easily rearranged by the occupants.”

78 The “Entrepreneur-in-Residence” is recommended by Multi-Domain Reform Proposal 3.
and broadening experiences. (The Department will develop a streamlined process for transferring CTIF funds to the CTD for CTD-sponsored reimbursable activities.)

The USD (P&R), in consultation with the Director for Joint Force Development (J7), the Under Secretary of Defense (Comptroller), and the CLO, will provide annual guidance on talent development to assist each Military Department and PSA with the preparation of talent development plans and budgets. OUSD (P&R) will monitor execution of the pilot civilian development programs and will regularly assess their costs and effectiveness. The CTD will produce an annual scorecard assessing talent development programs and investments across the Department, including its own programs, and capture lessons learned to inform guidance for the following year.

CTIF funds are not subject to year-of-execution reprogramming authorities. Service Secretaries and PSAs may request that an amount less than 1.5% be transferred to CTIF -- though not less than 0.75% -- by presenting a POM with a lesser amount, and submitting an issue paper with a compelling justification to the Deputy Secretary of Defense during the Fall Program Budget Review.

BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS:

Establish Center for Talent Development: In terms of resources, annual direct costs for the CTD are estimated to be low. According to estimates from the Institute for Defense Analyses (IDA), the annual cost of the CTD would be $31M in year one, followed by $21M in subsequent years. This estimate assumes $4M per year for 25 new people to be added to the 80 people now performing similar duties across DoD; $2M per year in added facilities costs, assuming access to the Eastern Management Development Center (EMDC), the National Defense University, and other existing facilities; $10M for programmatic expenses, primarily contracts for professional development services and tuition; and $15M per year for information technology (IT) support in the first year to develop an integrated Learning Management System and upgraded software for learning delivery, to be followed by $5M in IT sustainment costs. The estimated cost of standing up the CTD across the Future Years Defense Program is $115M. While the direct costs of the CTD are modest, additional resources would be required in other areas of the personnel system if this initiative is to have its advertised effects. Such resources include those required for additional tuition, any necessary faculty and facility expansion at DoD schools, and workplace mobility (travel and

79 The goal of the new Learning Management System (LMS) is to establish data standards and common protocols to allow all the different LMS in the Department (e.g. Integrated Personnel and Pay Systems (IPPS), iCompass, etc.) to communicate via an application program interface (API). This would permit the Military Services and the Fourth Estate to use an existing common infrastructure without imposing a single enterprise IT system.
permanent change-of-station). These resources would be expended by each component through their respective CTF.

**Establish Civilian Human Capital Innovation Laboratory:** The cost of establishing the CHIL is $4.8M, with annual sustainment costs of approximately $3M, and approximately $16.8M across the FYDP. This is derived from benchmarking against the cost of standing up the Innovation Lab at OPM and is based on the cost of renovating a 3,000 square foot lab space ($1.1M); establishing a contract for a Human-Centered Design capacity building and support to develop experimental methods ($500K); a staff of 10, with an average of five GS-15s and five GS-14s ($1.7M); and an operations and maintenance budget of $1.5M. The CHIL might encounter cultural resistance for its employment of Human-Centered Design methods that are widely accepted in other parts of government and the private sector, but are relatively new to DoD. The broader DoD human capital enterprise may perceive the CHIL’s efforts to improve processes as a critique of their performance and a challenge to their authority. The CHIL will likely encounter some cultural resistance for its focus on experiments and prototypes – powerful tools that reduce risk, cost, and time while identifying potential positive impacts, but that are often regarded as an anathema to the Department’s emphasis on delivering consistent quality.

**Establish Civilian Talent Investment Funds:** The cost of this proposal would be 1.5% of current civilian payroll; in 2014, this would have equaled $1.0275B. (This is equivalent to between $1,100-1,500 per employee, which is consistent with comparable investments in the private sector.) This cost would be distributed across components, building upon their current investment in civilian talent management. While this figure represents a substantial commitment of resources, it is likely to yield a disproportionately positive return on investment. Components calculate their current investment in civilian professional development differently, making it impossible to determine the difference between current spending and the proposed spending level of 1.5%. This reform proposal will enable the Department, for the first time, to track, manage, optimize, and level investments in civilian professional development across components.

**METRICS FOR SUCCESSFUL IMPLEMENTATION:**

**Establish Center for Talent Development:** Metrics will include the decline in competency gaps identified in DoD assessments of civilian leaders and critical occupations, and consequently, improved organizational performance; a rise in the number of personnel taking advantage of training and educational opportunities, and favorable customer satisfaction surveys from participants in programs; and improvement in results from surveys measuring civilian morale and satisfaction with developmental opportunities and promotion.
prospects. Given the current level of dissatisfaction with training opportunities, workforce satisfaction should increase. On the operational costs associated with providing enhanced training opportunities, the Department should realize cost savings based on reduced training redundancies.

Establish Civilian Human Capital Innovation Laboratory: The direct measure of the success of the CHIL is the adoption of faster, simpler hiring processes across DoD component organizations. This in turn should lead to a number of other measurable benefits: DoD should be more competitive in the national labor markets, as measured by an increased ability to recruit and hire people with competitive degrees or in competitive occupations. Simpler, faster processes should also result in reduced administrative costs. The increased focus on customer engagement and experience should yield direct improvements in FEVS scores for employee satisfaction and confidence on a variety of human capital related indexes.

Establish Civilian Talent Investment Funds: Metrics will include statistics on training levels and professional development for the civilian workforce, survey results related to morale and to employee perceptions regarding training adequacy, and trends in DoD’s ability to fill critical workforce competency gaps.
TITLE: Expand Individual Broadening Opportunities (Civilian Reform Proposal 10)

PROPOSAL SUMMARY: This reform proposal will encourage civilian personnel to take greater advantage of broadening and mobility opportunities within the Department of Defense. This two-part proposal will (1) develop and implement a civilian Joint Duty Assignment (JDA) program to provide broadening opportunities to mid-career civilian employees; and (2) remove barriers to mobility between components within DoD.

CURRENT CHALLENGES: High-performing organizations in all sectors rely on rotational assignments or other forms of cross-training to broaden the perspective of individual employees, making them more versatile, adaptable, and connected. These mobility programs benefit the people involved as well as their organizations by increasing the exchange of people, ideas, and best practices; building internal networks of collaboration; and enhancing resiliency by familiarizing employees with a wider range of enterprise functions. For these reasons, the Military Services and the Intelligence Community – among others – have rotational programs and incentives to use them. In contrast, the civilian workforce’s ad hoc approach offers few such opportunities and is hampered by barriers and disincentives. DoD needs to expand its portfolio of broadening experiences and provide a coherent and institutionally supported approach to make them accessible.

Collaboration across DoD, as well as the interagency community, strengthens national security. In recognition of this, Executive Order 13434, which laid out an interagency vision for National Security Professional Development, committed the nation to a policy of promoting the “education, training and experience of current and future professionals in national security positions (security professionals) in executive departments and agencies.” Empowering employees to develop shared understanding and implement solutions to complex problems within and between agencies supports that policy. Despite the White House directive, and the companion legislation (FY2013 National Defense Authorization Act, Section 1107), DoD has yet to put in place the programmatic and process infrastructure necessary to facilitate JDAs at an enterprise scale.

The value of efficiently facilitating personnel exchanges is almost self-evident, but today, barriers to mobility between components within DoD stand in the way. The Guide to Processing Personnel Actions (GPPA), issued by the Office of Personnel Management (OPM), specifically separates DoD into four separate agencies: Department of the Army, Department of the Navy, Department of the Air Force, and all other DoD elements, which are referred to as the Fourth Estate. This rule means that every time any employee transfers from one of these four organizations to another, a formal transfer action must be completed. A complete set of documents and procedures such as fingerprinting and other associated
security clearance requirements have to be performed de novo. This OPM requirement introduces additional time, cost and redundancy to what ought to be a streamlined process within DoD.

**PROPOSAL DESCRIPTION:** This reform proposal is composed of two parts: developing and implementing a civilian Joint Duty Assignment (JDA) program to provide broadening opportunities to mid-career civilian employees; and removing arbitrary barriers to mobility between components within DoD.

The Department of Defense’s JDA program will institute a system of voluntary rotations, modeled on the JDA program in the Intelligence Community, to encourage greater collaboration between elements of DoD and the interagency community. To encourage participation in a JDA (or comparable broadening assignment), this reform proposal would make it a prerequisite for consideration for SES positions in DoD. For all non-DoD employees applying for SES positions in DoD, leadership experience outside the Department of Defense would fulfill the requirement for a broadening experience. Two historical examples can be used to develop such a program for DoD: the system of Joint Duty Assignments generated by the Goldwater-Nichols Department of Defense Reorganization Act of 1986 and the Joint Duty Program authorized by the Intelligence Reform and Terrorist Prevention Act of 2004 (IRTPA).

Like the IC’s JDA program, the DoD JDA Program Office would establish a well-ordered, efficiently managed, but largely decentralized and responsive marketplace of rotational opportunities. Under this flexible system, each rotational opportunity may have unique features (e.g., different selection processes, varying durations, etc.), but would co-exist within a common set of business rules, best practices, and technology tools, without provision for backfill. Under this program, employees at GS-13 and above with three years of experience in DoD will be eligible to apply for a rotational assignment in a different DoD component or even a rotational assignment in another organization with which DoD has a Memorandum of Agreement (MoA).

Once a strategic framework, business rules, and technology platform are in place, the JDA program would evolve and expand, driven by user demand. DoD already has personnel exchange agreements with Congress, the Department of State, the U.S. Agency of International Development, the Department of Homeland Security, the Office of Management and Budget, and the Intelligence Community, as well as the Ministries of Defense of the United Kingdom and Australia. The JDA Program Office will gradually incorporate these ad hoc existing arrangements for rotational opportunities into the DoD JDA system. Over time, the JDA Program office will continually broaden the range of
interagency, international, and non-governmental rotation opportunities by negotiating new Memoranda of Agreement that facilitate the movement of federal employees into and out of DoD rotational opportunities, as well as the participation of DoD employees in the maximum diversity of developmental rotation assignments. The JDA Program Office will eventually add a “Design-Your-Own Rotation” (DYOR) option whereby enterprising DoD employees would have the option to propose a new rotation tailored to their individual interests and obtain permission to establish a new MoA, pursuant to approval, to facilitate the exchange and to receive credit toward the JDA requirement for SES. The approval process would incorporate a panel charged with balancing a person’s developmental rational for the DYOR rotation with DoD’s organizational equities.

Regarding intra-Departmental exchanges, Title 5 of the U.S. Code recognizes DoD as an Executive Department. It states that “[t]he National Security Act Amendments of 1949 established the Department of Defense as an Executive Department including the Department of Army, the Department of Navy, and the Department of Air Force as military departments, not as Executive departments.” To support ease of movement between military departments, a revision to “agency,” as defined in 5 CFR 330 is required; this regulatory provision stipulates that “a military department” is a separate agency from an “Executive Department” like DoD. This regulatory language will be amended to reflect a unified Department, facilitating the ability of DoD employees to move among all of the DoD components without excessive preparation time and without delays. OPM should then issue a subsequent regulation that clarifies that DoD is designated as a single agency. Under the improved civilian personnel management system, movements are useful in developing and rewarding employees who broaden their skill and perspectives.

IMPLEMENTATION AND GOVERNANCE MECHANISM: The Department’s JDA program would be achieved through revision and update to DoDI 1400.36, “DoD Implementation of the Joint Intelligence Community Duty (JDA) Program.”

To enable full implementation of the JDA program, the USD (P&R) would direct the DoD Center for Talent Development (CTD) to synthesize lessons learned from the Goldwater-Nichols JDA system and from the IRTPA Joint Duty Program for the Intelligence Community. The CTD would also use the National Security Professional Development Program (NSPD) (E.O. 13434) and Interagency Rotations Program (FY2013 National Defense Authorization Act, Section 1107) as enabling vehicles for interagency assignments. Emphasis would be placed on first establishing a strategic framework, as suggested in the GAO report on the Intelligence Community’s Joint Duty Program, followed by business

81The Center for Talent Development (CTD) is recommended by Civilian Personnel Reform Proposal 9.
rules, best practices, customer needs, and technology requirements. The CTD would then draft and coordinate an implementation plan, propose a directive-type memorandum for the Secretary of Defense’s signature, and prepare to stand up a DoD JDA Program Office to implement the plan.

The memorandum would direct a subset of DoD components to implement civilian employee JDA programs such as the National Security Rotation Program in the Office of the Secretary of Defense for Policy or NSPD’s Communities of Interest, but tailored to the talent development needs of each organization and business unit, and with appropriate local support for rotation opportunities and employees going on rotation. The memorandum would also direct the affected DoD components to provide a means of identifying and selecting GS-13 and above candidates for the program, sharing a proposed list of broadening assignments that they would make available within their components, and addressing continuity of operations plans that would show how each organization would manage to billets or other hiring authorities to backfill employees on rotation or accomplish the mission while holding a position for them in their own or another organization. The DoD JDA Program Office, in a coordinating role, would provide advice and recommendations to participating components. USD (P&R) would monitor execution of the JDA Program Office and the local support offices of different components to regularly assess their cost and effectiveness.

The backbone of the JDA program will be the design and fielding of an online portal for matching candidates and JDA opportunities. This portal would be developed by Defense Digital Services.\textsuperscript{42} In parallel, the Defense Civilian Personnel Advisory Service (DCPAS) would work with the Deputy Chief Management Office (DCMO) to determine the changes necessary to SES management to enforce the prerequisite requirement beginning no later than December 31, 2017.

Regarding intra-DoD exchanges, this reform would be achieved through a request from the Secretary of Defense to the Director of OPM that DoD components be reclassified as one agency. If OPM redefines the DoD as a single agency, the Secretary of Defense will direct the DCMO to implement consequent procedural changes and identify additional efficiencies to streamline processes for information technology, security, and administrative support that OPM’s re-designation would enable. One year from DoD’s re-designation, DCMO will prepare a report identifying cost- and time-saving measures from the re-designation and indicating what additional actions, if any, are indicated.

\textsuperscript{42} Defense Digital Services is recommended by Multi-Domain Reform Proposal 1.
BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS: As with the earlier effort to build joint and interagency ethos within the Intelligence Community, the lack of a strategic framework that clearly defines the mission of the civilian JDA program could be a significant barrier to implementation. In addition, agencies may resist the departure of valued mid-level employees, with no reassurance that these employees will return. An additional barrier would be the lack of information systems that enable personnel managers to identify civilian employees, including those assigned to other agencies, who are currently participating or who have participated in the program.

The cost of the JDA program would be primarily information technology costs, but these would be absorbed by the newly formed Defense Digital Service. All other staffing costs should be handled through assigning duties to existing personnel.

Regarding intra-DoD exchanges, there should be no barriers to remedying this artificial and incorrect interpretation by OPM. Any rationale for treating DoD as four executive agencies was made obsolete by the Goldwater-Nichols Act of 1986, if not before. Given OPM's current emphasis on enabling workforce mobility and offering broadening experiences to federal employees, little resistance from OPM is anticipated. This proposal and its efforts are cost neutral.

METRICS FOR SUCCESSFUL IMPLEMENTATION: Metrics should include the number of employees who participate in broadening assignments; the number of components who establish JDA local support activities or offices; the number of new MoAs established to increase the diversity of rotation opportunities; assessments of the program's impact on morale; assessment of the value of the broadening experience by supervisors; actual promotion rates of JDA program participants; the percentage of SES who have participated in the JDA program; analysis of career decisions of employees transitioning from a JDA to their next role; and the survey feedback of non-DoD interagency partner organizations who participate in the JDA program.

Regarding intra-Departmental exchanges, metrics should include reduction in time and expense required to transfer between different components in DoD.
TITLE: Establish an Independent Hiring Gateway (Civilian Reform Proposal 11)

PROPOSAL SUMMARY: This reform proposal will outline a new approach to recruiting and hiring for the Department of Defense that reflects today's talent marketplace, candidate expectations, and state-of-the-art enabling technology. The Department of Defense will establish cutting-edge recruiting and hiring policies and processes akin to those at leading companies. DoD will leverage all available technology, including recent investments within the Intelligence Community as well as Software-as-a-Service (SaaS) options to implement the redesigned policies and processes.

CURRENT CHALLENGES: Demands on the DoD workforce have never been higher. Yet, without dedicated access to a leading-edge online talent platform, DoD finds itself at a disadvantage in the 21st Century labor marketplace. For example, LinkedIn represents the premier social network specifically focused on employment. While USAJOBS serves 17 million registered users, LinkedIn has over 116 million American members. In a recent list of the most sought-after government employers on LinkedIn, the Defense Intelligence Agency and the Naval Research Laboratory were the only DoD organizations listed. Talent platforms are tools that connect individuals to the right work opportunities by matching their talents with the detailed requirements of potential supervisors. Such data-enabled engines exponentially expand the job marketplace, while maintaining ease-of-use as powerful algorithms filter possibilities in an efficient and personalized way. Enabling faster and more flexible hiring processes to support national security objectives is an imperative for DoD, which must compete in the unforgiving private market for talent.

The Intelligence Community (IC) has already begun developing an alternative to USAJobs. The IC Applicant Gateway will be available in the fall of 2015 to applicants to the four largest IC agencies. This platform will serve not only as a search engine and application repository, but will also inform potential recruits of the variety of employment opportunities the IC has for them. The interactive job exploration tool lets job-seekers offer information such as their interests, experience, and skills and, using robust science-based data and algorithms, provides examples of the types of jobs that might be a good fit. Each job type has information about what is expected of someone in the position as well as what candidates can expect of the job and the corresponding functional community; this includes career roadmaps and a glimpse into future developmental and job opportunities. Based on the results of the discovery tool, applicants are presented with a list of currently available positions matching their profile. To remain competitive in the future, DoD must develop a similar enterprise-wide tool for accessing and hiring talent.
PROPOSAL DESCRIPTION: The Department of Defense will rapidly craft recruiting and hiring policies in accordance with Title 5, USC § 9902(b), “Department of Defense Personnel Authorities.” In redesigning hiring policies and processes, DoD will take due consideration of best practices employed by private sector entities actively engaged in the war for world-class talent. Moreover, the needs, contexts, and desires of top-tier candidates – and, indeed, the job-seeking public writ large – will be considered so that position descriptions are written in plain language with a human voice, the process is transparent and applicants have visibility into it, and the language and process itself meets applicants where they are (i.e., college graduate, mid- or late-career status, prior government experience, occupational discipline, new parents, etc.). The aforementioned IC Applicant Gateway will be a central model as the DoD plans and implements its enterprise Hiring Gateway.

The Department of Defense will use all available technology to implement the redesigned policies and processes for recruiting and hiring to create an overall user experience more familiar to 21st Century job seekers and provide more powerful tools for matching jobs to applicant preferences and qualifications. Like in the previously-mentioned IC Applicant Gateway, DoD’s website will not only serve as a search engine and application repository, but will also inform potential recruits of the variety of employment opportunities DoD has for them. For example, as DoD seeks to source talent from purposefully shaped applicant pools, its recruiters will be empowered to market their opportunities on social network-enabled talent marketplaces, aiming to satisfy an increased need for high-quality hires and differentiated skills across the workspace.

DoD recruiters will also be equipped with pattern analysis tools that use sophisticated algorithms to target potential top-tier recruits on social media platforms based on their propensity to serve. In addition to taking great care to shape applicant pools, the DoD will also work with the Office of People Analytics (OPA) to develop the capacity to screen candidates more accurately and efficiently. Thus, DoD will make strategic investments in advanced assessment instruments that push the bounds of what is considered technically possible; officially acceptable under prevailing case law; and practical according to industrial and organizational psychologists. These investments will be made in the highest-impact occupations, such as science, technology, engineering, and math (STEM) jobs where technical competence is key to developing and maintaining the greatest edge possible against our potential adversaries. Moreover, consistent with the aforementioned commitment to consider applicants as humans, these assessment instruments will have not only actual validity (i.e., demonstrable), but also ‘face validity’ whereby the instrument instills confidence in the applicant that it services its intended purpose to assess their skills.

82 The Office of People Analytics is mentioned in Multi-Domain Reform Proposal 4.
With candidates appropriately assessed, using either existing instruments or those developed through new investments, DoD will have an effective and efficient method by which to select and onboard successful applicants. Implementation of this reform proposal should consider using the same SaaS provider as introduced in Civilian Reform Proposal, “Develop and Sustain Civilian Talent Management Systems,” to ensure seamless integration across the employee lifecycle.\textsuperscript{83}

**IMPLEMENTATION AND GOVERNANCE MECHANISM:** This reform will be achieved through a directive memorandum from the Secretary of Defense.

Title 5, USC § 9902(b), “Department of Defense Personnel Authorities,” provides the Secretary of Defense with the statutory authority to, in coordination with the Director of the Office of Personnel Management (OPM), “redesign the procedures which are applied by the Department of Defense in making appointments to positions within the competitive service.” This statute provides the Secretary of Defense broad discretion to waive the requirements of chapter 33 of Title 5, “Examination, Selection, and Placement,” as well as the implementing regulations of such chapter, so long as the redesigned process provides for “fair, credible, and transparent methods of establishing qualification requirements for, recruitment for, and appointments to positions” as well as “fair and open competition and equitable treatment in the consideration and selection of individuals to positions.” The statute further streamlines implementation of the redesigned process by enabling the Secretary of Defense to issue the policy as a Department of Defense directive rather than a government-wide regulation subject to public notice and comment.

The Secretary of Defense will direct the Under Secretary of Defense for Personnel and Readiness (USD (P&R)) to lead and be accountable for the overall policy and technology development. The USD (P&R) will direct the Deputy Assistant Secretary of Defense for Civilian Personnel Policy (DASD (CPP)), in coordination with DASD for Future Force Implementation (FFI)\textsuperscript{84}, to lead and report regularly on policy development as well as assessment instrument investment efforts. The DoD directive on recruiting and hiring policy will be issued within ninety days of the Secretary’s instruction to the USD (P&R). Further, the USD (P&R) will seek support from the Defense Digital Services (DDS)\textsuperscript{85} to drive the development and integration of enabling technology that provides improved user interface, process, and backend workflow for the Department’s hiring mechanisms above and beyond

\textsuperscript{83} This is mentioned in Civilian Reform Proposal 9.

\textsuperscript{84} The Deputy Assistant Secretary of Defense for Future Force Implementation is Multi-Domain Proposal 5.

\textsuperscript{85} Defense Digital Services is a new technology innovation unit proposed by Multi-domain Proposal 1, Hawai'i Digital Innovation.
what is currently offered by USAJobs. DDS will deploy an initial prototype of the job search engine, job exploration tool, application system, assessment instruments, and onboarding system within sixty days of the completion of the policy work, expecting that DDS can begin work concurrently with DASD (CPP) for functionalities that are not necessarily contingent on policy.

BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS: Despite clear statutory authority granted by Congress to redesign recruiting and hiring policy, DoD may suffer from entrenched viewpoints or ones limited by status quo, sunk costs on ongoing initiatives, and recent history. As Henry Ford once noted, “If I had asked people what they wanted, they would have said faster horses.” Title 5, USC § 9902(b), “Department of Defense Personnel Authorities” also provides for coordination with OPM and bargaining with federal labor unions, both of which will be approached vigorously and in good faith while balancing the pressing need for the DoD to be more competitive in the talent marketplace as an urgent matter of national security.

Investments in state-of-the-art assessment instruments should be determined according to rigorous market research and interviews with leading academics and practitioners. The deployment of enabling technology is likely to cost $25M for startup, with operations and maintenance at $5M per year. The projected cost across the Future Years Defense Program is $50M – a modest investment when compared with the potential for the DoD to be a formidable competitor in the war for talent. By comparison, when OPM in-sourced the USAJOBS system in 2009, it spent roughly $20M over two years to create a new version and another $6M to correct problems after launch in 2011; operation and maintenance of USAJOBS costs roughly $6M per year.

METRICS FOR SUCCESSFUL IMPLEMENTATION: Metrics that will indicate positive traction and potential long-term success of this reform proposal include speed and quality (agility and efficacy) of hire. The performance of those hired under these new conditions over time should be measured to facilitate future adjustments to the hiring and retention mechanisms outlined therein. In addition to the supply side of the labor workforce, the observations and satisfaction of managers with this new construct should be measured both subjectively and objectively. Ease of system use as well as effectiveness can be measured by a survey apparatus designed for all applicants, whether hired or not. Finally, the diversity of applicant pool will demonstrate the new, expansive reach of these recruiting and hiring systems designed to lead turn socioeconomic and educational change in the American workforce.
TITLE: Focus on Millennial Recruiting (Civilian Reform Proposal 12)

PROPOSAL SUMMARY: This reform proposal will improve the Department of Defense’s efforts to appeal to the Millennial generation by: (1) establishing the DoD Millennial Ambassador Corps (MAC) to showcase a diverse group of carefully selected civilians in the Department; and (2) launching a national call-to-service outreach campaign called “Tour of Service.”

CURRENT CHALLENGES: For decades, DoD enjoyed a comparative advantage in offering employees opportunities to do mission-driven, technologically-advanced, international or national-security related work – all of which particularly appeals to the Millennial Generation. Today, however, numerous organizations both inside and outside of government offer substitutable or even competitive opportunities that dilute DoD’s once-unique appeal. Moreover, the technology value proposition is inverted: Millennials perceive they have better access to technology at home than in a DoD office.

To address this, the Department of Defense requires a focused effort to appeal to the Millennial generation so it can demographically balance its multi-generational workforce and recruit the next generation of high performers. A national outreach campaign is needed to change Millennials’ perceptions of public service in DoD. In effect, the DoD civilian workforce has low brand awareness and negative perceptions to overcome. Launching a peer-to-peer campaign will empower DoD civilians to craft and deliver a new narrative that is authentic, bold, refreshing, and compelling: a new call-to-service.

The Ambassadors can provide concrete examples of the creative and entrepreneurial work civilians are doing today, show the possibilities for personalizing one’s career progression, and promote the wide range of developmental opportunities and rotational assignments currently available or proposed in the Force of the Future initiative. This will replace the narrative that DoD is a vast, impersonal, and inflexible organization with an authentic description of the diversity of opportunities DoD offers, the options for travel and overseas exposure, the rich traditions of service, and an unmatched opportunity to have a global impact on a variety of topics that resonate with Millennials.

PROPOSAL DESCRIPTION: This reform proposal is composed of two parts: the Millennial Ambassador Corps and the “Tour of Service.”

The Millennial Ambassador Corps (MAC) will consist of an initial cohort of 24 men and women who represent different roles in the Department, reflect the professional diversity of the civilian workforce, and display the leadership potential and the character the Department
of Defense seeks in employees. These men and women will serve in these positions for one year as a collateral duty, which will include the following responsibilities: (1) serving as advocates for public service, both in-person and online, and conducting outreach to Millennials on behalf of DoD, primarily by sharing authentic stories describing their own experiences; (2) recruiting candidates to apply for civilian positions or referring candidates to appropriate sources such as human resources professionals, other recruiters of existing outreach programs such as the Student Training and Academic Recruitment (STAR) Program, or online platforms such as the new DoD Independent Hiring Gateway86; and (3) serving as a semi-formal advisory board and focus group for senior DoD leaders seeking a perspective on Millennials and their role in the Department’s mission and workforce.

The Under Secretary of Defense for Personnel & Readiness (USD (P&R)) or a designee will chair the DoD-wide selection process for Ambassadors. This multi-stage process will include a short essay for applicants, a self-made video or in-person interview for semi-finalists, and an on-camera interview for finalists. Inclusion in the MAC is conditional on a background check to ensure each nominee can be relied upon to enhance DoD’s brand. The Ambassadors could include multiple perspectives on Millennials’ role in DoD, including from those who manage Millennials, work alongside them, or those who self-identify as Millennial.

All Ambassadors will receive training and education in three areas: (1) communications and media training to assist them in crafting and delivering finely honed authentic narratives of their public service and professional growth; (2) a thorough tutorial on human capital and hiring policies to ensure they provide accurate information in a manner that is persuasive and becoming to the DoD, appealing to a Millennial audience, and consistent with DoD policy, ethics, and legal guidance; and (3) ethics and legal training to ensure they do not misrepresent DoD hiring policies.

Once approved, Ambassadors would be profiled on the DoD website and featured on its social media channels. They would participate in a yearlong schedule of online and in-person appearances, consistent with a strategy and plan jointly developed by the Office of the Assistant to the Secretary of Defense for Public Affairs (ASD (PA)) and the Office of the USD (P&R).

The national “Tour of Service” is both an outreach campaign to promote public service and a civilian recruitment campaign intended to ensure newly acquired authorities proposed in the Force of the Future initiative are fully utilized. The Department of Defense will send the

86 The DoD Independent Hiring Gateway is recommended in Civilian Reform Proposal 11.
Ambassadors on a bus tour to visit strategically selected cities across America. At each stop, as appropriate, the “Tour of Service” team will hold “town hall” style conversations with young professionals, students, and potential applicants; host press conferences and media engagements; and promote professional opportunities in DoD by attending or organizing career fairs. (Some university campuses may be included on the tour, but current undergraduates – most of whom are too young to be Millennials – are not the focus of this campaign. DoD efforts to recruit them are addressed in Civilian Reform Proposal 6: Increase Recruitment at Colleges and Universities.)

The itinerary will be planned to communicate the Force of the Future message and target Millennials with critical, in-demand skills. Potential destinations include locations known for their research laboratories, technology corridors, and entrepreneurship incubators such as Austin, Boston, Chicago, Pittsburgh, New York City, Raleigh, Silicon Valley; cities with top tier graduate schools and prestigious STEM programs, such as those at Carnegie Mellon, MIT, Purdue University, University of California – Berkeley, University of Texas – Austin, Stanford University, and graduate programs at minority serving institutions (MSI), historically black colleges and universities (HBCU), and Hispanic Serving Institutions (HSI); and widely-attended gatherings such as professional conferences and events. Individual stops can be tailored to appeal to different populations such as women, minorities, and young people with specialized skills such as nursing, computer programming, or language skills.

These appearances will be augmented by a robust social media strategy to promote the events, profile the ambassadors, and amplify the messaging. Senior DoD leaders could, if appropriate, fly to meet the ambassadors at different stops. The first “Tour of Service” would be approximately 60 days, aimed at 50 cities in 20 states. It would be planned as a “prototype,” intended to coincide with the public release of the Force of the Future report. If successful, additional tours could be held in the future, presumably annually, each fall, for 30 days, when most campuses are holding corporate recruiting and job fairs. (Alternately, the Millennial Ambassador Corps could be deployed in pairs to 10 cities at once rather than a bus tour, or operate as a speakers’ bureau for DoD.)

While a single annual tour will have the impact of focusing and renewing attention on the New Call to Service and attracting future generations to service in DoD, the tour must be accompanied by a strategy to sustain engagement. Much of this activity will be driven by stakeholder demand, but the MAC will need a modest, efficient infrastructure to support continual virtual engagement between tours. The elements of the strategy will be: (1) The MAC will develop and implement a database and an engagement plan for sustaining relationships with people, organizations, and communities the Ambassadors engage on the tour to maintain institutional knowledge, and to develop a network of contacts in
preparation for future tours. (2) The MAC will partner with organizations in the Department of Defense and in local communities that share the mission of promoting service and focus on Millennial outreach. Examples of such programs inside DoD include the STAR program, interested military recruiters, and other civilian human resource activities; examples outside DoD include nonprofit organizations such as the Partnership for Public Service’s Federal Student Ambassador Program, Young Government Leaders, or institutes and academic programs at universities. (3) The MAC will work with OSD (PA) to use social media to keep in contact with stakeholders.

The immediate goal of both the MAC and the “Tour of Service” is to improve recruiting among the Millennial population. This effort would contribute positively to workplace culture by signaling that DoD leadership is sensitive to Millennial values, culture, and concerns. Moreover, the tour shows that DoD wants to convey to the American public the value and dignity of public service for all DoD employees, regardless of when they were born, and that the Department of Defense is looking toward the future.

IMPLEMENTATION AND GOVERNANCE MECHANISM: This reform will be achieved through a directive memorandum from the Secretary of Defense.

The program would launch upon approval by the Secretary of Defense with the goal to select all of the Ambassadors within ninety days. The Deputy Assistant Secretary of Defense for Future Force Implementation (DASD (FFI)) will serve as the executive agent for the MAC. Selecting, managing, training, and overseeing the Ambassadors each year will be handled by the DASD (FFI), in consultation with ASD (PA). Once selected, the list would be promoted internally to the whole Department by USD (P&R) and to the public by ASD (PA). The Secretary of Defense will be invited to inaugurate the class in a ceremony. Subsequent classes would be timed for selection in summer with announcements in the fall. This program should be assessed semi-annually for the first two years of the program and a decision to continue, adjust, or terminate the program should be made at that juncture by DASD (FFI) in consultation with ASD (PA).

ASD (PA) will administer the “Tour of Service,” in coordination with DASD (FFI). Planning the tour should commence concurrently with selection of the Ambassadors so as to launch the tour in early spring of 2016. This reform will be achieved through a directive memorandum from the Secretary of Defense.
BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS: The primary barrier to implementation is cost and staff time. There is not a statutory impediment to implementation. The MAC is likely to have relatively low direct budgetary costs, and could be managed by existing staff with existing resources. The budget estimate for the program is $458K, which includes a $288K travel budget ($12K per ambassador, which does not include “Tour of Service” costs), $120K for training, $25K for surveys, and $25K for other operations and information technology expenses. This would incur $2.2M over the Future Years Defense Program (FYDP). This budget assumes that 20% of Ambassadors’ time is allocated to the program (calculated on an annual basis) from their primary employers on a non-reimbursable basis.

The “Tour of Service” would be organized with existing staff. The budget estimate for the program is $349K, which would cover a two-month tour, based on analysis of comparable activities undertaken in the private sector. Assuming a two-month tour in the first year, as a “kick-off” for the MAC and in support of Force of the Future roll-out, and one-month tours subsequently (at a cost of $234K), the total projected cost across the FYDP is $1.3M. This would require a year of execution re-programming to implement this program on the prescribed timeline.

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<tr>
<th>“Tour of Service” Plan for a Two-Month Trip</th>
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<td>Gas and other travel costs</td>
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METRICS FOR SUCCESSFUL IMPLEMENTATION: The immediate direct measure of success is the ability to assemble a top-quality team of Ambassadors that meets the desired goals of the program. The initiative should increase interest in employment opportunities at DoD and enhance the quality of the applicant pool, which should be measured by an upsurge in applications and a change in the demographics of the applicant pool. DoD should partner with a polling firm that specializes in measuring perceptions to capture a baseline of current Millennial attitudes, and then conduct periodic reviews to assess progress. The application of special hiring authorities to targeted populations in desired universities and localities should increase. Finally, contribution to workplace culture should be measured through improved DoD survey results in the Federal Employee Viewpoint Survey (FEVS) or other measures of employee engagement, particularly in the Millennial Generation population. ASD (PA) can use social media measures to assess the reach and impact of the online elements of the outreach campaign and track an increase in media coverage.
TITLE: Strengthen Tools to Shape the Workforce (Civilian Reform Proposal 13)

PROPOSAL SUMMARY: This reform proposal will give the Department of Defense additional flexibility to preserve its budget, divest employees when necessary, and retain high-performing employees by improving two workforce shaping tools already at its disposal: the Voluntary Separation Incentive Program (VSIP) and Reductions in Force (RIF).

CURRENT CHALLENGES: During a time of increasing budget constraints, the Department of Defense has few attractive options to manage its workforce wisely. Most workforce shaping tools are blunt instruments that treat employees as interchangeable and deprive supervisors of the discretion to shape their own teams. Traditionally, the first step DoD takes to downsize the civilian workforce is to offer monetary incentives for voluntary separations known as Voluntary Separation Incentive Pay (VSIP). There are four problems with VSIP.

First, the maximum payout under VSIP is $25K, which may not be enough to tempt the employees at higher salary ranges where the government’s savings could have the greatest budget impact. The cap on VSIP has not been increased since 1993. After tax withholding, a VSIP lump sum payment, even if awarded at the maximum amount, may be an insignificant inducement relative to an experienced General Schedule employee’s total compensation. Many employees are not offered the maximum payout. Per Title 5, DoD calculates VSIP payments based on the severance package an employee would receive, if separated due to RIF. The National Security Agency, using Title 10, has replaced this formula with one derived from 25% of base salary, and it has proven to be a more effective tool.

Second, supervisors have little discretion over who uses VSIP. After the availability of VSIP is broadly announced and offered across similar positions throughout the workforce, interested employees may request it. A supervisor has the discretion to deny VSIP to an employee, but cannot offer it to an individual employee based on the supervisor’s judgment, which is a leadership prerogative typically available to managers outside of government. Tailoring the workforce is something management should do continually, not only when there is a threat of RIF.

Third, while the statute and concomitant DoD instruction purport to permit workforce restructuring to correct skill imbalances, the current approach requires the installation or organization to eliminate or restructure the position that is tied to the buyout. This further

87 Title 5, USC § 9902(f)(5)(A)
88 DoDI 1400.25, Volume 1702, “DoD Civilian Personnel Management System: Voluntary Separation Programs”
limits managers’ discretion to reshape a team strategically based on changing requirements, succession planning, and other factors, whole imposing a burden on the remaining employees.

Fourth, VSIP can also be abused. When people who are looking to leave government or are retirement-eligible learn that VSIP could be offered, the cash buyout motivates them wait to retire until they can receive this additional amount, thereby driving up costs to the component without the desired results of further shaping the workforce.

If DoD is unable to reduce its size sufficiently through voluntary separations, the next step is to conduct reductions in force (RIF), which realize cost savings through eliminating billets altogether. Employees occupying those billets receive severance. This is costly, disruptive to the mission, disconnected from talent management strategy, and devastating to morale. Unsurprisingly, RIFs are rare.

When RIFs are invoked, DoD uses many tools to minimize the impact on employees, such as finding other positions in DoD for affected employees through the Priority Placement Program (PPP). As a result, very few employees actually end up being separated. Although PPP registrants must be well qualified to have priority hiring status, managers do not have the authority to select candidates who may be even more qualified, resulting in PPP candidates adding to the already long list of obstacles that prevent supervisors from accessing the talent they prefer. Moreover, the severance payouts are large, meaning any savings from the RIF are not realized until years later. Yet none of these concerns are the most significant flaw in the current OPM guidelines for RIF. The primary criterion used to identify which employees lose their jobs is length of service, while performance is the last. This is precisely the opposite of what a talent management system should do.

PROPOSAL DESCRIPTION: This reform proposal is composed of two parts: expanding supervisor discretion to use VSIP and reprioritizing RIF.

Expand Supervisor Discretion to Use VSIP: This reform proposal expands manager discretion in three ways. (1) Increase the current cap on VSIP payment from $25K to $40K, which will make it a more compelling incentive. (2) Supervisors may use a new salary-indexed formula that calculates VSIP based on 25% of the employee’s base salary or they may continue to use the current formula tied to variable severance rate, based on pre-

99 Voluntary Early Retirement Authority (VERA) is another workforce shaping mechanism. Under this authority, people may retire after 20 years of federal service regardless of whether they meet the minimum age requirement of 55 years. VERA reform is not included here because it has not been demonstrated to be effective.
established criteria. (3) Supervisors will have a new authority to offer any employee a Targeted Voluntary Separation Incentive Payment (T-VSIP) that can be extended to a single person at any time based on supervisor discretion – with leadership approval – without removing the billet or restructuring. The formula for calculating the amount of a T-VSIP will be identical to the formula for calculating severance, as specified in Title 5, USC § 5595(c), or based on 25% of base salary, if amended, but no more than $40K. Following the departure, the supervisor may hire a replacement into the billet as if the separated employee had retired. Supervisors who wish to offer this incentive must obtain approval from the head of the organization, including demonstrating a linkage to DoD’s Strategic Workforce Plan. T-VSIP should not be used in lieu of discipline when employee conduct or performance is in question, nor should it be used to provide additional remuneration to an employee who may already be contemplating voluntary departure.

Reprioritize RIF: Currently, four statutory criteria are used to determine an employee’s ranking in a RIF: (1) tenure of employment, (2) Veteran’s Preference, (3) length of service, and (4) performance ratings. This proposal endorses additional emphasis on individual performance in lieu of billet title, employee tenure, or billet grade. An amendment of Title 10, USC § 1597 will be necessary to change this policy. This reform proposal advocates for the new prioritized criteria to be: (1) performance (2) tenure of employment (3) Veterans’ Preference, (4) length of service.

IMPLEMENTATION AND GOVERNANCE MECHANISM:

Expand Supervisor Discretion to Use VSIP: This reform proposal will be achieved through legislative proposal to Congress and revision and update to DoDI 1400.25, Volume 1702, DoD Civilian Personnel Management System: Voluntary Separation Programs.

(1) DoD should support an amendment to Title 5, USC § 9902(f)(5)(A)(i) that would increase the maximum amount authorized for VSIP from the current ceiling of $25K to $40K. (2) The Department should amend DoDI 1400.25, Volume 1702, DoD Civilian Personnel Management System: Voluntary Separation Programs, to authorize the addition of a new option for VSIP payout calculation methodology to be indexed to 25% of the employee’s salary, not to exceed the proposed $40,000 cap. If supervisors are offering VSIP to multiple employees, they may elect which formula to use for each employee. (3) DoD should support an amendment to insert new language under Title 5, USC § 9902(f)(5)(D) that establishes an authority to offer T-VSIP. Moreover, additional revisions to DoDI

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*The OPM definition of “tenure of employment” is “type of employment,” such as “term employee” or “excepted service” employee, etc.*
1400.25, Volume 1702, DoD Civilian Personnel Management System: Voluntary Separation Programs will be necessary to establish the procedures under which T-VSIP may be offered.

Reprioritize RIF: This reform proposal will be achieved through legislative proposal to Congress. To implement a reform of RIF, the Department of Defense must urge an amendment to Title 10, USC § 1597 that makes performance the primary determinant of order of priority in RIFs. A similar proposal is under Congressional consideration for the 2016 National Defense Authorization Act.

BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS:

Expand Supervisor Discretion to Use VSIP: The Office of Management and Budget (OMB) may disapprove of a legislative proposal to raise the VSIP ceiling; indeed, it did not support a similar proposal in FY2014. OMB asserted at that time that an increase in VSIP would set an unwelcome precedent for other federal agencies. Furthermore, although the VSIP ceiling has not been increased in 20 years, OMB disagreed that such an increase would be necessary to prevent RIFs. OMB noted that there was little evidence that VSIP “buyouts” encourage separations that would not otherwise happen.

Another barrier might be lack of funding to support larger payments, which could cost up to $15K more per person separating under the new VSIP cap. Under DoDI 1400.25-V1702, DoD Civilian Personnel Management System: Voluntary Separation Programs, DoD activities pay VSIP from appropriations funds or accounts available for such purposes, to include the Defense Capital Working Fund (DCWF) for DCWF employees. In the DoD FY2015 Budget Estimate submitted to Congress, the program was estimated to have about $930M on hand. Due to budget constraints, DoD activities may not – at least anytime soon - have the funding to offer VSIP at the $40,000 payout level.91

The addition of T-VSIP to the menu of workforce shaping options presented to supervisors is a departure from the philosophical basis DoD has laid for the use of VSIP. Historically, the Department of Defense has only used VSIP to avoid a RIF, which is a self-imposed constraint that no leader outside of government would impose on her or his organization. While offering more options to supervisors will give leadership more tools to conduct essential talent management not only under the threat of RIF but at all times, it will be an adjustment for DoD that may encounter internal resistance. Training of supervisors on the appropriate use of T-VSIP, a review of T-VSIP every three years, and an effort to communicate the new authority and its purpose may mitigate the resistance.

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91 Because VSIP is not offered on a steady basis and is dependent upon Congressional budget choices and internal policies, it is difficult to cost out the financial impact of such a change on an annual or five-year basis.
Reprioritize RIF: Designating performance as the primary factor for an employee’s retention in RIF is likely to generate significant negative feedback from stakeholder groups who will be concerned about long-time employees losing their current status in RIF and other civilian employees who have extensive periods of service to the federal government. There are no budgetary costs associated with reprioritization of criteria, and there may be savings realized from conducting a RIF. There will be an estimated cost of $500K to update the Department of Defense’s automated RIF tool.

Both of these reforms should be included in the Fall 2015 Program and Budget Review (PBR) in support of the Department’s President’s Budget 2017 submission.

METRICS FOR SUCCESSFUL IMPLEMENTATION:

Expand Supervisor Discretion to Use VSIP: Four metrics could be used to evaluate the success of reforming VSIP. First, DoD should measure the number of civilian employees opting for VSIP, including which formula is used to calculate VSIP amount and its impact on the budget across the FYDP. Second, DoD should measure the number of civilian employees who are offered T-VSIP, how many use it, and its budget impact. Third, DoD should monitor the use of RIFs, the last alternative if sufficient downsizing has not been achieved through VSIP. Fourth, DoD should conduct supervisor surveys to understand the impact of VSIP and T-VSIP on the workforce.

Reprioritize RIF: Four metrics could be used to evaluate the success of reforming RIF. First, DoD should evaluate the number of RIFs conducted in the future to determine if the revised ranking criteria may have resulted in increased use of the tool. Second, DoD should review the performance ratings of people who were retained or removed after a RIF. Third, DoD should use performance metrics to determine if organizations have become more efficient after RIF by retaining those with the highest performance ratings. Fourth, in the event of a RIF, DoD should conduct employee surveys after a workforce reduction to determine their perception of how the DoD treats its employees and how it managed the reduction.
Multi-Domain (Military and Civilian) Personnel Reform Proposals
TITLE: Increase Digital Innovation (Multi-Domain Reform Proposal 1)

PROPOSAL SUMMARY: This reform proposal will establish a digital services team of top designers, developers, and engineers which will be housed in an “innovation laboratory” in the heart of the Pentagon, with an additional location in Silicon Valley. The office, to be known as Defense Digital Services (DDS), will recruit top talent from the private sector, coordinate technical innovation activities across DoD, and rapidly deliver new tools and practices that are reusable, cut costs, and improve user experience.

CURRENT CHALLENGES: The Department of Defense lacks the necessary internal capacity and talent to deliver digital services that meet the expectations of the public, not to mention long-term national security requirements. Over the past three decades, federal agencies have increasingly outsourced their “tech brain” – at the same time relying on antiquated digital development techniques and procurement processes to meet rapidly changing user expectations and market conditions. These conditions led to the recent Healthcare.gov fiasco and the Office of Personnel Management security breach. Compared to an industry that redefines itself every 18 months, existing DoD approaches are neither agile nor competitive with respect to cost, speed, and quality. Currently, a project can take 18 months and millions of dollars to even get started. The rapidly changing technology environment demands user-centered approaches to digital services – approaches standard in private sector technology startups, but mostly foreign to DoD.

In addition to procurement and development hurdles, DoD lacks the capability to properly recruit and retain the innovative technical talent to work on these challenges. Technology experts external to government are often deterred by the perception that the Pentagon is a large, slow-moving bureaucracy with opaque, inscrutable employment processes. To address these perceptions, two overarching needs are apparent: implementation of new hiring strategies that better align with technical career preferences; and a burnishing of DoD’s brand to top talent, especially those in the technology industry.

Where found, innovative practices in DoD are often isolated and fragmented, preventing the sharing of resources and best practices. DoD civilian employees and Service members who are looking for an opportunity to contribute to more digital innovation activities need to be identified, empowered to experiment, and celebrated for their efforts. Yet, DoD lacks an operational framework of shared functional areas around the core digital capabilities of design, development, data management, and acquisition. These Department of Defense-wide functional areas are needed to properly identify, rollout, test, and iterate effective digital services. Without a larger, systematic approach to digital services, DoD reinforces existing isolated bureaucracies, duplicates efforts, and stifles opportunities for shared innovation.
PROPOSAL DESCRIPTION: This reform proposal will launch an innovative “start-up” in the heart of the Pentagon, with additional space in Silicon Valley. The cohort, to be known as the Defense Digital Services (DDS) team, will enhance DoD’s capabilities to identify and recruit top technology talent within and outside of the Department of Defense, build a cross-functional community of experts in DoD (connected government-wide), and rapidly deliver tools, practices, and services.

Defense Digital Services will serve as the hub for digital innovation activities. The team will establish a Digital Innovation Council composed of senior principals throughout DoD. It will also coordinate all inter-Departmental work with outside agencies (e.g., United States Digital Service and 18F (a team of top-notch designers, developers, and product specialists inside the General Services Administration) to monitor and support innovation, as well as create programming to showcase and encourage digital innovation throughout DoD through a variety of workshops, demonstration days, hackathons, and speaker events.

The Director, Defense Digital Services will report to and through the Deputy Chief Management Officer (DCMO) and work with the DCMO and Deputy Secretary of Defense to establish a process for identifying projects for action. Defense Digital Services in the Pentagon as well as the satellite location at Moffett Airfield will pilot creative, flexible working space for ongoing innovation programming efforts. The inaugural project for the team will be to establish the Office of People Analytics (OPA) as an office subordinate to the Office of the Under Secretary of Defense for Personnel and Readiness (USD (P&R)). There will be no requirement for the Military Services to establish additional billets or corresponding agencies.

IMPLEMENTATION/GOVERNANCE MECHANISM: This reform will be achieved through a directive memorandum from the Secretary of Defense.

Within six months, Defense Digital Services will build a team of 25 term appointees, with a goal of 50 total team members within 12 months; establish spaces in the Pentagon and Silicon Valley; stand up the DoD Digital Innovation Council; coordinate a rollout and ongoing communications strategy with the Office of the Assistant to the Secretary of Defense for Public Affairs, including an official charter-signing ceremony with the Secretary of Defense. The DDS team will interface with existing Departmental and Service information technology and innovation structures, and will not create any growth requirement for any entity outside the Office of the Secretary of Defense. Team members

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\(^{92}\) The Office of People Analytics is recommended by Multi-Domain Reform Proposal 4.
will come from other federal digital innovation activities (e.g., 18F and USDS) and the private sector. Each member will be appointed to a two year term - with the option for an additional two year extension. A variety of methods, including Schedule-A technology-focused hiring authorities and innovation fellows programs, will be used to shorten the onboarding time.

**BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS:**
Standing up a team of this sort, with a mandate for innovation and a charge to disrupt, will likely face some challenges. Existing departments and agencies may resist change. Autonomy and freedom from bureaucratic impediments are vital to success; hierarchical structure in a large organization is often a limiting factor in fostering experimentation and innovation. Personnel and teams in DoD looking to take a truly agile approach to development need a “safe space” to experiment, test, potentially fail, and iterate as necessary - an “innovation laboratory” that exists outside the traditional system. This concept, similar to the Defense Advanced Research Projects Agency’s approach to research and development, will, in fact, be familiar to some in DoD. Practicing agile methodologies of testing, failing fast, and iterating will require support of, and coordination with, top DoD leadership. Building and empowering a coalition of DoD leaders and technology experts will help stand up this team and spread digital innovation throughout the Department of Defense.

Funding for this effort should be viewed as an investment in a technology startup that will have a positive return on investment. With an information technology (IT) spend of over $35B annually, DoD commands the largest share of the federal government’s IT budget. As proven through a recent 18F consulting project for DoD, a single, one-day workshop can potentially save up to $30M over the FYDP by bringing a more technically informed approach to procurement. With an initial investment equivalent to 0.1% of DoD’s IT spend ($175M over the FYDP), Defense Digital Services can build out the team of approximately 50 people in two locations, including overhead. This investment in digital innovation could pay for itself in equivalent IT cost savings and even offer a five to ten-fold return in the first year. This estimate does not account for additional positive externalities, including an improved brand, recruitment strategy, hiring process, and influx of top technology talent. This reform should be included in the Fall 2015 Program and Budget Review (PBR) in support of the Department’s President’s Budget 2017 submission.
METRICS FOR SUCCESSFUL IMPLEMENTATION: Within the first year, the overall metrics for the successful implementation of this effort include building a DoD digital innovation brand, recruitment strategy, improved hiring process, digital service team of 50 to 100 top technology innovators, DoD digital innovation space in the Pentagon and Silicon Valley, and completing 10 high impact digital service projects. In addition to the overall metrics, each of the projects will possess additional specific metrics.

Effective digital services delivery will continue to play an integral role in successfully executing the Department of Defense’s mission. Over the next decade, DoD must remain responsive to changes in the market and user expectations. Defense Digital Services will be leading and coordinating a systematic approach to delivering technological solutions and fostering innovation.
TITLE: Establish Formal Lean In Circles (Multi-Domain Reform Proposal 2)

PROPOSAL SUMMARY: This reform proposal will promote the career and leadership potential of women throughout the ranks of the civilian and military workforce of the Department of Defense by creating formal groups that, through being linked to policy and oversight bodies, will identify and dismantle the extant barriers to women's career development.

CURRENT CHALLENGES: War is no longer just about combat. It is also about making smart, fast decisions as a team—and diverse teams perform better. The civilian workforce of the Department of Defense is led and staffed primarily by men. In the Military Services, even though the number of female enlisted and commissioned officers has tripled since the all-volunteer force opened to women, women make up no more than 9% of the officer corps in any one of the Military Services.93

This phenomenon presents not only a recruitment problem but a retention problem. In the civilian workforce, half of new employees aged 20 to 34 and more than half of new employees within the Fourth Estate are women. And yet, beginning at the mid-career GS-10 level, a seniority disparity between men and women begins to grow. As of 2015, there are 75% more men between GS-11 and GS-12 than women. There are 200% more men in GS-11 through Senior Executive Service (SES) positions, and 300% more male SES employees than women. This further bears out in the disparity within pay plans. Within Department-wide pay plans, 95% of Highly Qualified Experts, 86% of senior professionals, and 76% of Department executives are men. However, women on average have higher rates of education than their male peers. Women hold 60% of all undergraduate degrees, 60% of all master's degrees, and almost half of law and medical degrees in the country. By contrast, because the Department's civilian workforce is majority male, only 42% of employees have college degrees or higher.

The concerns of female Service members differ slightly than those of their civilian counterparts. Unlike civilians, certain career tracks remain officially closed to female Service members, and historically, their proportion of incoming classes at the Service academies has been small. While West Point saw a 30% increase in the number of female applicants in 2015, strengthening the talent pipeline for women into potential positions of command will only become a reality if women are able to remain in the service long enough to receive those opportunities. Women leave their military career at a much higher rate than men—after ten years, the military has retained about 65% of its male active duty officer but only

93 Air Force: 7.4%; Army: 6.1%; Navy: 8.7%; Marine Corps, 1.2%.
about 40% of its female active duty officers. The primary reason behind women’s attrition, as determined by the Military Leadership Diversity Commission, is burden of balancing work with their family lives. Almost half of married Service members have husbands who also serve, and wives of dual-military couples are far more likely than their husbands to leave service to manage the family. These are burdens that female Service members should not have to bear alone.94

The Department is committed to recruiting and retaining the very best of the nation’s talent, and values the strengths inherent in its diverse workforce. However, the Department does not have perfect visibility into the barriers that restrict its female workforce and warriors. Greater insight will enable the Department to dismantle these barriers and, in so doing, increase its effectiveness as the defender of national security.

PROPOSAL DESCRIPTION: This reform targets female retention and career growth through formalizing Department-wide “lean in circles.” In her path breaking book, Lean In, Facebook COO Sheryl Sandberg offers examples of what men and women can do to encourage women to realize and pursue their ambitions. In Sandberg’s vision, peer support and mentorship are meaningful structures for this encouragement. 30 years of social science supports the idea that people learn and accomplish more in groups – and there is no better representation of this than in the mission-driven military and civilian workforces. This proposal’s Lean In Circles will facilitate these interactions and will accomplish two goals:

1) Establish an “internal” feedback loop between the Lean In Circle members, the Circle Leader, and that Leader’s departmental or office leadership. This will foster not only visibility on the female workforce in each Department but, in so doing, foster and promote women’s career potential.

2) Establish an “external” feedback loop between the Lean In Circles, the Office of Diversity Management and Equal Opportunity, the Secretary of Defense, and the Under Secretary of Defense for Personnel and Readiness. This will enable Department-wide visibility to the Department’s senior-most leadership of the unique structural and cultural barriers that prevent women from achieving their potential within the Department, enabling policy-makers to dismantle these barriers as they see fit.

94 Military Reform Proposal 4, “Improve Quality of Life for Military Families,” addresses many of these concerns.
IMPLEMENTATION AND GOVERNANCE MECHANISM: This reform will be achieved through a directive memorandum from the Secretary of Defense.

Following a directive memorandum from the Secretary of Defense, all Secretaries of the Military Departments will nominate and/or appoint leaders from the SES, General Officer, and Flag Officer levels to lead Lean In Circles. Both men and women will be considered for leadership. Membership of Lean In Circles will be open to women from the military and civilian workforces alike.

Circles will meet quarterly, during work hours, to address issues, policies, practices, and other problems that inhibit the career progression of women in the Department. Topics may include such issues as work-life balance, parental leave policies, and the impact of Veterans Preference on the gender, racial, ethnic, and cognitive diversity of their places of work. Circles and their Leaders will stagger their meetings so that Circle members meet with their Leaders every other quarter. This will ensure openness and honesty within the group during the more informal quarterly meeting, thereby allowing all relevant issues to be aired, while still preserving a formal mechanism by which to raise these issues and discuss potential solutions with Circle Leaders.

Each Lean In Circle Leader will work with each member to develop an Individual Development Plan. The Individual Development Plan will serve as career roadmap and a means to identify valuable training and developmental opportunities that will help the member stay on their chosen track.

Based on these quarterly meetings and the members’ Individual Development Plans, each Lean In Circle Leader will prepare a quarterly report to the leadership of their office or department. At the Lean In Circle leader’s discretion, and informed by Circle members’ Individual Development Plans, their report will include in their report a list of women in their Circle who would be good candidates for leadership opportunities and developmental assignments.

Upon receipt of the Secretary’s memoranda, and over the course of the following 18 months, the Office of Diversity Management and Equal Opportunity (ODMEO) will begin to conduct a barrier analysis to determine the obstacles – both formal (policy) and informal (unconscious bias) – that prevent women from attaining positions of leadership throughout the Department, to be defined as GS-11 through SES in the civilian workforce and E8, WO-2, and O-3 and above for the military. This barrier analysis will include data from the most recent (up to 12 months prior) exit interviews from women. Specific issues that ODMEO will analyze will be the proportion of women promoted to senior level positions and their
demographics to determine whether structural and cultural barriers are in fact being dismantled; and the proportion of training and developmental assignments given to women and men along with a categorization of their tracks (management, non-management, etc.); and the impact of increasing the number of women in traditionally male combat roles on their career progression.

Within one month of the study’s conclusion, ODEMO will distribute the results of this analysis to all “Lean In Circles” for comments, edits, and recommendations. ODEMO will synthesize, analyze, and transmit this feedback, along with a list of recommendations and its original report, to the Secretary of Defense and the Under Secretary of Defense for Personnel and Readiness.

ODMEO will revise this barrier analysis every two years to continually assess the obstacles that remain for women in the civilian and military workforces.

BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS: One barrier to implementation will be cultural. There are, and historically have been, a variety of women’s organizations within the Department of Defense whose charters struck out to execute similar initiatives as outlined in this reform proposal but who never received official Departmental affiliation or support. Some will charge that, rather than rooting the favoritism inherent in the personal network, this proposal will capitalize on it to the benefit of women. One other barrier is that, until all Military Occupational Specialties (MOSs) are open to women, structural barriers to promotion tracks will remain. The latter is a problem that Lean In Circles will not necessarily be able to solve. However, Lean In Circles will encourage and enable women to pursue positions of command that are currently open through providing senior leadership with valuable insight on the state of employment of the DoD’s female workforce. Additionally, these Lean In Circles will enable the DoD to study how and whether women are able to take advantage of newly opened MOSs, and how these new opportunities are influencing women’s career advancement. This will be particularly relevant after January 2016 – the deadline by which the Secretary of Defense has asked the Secretaries of the Military Departments to provide exception requests for keeping certain combat roles closed.

In terms of revenue, this proposal would neither cost nor require significant resources.

METRICS FOR SUCCESSFUL IMPLEMENTATION: As identified above, the major metrics will be identified through ODMEO’s bi-annual barrier analysis that will be transmitted throughout the Lean In Circles and up through the Department’s senior leadership.
TITLE: Create a Culture of Innovation and Entrepreneurship (Multi-Domain Reform Proposal 3)

PROPOSAL SUMMARY: This reform proposal will (1) establish a team charged with Department of Defense-wide advocacy, coordination, and capacity building for innovation; (2) empower that team to connect and encourage the self-organizing network of innovators already emerging throughout DoD and link them to innovation communities across and outside DoD; (3) establish entrepreneurial role models; (4) provide platforms, programs, policies, and communities that routinely facilitate and reward innovation and entrepreneurship; and (5) promote a more flexible work environment that is conducive to collaboration and promotes autonomy.

CURRENT CHALLENGES: The Department of Defense is committed to driving innovation, but the focus is nearly exclusively on research and development for science and technology, as evidenced by the preponderance of attention to the Defense Innovation Initiative. While this is understandable given the prominence of weapons technology in modern conflict, it overlooks the human role, a crucial aspect of innovation DoD cannot afford to neglect. The cognitive, social, and behavioral aspects of innovation are central ingredients to the success of any organization’s ability to harness a technological advantage and translate it into a successful outcome. DoD must marry its efforts on disruptive and emerging technologies to a parallel initiative aimed at inculcating a culture of innovation and entrepreneurship in the workforce through a combination of training, advocacy, and incentives. The hallmarks of this approach are radically increasing collaboration, building capacity for creativity, and encouraging experimentation.

The Obama Administration has embraced this human-centered approach by launching a barrage of government wide innovation programs since 2009, including the Strategy for American Innovation, the Open Innovation Toolkit, Challenge.gov, the United States Digital Service, and the Presidential Innovation Fellows, among others. Since then, more than 20 government agencies have introduced new positions for an entrepreneur-in-residence or in-house innovators, many focused on harnessing the power of Design Thinking. Unfortunately, DoD is largely left out of the federal-wide conversation on human innovation. The Department of Veterans Affairs (VA) has a Center for Innovation, the Department of Health and Human Services (HHS) has an Ideas Lab, United States Agency for International Development (USAID) has a Global Development Lab, the State Department has the e-Diplomacy office, the Office of Personnel Management (OPM) has

95 According to Tim Brown, president and CEO of the premier innovation firm, IDEO, defines Design Thinking as “a human-centered approach to innovation that draws from the designer’s toolkit to integrate the needs of people, the possibilities of technology, and the requirements for business success.” Human-Centered Design, an analogue of Design Thinking, is defined by the LUMA Institute as “the discipline of developing solutions in the service of people.”
an Innovation Lab, and the General Services Administration (GSA) has launched 18F and
the Office of Citizen Services and Innovative Technologies. The National Aeronautics and
Space Administration routinely hosts challenge contests from citizen scientists through the
Center of Excellence on Collaborative Innovation.

In parallel to the profusion of innovation programs, many agencies are also investing in
efforts to harness the spirit of entrepreneurship in their organizations. Government agencies,
as well as laboratories, universities, non-profits, law firms, and venture capital firms, have
established Entrepreneur-in-Residence (EIR) programs to align the expertise, experience,
connections, and attitude of successful entrepreneurs against the challenges facing their
organizations. The entrepreneurial mindset is a powerful advantage, and one that is too often
unfamiliar to large, complex bureaucratic organizations. DoD would benefit from joining
this movement.

DoD does have many outstanding pockets of human-focused innovation such as the Chief
of Naval Operations’ Rapid Innovation Cell (CRIC), the Air Force’s Revolutionary
Acquisitions Techniques Procedures and Collaboration (RATPAC) program, or the Office
of the Under Secretary of Defense for Policy’s Design & Innovation Practice, but in the
absence of an overarching agenda and centralizing architecture, the full potential of DoD’s
distinct efforts are left unrealized. Moreover, much of the Department of Defense’s greatest
strides in this area are largely disconnected from the broader movement in the Federal
government. It is time for DoD to take its rightful place at the forefront of people
innovation across the government.

Most of DoD’s work spaces are configured to maximize space efficiency and a now-
outmoded theory of productivity centered on the office cubicle. Increasingly, research
demonstrates that employees thrive in a variety of office settings designed to maximize
creativity and collaboration, either by creating quiet spaces or open floorplan meeting places.
Even though DoD has telework provisions in place, the 2014 Federal Employee Viewpoint
Survey (FEVS) found that, while teleworking is viewed positively by employees, it is
currently underutilized. In 2013, less than 15% of DoD employees engaged in telework
arrangements. The FEVS respondents noted that technical issues, organizational culture,
managerial resistance, and the nature of the job contribute to the underutilization of
teleworking.
PROPOSAL DESCRIPTION: This reform is composed of three parts:

Defense Innovation Network: This reform proposal calls for the Department to establish a Defense Innovation Network (DIN) to foster a culture of innovation and entrepreneurship that encourages collaboration, creativity, experimentation, and knowledge-sharing. Moreover, this reform proposal embeds the DIN Hub at the heart of this community, a team with the mission of galvanizing and enabling the people in the network by providing expertise and resources, offering encouragement and support, sponsoring contests and workshops, organizing educational opportunities and events, testing methodologies and technology tools, and building platforms for communication and information-sharing. The purpose of the DIN is to support and enhance existing efforts, and expressly not to duplicate, centralize, supplant, or compete with existing innovation activities in the Military Services or other components. Rather, the DIN fills the critical gap of connecting the numerous existing programs and projects within the Military Services and across the Department of Defense into a constellation of organizations that support one another.

At the center of this community will be the DIN Hub, a team charged with championing innovation across DoD. The Hub will coordinate the numerous, growing, yet presently disjointed efforts emerging in each of the Military Services, providing capacity building to educate, reward, and inspire new ways of working. The functions of the team would include a balanced, flexible, and evolving portfolio of activities selected in response to user demand such as:

1) Providing Department of Defense leaders with subject matter expertise on the cognitive, social, behavioral aspects of innovation in DoD, which have significant impact on policy analysis, decision-making, strategy development, organizational performance, and employee engagement. While much innovation is focused on science and technology that is integral to the development of new weapons systems, the DIN Hub will serve as a home to experts who could contribute insight specifically on the non-technological aspects of innovation.

2) Developing and delivering curriculum on innovation methods and techniques, particularly Design Thinking (also called Human-Centered Design) and cognitive bias, and maintaining a DoD-wide community of practice on design methods customized for national security policy analysis and strategy development.

3) Overseeing and administering a Defense Innovation Fund to be used for modest micro-grants to support the costs of experiments, trainings, workshops, or as awards directly to employees.
4) Providing internal consulting and advisory services (such as design-led facilitation support) for leaders seeking to explore new methods for increasing creativity and collaboration on their teams, such as the in-house services provided at OPM, VA, HHS, and GSA. This service will be overseen by the staff of the DIN Hub.

5) Offering a set of opportunities of varying duration and format to civilians who would qualify and obtain supervisor approval to perform new and original thinking outside existing requirements and routines. This would establish mechanisms to provide incentives for exceptional employees to pursue promising ideas with supervisor endorsement and dedicated time. These would fall into three categories: Full-Time, for projects involving five days a week for two to 24 weeks; Part-Time, analogous to Google’s 10% time, for projects involving one to two days per week for four to 52 weeks; or Collateral Approval, for projects that can be done on top of current responsibilities, but receive official recognition and endorsement, entailing permission to use government resources. Fellows may also receive micro-grants, technical expertise, and mentoring from the DIN Hub, as needed.

6) Convening collaborative innovation projects (e.g., “hackathons”) in which small, diverse, and temporary groups form to participate in high-intensity short duration projects that address a strategy, policy, organizational, or technology challenge. In these events, inter-disciplinary teams convene to surge around a problem working intensely to find a breakthrough by juxtaposing different disciplines and perspectives. Collaborative innovation projects encourage creativity and diminish the cultural barriers to cooperation across organizations. The DIN Hub can serve as facilitators to convene multiple stakeholders in the ecosystem of a complex problem and engage outside perspectives that may not be represented in a more traditional approach.

7) Sponsoring innovation contests (e.g., “challenge-driven innovation”) that use competition to motivate participants to generate policies, solutions, capabilities, efficiencies, or cost saving proposals. In these events, the sponsor offers incentives (often non-monetary or intrinsic rewards) to individuals or teams for developing the best proposals, and then choosing winners. Open innovation contests and idea competitions enable and reward contributions from exceptional employees and contribute to a culture of innovation and entrepreneurship. The DIN Hub will host some of these and provide support and best practices to Military Services or other DoD organizations looking to sponsor such events.

8) Launching an internal technology platform for hosting virtual challenge-driven innovation contests and discussion forums (e.g., “crowdsourcing”). DoD can find exemplars in several existing projects in the Military Services and interagency
community, such as “The Hatch”96 the recently launched platform in the Navy Innovation Network, as well as comparable platforms at multiple classification levels at Office of Director of National Intelligence, Central Intelligence Agency, State Department, Department of Homeland Security, VA, HHS, USAID, and Transportation Security Administration.

9) Championing innovation by regularly convening educational events, conferences, symposia, or technology demonstrations to advocate for innovation and entrepreneurship, and continually inject dynamic or disruptive thinkers from the private sector and academia into the Department of Defense’s intellectual culture.

10) Developing an internal social network (inspired by LinkedIn) to help connect the innovators in the DIN to encourage sharing of ideas and best practices.

By accelerating the timeline from inception to adoption for new ideas, and improving organizational agility, the Department of Defense will demonstrate its commitment to innovation and empowering employees at all levels.

Establish an Entrepreneur-in-Residence Program: A core feature of the DIN Hub will be an Entrepreneur-in-Residence (EIR) program. In the two-year pilot, three EIRs will be selected by the Chief Recruiting Officer (CRO).97 The CRO’s support office, the Office of Executive Recruiting (OER),98 will handle the administrative requirements of the three people selected for the EIR program. The OER will assign career mentors from the Senior Executive Service (SES) to the EIRs to help orient them toward the Department.

Each EIR will spend much of their two-year-long tenure at DoD working on a strategic project with a designated senior leader serving as a sponsor and supporting the effort with a project team working under the EIR’s direction. While each EIR’s role will be unique and negotiated by the EIR and the CRO, presumably each one would be assigned to the specific office of the sponsoring senior official, not unlike a White House Fellow, from which they could address the challenge assigned. As an additional duty, the three EIRs will play a crucial

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96 The Department of the Navy (DON) launched its crowdsourced ideation platform, named the "Hatch," in May 2015, as part of an initiative called the Naval Innovation Network (NIN). It is an accessible, virtual collaboration forum where innovators can submit their creative ideas for improving the DON. In the Hatch, ideas can be refined through crowdsourcing and further developed by local innovators and subject matter experts. It can be accessed here: http://doninnovation.ideascale.com/

97 The Chief Recruiting Officer (CRO) is recommended by Civilian Personnel Reform Proposal 4. The CRO would be responsible for identifying exceptionally talented people outside of government and recruiting them to the Department.

98 The Office of Executive Recruiting (OER) is recommended by Civilian Personnel Reform Proposal 4. The OER constitutes the staff of the CRO.
role as leaders in the DIN Hub by providing a powerful example to aspiring and accomplished "intrapreneurs" throughout DoD. EIRs will participate in DIN activities for approximately 20% of their time, organizing activities that promote an entrepreneurial culture. At the end of the two year period, EIRs who wish to remain in the Department of Defense will work with the CRO to find the appropriate hiring authority by which to continue their work.

Create a More Flexible Work Environment: This reform proposal recommends expanding, constructing, and promoting the existing options for telework, hoteling, and co-working, and also approving the construction of seven prototype "innovation lab" collaboration spaces throughout DoD: one for each Service, one for Fourth Estate, and two in locations selected by DCMO to advance research on improving workforce productivity and efficiency. Collaborative spaces like "hoteling" or co-working environments—similar to those recently built at the GSA building or found within the Intelligence Community—increase the frequency of contact between employees. Studies have shown that increased contact with coworkers, particularly those from different teams, boosts interdisciplinary and cross-team collaboration. Providing flexible work options contributes to a culture of innovation and entrepreneurship by providing employees more autonomy to choose where and where they can work, often resulting in greater latitude of how work is performed, thus encourages creativity and entrepreneurship. In contrast to the cubicle-based floor plans and boardroom style meeting rooms of the 1960s, open floorplan workspaces (when combined with private areas for individual work) promote more collaborative interpersonal dynamics on teams. Flexible workspaces and work policies, when combined with effective performance management, will increase productivity, reduce facility costs, and will make DoD a more attractive employer to Millenials, working parents, and those with disabilities.

A one-size-fits-all approach to telework is not appropriate for the varied DoD workforce. This reform proposal primarily seeks to increase the use of occasional telework, often in conjunction with alternative work schedules (AWS), to grant employees greater autonomy to choose when and where they perform their work, provided that the employees is meeting or exceeding performance standards. Secondly, fulltime teleworking should also be increased, but only when physical presence in the office is not necessary, and measurable performance standards are available to supervisors and employees to document sustained productivity. In certain circumstances, fulltime telework can present significant time and cost efficiencies. In both cases, improvements in technology can facilitate connectivity, virtual presence, and security to make either occasional or fulltime telework more attractive for employees and supervisors.
IMPLEMENTATION AND GOVERNANCE MECHANISM:

Defense Innovation Network: This reform will be achieved through writing a new DoDI on Innovation and Entrepreneurship. The Secretary of Defense would issue a DoDI to establish the Defense Innovation Network (DIN) Hub, an office with the responsibility of cultivating and expanding the Defense Innovation Network, and selecting from the portfolio of activities described herein to increase the capacity for creative and collaborative work throughout DoD. The Deputy Chief Management Officer (DCMO) would be the executive agent for the DIN Hub. The CRO would be responsible for recruiting the staff of the Hub.

Establish an Entrepreneur-in-Residence Program: This reform will be achieved through directive memorandum from the Secretary of Defense and later incorporated into the DoDI above. As part of the DIN Hub, the same DoDI which establishes the DIN should make provisions for the EIR program, as a two-year pilot. The CRO would be responsible for identifying, recruiting, and resourcing the EIR program.

Create a More Flexible Work Environment: This reform will be achieved through a Secretary of Defense memorandum promoting AWS and use of occasional telework and fulltime telework, as appropriate to the role, designating the maximum allowable number of DoD positions in the workforce as telework-eligible, setting the goal of 25% of eligible employees teleworking at least one day per month by the end of FY2016, and encouraging supervisors and managers to set an example by teleworking occasionally; (2) emphasizing telework as a strategic initiative in the DoD Strategic Workforce Plan by requesting quarterly reports from the Deputy Assistant Secretary of Defense for Civilian Personnel Policy (DASD (CPP)) to the Deputy Chief Management Officer on progress until the goal is reached, and then annual reports thereafter; (3) developing training on teleworking and alternative work schedules; and (4) launching an internal communications campaign in conjunction with organizational Telework Managers on the benefits of AWS and telework.

The Office of the Under Secretary of Defense for Personnel and Readiness (OUSD (P&R)) would be responsible for establishing and implementing a strategy to increase adoption of existing AWS and telework options by eligible employees and monitoring any cost savings as a result of the increased flexibilities. DASD (CPP) will identify positions that are ineligible for telework due to the nature of the work or its classification and exclude them from expanded telework policies. Military Services and other components may request additional exclusions from telework eligibility by documenting deleterious impacts on readiness or performance.
DASD (CPP) will work with the Defense Digital Service\(^9\) to identify technologies to facilitate telework and present recommendations to DCMO 120 days after the Secretary of Defense memorandum. DCMO will address security and administrative concerns and identify pilots of technologies that could enhance telework.

DoD will invest $4.2M in the creation of seven prototype “innovation lab” collaboration spaces that will be retrofitted inside existing DoD facilities, including and establishing two “flex work” hoteling or co-working locations in strategically chosen locations managed by DCMO. This reform will be achieved through directive memorandum from the Secretary of Defense and implemented by DCMO.

**BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS:**

**Defense Innovation Network:** Pressing near-term demands that crowd out time for creativity, organizational boundaries and hierarchies that thwart collaboration and resource limitations all present barriers to any innovation program. Innovation activities that generate many possibilities and raise workforce expectations but fail to deliver are common. A successful innovation initiative must be structured to propel the best ideas through to implementation with visible results. In many corporate models, innovation ideas are pitched to top corporate management where some ideas are then selected for action. The primary barriers, though, are neither money, nor time, nor technology, but culture: employees need to feel they have permission to experiment and the opportunity to be heard. In innovative organizations, failure, if brooked responsibly, is rewarded rather than penalized.

The cost to launch the DIN and DIN Hub would be approximately $126M over the Future Years Defense Program (FYDP). This would include a $50M innovation fund for microgrants and challenge prizes; a $25M budget for providing capacity building and training programs, consulting contracts, programs, and conferences department-wide; $20M for innovative technologies such as a crowdsourcing and collaboration platform; $10M to design and build-out a repurposed 5,000 square foot state-of-the-art innovation lab facility; and $7.5M for operations and maintenance funds for the hub staff, covering travel, supplies, technology, and operating expenses over the FYDP. The remaining costs would consist of assembling a highly-skilled staff, consisting of a relatively large proportion of Highly Qualified Experts (HQEs), Qualified Experts (QEs), and Emerging Qualified Experts (E QE) recruited by the CRO, based on the new hiring authorities proposed in Force of the Future.\(^9\) The DIN Hub team would draw on experts in design, strategy, organizational and

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\(^9\) The Defense Digital Service is recommended by Multi Domain Reform Proposal 1.

\(^9\) Changes to HQE hiring and the introduction of QE and EQE hiring are recommended by Civilian Personnel Reform Proposal 4: Increase Permeability with the Private Sector and Academia.
industrial psychology and human factors, technology and engineering, consulting and facilitation, customer engagement, learning and development and curriculum design, marketing and communication, technology, and graphic arts. Assuming a 25-person staff, distributed across five SES or HQE equivalents to lead distinct nodes of the DIN, five GS-15s or equivalents, 10 GS-14s or equivalents, and five support staff, at 33% overhead, staffing costs are approximately $13.5M across the FYDP. Staffing estimates are based on assessing comparable organizations elsewhere in government.

Establish an Entrepreneur-in-Residence Program: There are three important prerequisites for recruiting respected entrepreneurs to serve in the EIR program. First, DoD must define challenging projects where an EIR can make a meaningful contribution; second, top-management leadership must be committed to the projects and with following through with their implementation; and third, sufficient resources and authority must be provided for the EIRs to accomplish the assigned projects. By recruiting entrepreneurial talent from the private sector to address challenging problems, and teaming them with supportive DoD civil servants, leadership would send a powerful signal to the workforce that innovation and entrepreneurship are highly prized. Beginning with the initial pilot program, DoD will benefit from the EIR program in tangible ways—from adding momentum and visibility to strategic initiatives to attracting and retaining entrepreneurial talent. Engaged leadership from the Office of the Secretary of Defense will also need to convey top-management commitment and overcome institutional inertia.

The primary cost to launch a one-year pilot of the EIR program is salary for three HQEs at the top of the pay scale, at a 33% estimated overhead, which is approximately $800K. Assuming each EIR had a $100K budget, the total cost would be $1.1M for the pilot year. Additional internal management expenses would be borne as part of the Office of Executive Recruiting budget or programmatic expenses for the EIRs activities, which would be covered by the DIN Hub budget.

Create a More Flexible Work Environment: Some positions require employees to be on premises to perform their duties, such as security guards, aircraft mechanics, shipyard workers or warehouse workers. Nearly all of these positions are covered under the Federal Wage System—approximately 19% of the DoD civilian workforce. These employees are not telework eligible and are not covered by this reform proposal. A significant proportion of DoD civilians perform classified work that must be conducted in properly secured locations; those civilians may be eligible to telework for certain aspects of their job function that are not classified, but will not be able telework for classified activities. Challenges to implementing telework proposals are managerial resistance, employee resistance based on a desire to maintain an office culture predicated on in-person interaction on predictable
schedules, and lack of information technology (IT) tools for teleworking and hoteling. Much of DoD’s work is classified, which presents additional challenges for telework. Managerial resistance can be overcome by involving managers and supervisors as stakeholders and by training programs focused on managing for results. Employee resistance can be overcome by training and effective change management efforts that focus on what employees are gaining rather than dwelling on what they are losing. The challenge posed by the lack of information technology (IT) tools and support can be surmounted by providing the appropriate IT tools, where feasible and legally permitted. All of these reforms should be included in the Fall 2015 Program and Budget Review (PBR) in support of the Department’s President’s Budget 2017 submission.

METRICS FOR SUCCESSFUL IMPLEMENTATION:

Defense Innovation Network: The first measure of success will be reflected in the active participation of civil servants and DoD leaders in the DIN and its activities – particularly events and online platforms, which can be easily measured, the demand for the products and services offered by the DIN Hub, and the continued availability of funding for innovation activities across DoD components. A second key measure of success is the amount of time and money that is saved through the adoption of recommendations. From the perspective of the DoD workforce, one important metric would be how the initiative influences workforce values and attitudes as reflected in workforce surveys. A successful program might improve workforce assessments of the workplace environment, enterprise values, and management. The desired, if indirect, effect of such shifts in workplace culture would be an improved ability to hire and retain the high caliber personnel who would value such initiatives and likely benefit most from them.

Establish an Entrepreneur-in-Residence Program: The direct measure of the viability of the test will be the ability to recruit three respected entrepreneurs to serve as EIRs, to engage talented DoD staff in the initiatives to participate on the project teams, to secure leadership commitment to endorse and support the targeted projects, and to acquire necessary resources. A key outcome metric will be the measured outcomes of the projects: new capabilities developed; productivity improved; cycle times reduced; costs saved. A return on investment calculations would provide a concrete indicator of the success of the EIR program. Measures of the program’s contributions to workplace culture might be reflected in workforce survey data. Another direct measure is the willingness of a second round of entrepreneurs and civil servants to participate if the program is extended. Less direct measures of the EIR program’s contributions to workplace culture would be changes in the propensity of people to join and stay in the DoD civilian workforce.
Create a More Flexible Work Environment: The measures of effectiveness would include the number and percentage of employees choosing teleworking or hoteling options; assessment of whether telework employees are meeting their performance goals; and cost savings realized from usage of teleworking and hoteling. Other measures may include the frequency of use of new "Innovation Lab" spaces and surveys of users on whether the new co-working spaces are conductive to sparking creativity and collaboration.
TITLE: Employ Big Data to Inform Personnel Decisions (Multi-Domain Reform Proposal 4)

PROPOSAL SUMMARY: This reform proposal will create structure and resources for a new Office of People Analytics (OPA), established as a subordinate office of the Defense Manpower Data Center (DMDC) that will provide research, senior-level advice, and support for enterprise-level talent management for both civilian and military personnel.

CURRENT CHALLENGES: In the private sector, the role of the human resources officer has taken on increased strategic significance, teaming alongside the chief financial officer and chief executive officer in planning and integrating operational lines of effort. The success in the private sector of what has become known as “people analytics” has been demonstrated by improved employee retention (and the associated avoided costs of rehiring and retraining), by revenue increases, and even by improved stock prices. In comparison, the Department of Defense, largely divorced from this revolution in human resources, has limited visibility into the characteristics of civilian and military personnel and possesses almost no in-house ability to analyze how policy or environmental changes will affect the performance or composition of that workforce.

PROPOSAL DESCRIPTION: The OPA will develop new data-analytic methods to address personnel issues for the Department of Defense. By analyzing workforce data to improve organizational performance, the OPA will specifically affect the following efforts:

1) Hiring, by including a more effective, user-friendly approach to the USAJobs process and by informing general recruitment activities;
2) Retaining employees, by offering support to the larger project of identifying, rewarding, and promoting talent across DoD;
3) Training, by improving methodologies for assessing training across the workforce;
4) Human resource functions, by promoting personnel services that support permeability and greater personal choice in assignments;
5) Talent matching functions, by providing the data foundation to support a market-based job market; and
6) Knowledge management functions, by facilitating better sharing of information across DoD.

This initiative will focus on establishing a central repository of, and serving as the clearing house for, all data related to talent management. OPA may require as many as 10 Full Time Equivalents (FTEs) and will maximize existing resources to hire data scientists and organizational psychologists who will then pull information from across DoD.

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IMPLEMENTATION AND GOVERNANCE MECHANISM: This reform will be achieved through a directive memorandum from the Secretary of Defense.

The Office of the Under Secretary of Defense for Personnel and Readiness (OUSD (P&R)) will establish hiring and appropriate resources and spaces for OPA. Creation of the office will follow this general schedule: for the first sixty days, OPA will on-board four analysts every two weeks, with the goal of reaching 10 data scientists within the first eight weeks. Special pay authorities may be required as data scientists are in high-demand. Within two months of activation, OPA will meet with the Military Services and agencies in the Office of the Secretary of Defense to identify existing data sources that can be used for people analytics. After two months of work, OPA will have identified priority data questions and sketched a provisional landscape of the existing information technology systems that can provide needed data, while determining where there might be gaps in data collection.

OPA will work with the OUSD (P&R) to identify top priority questions that could be answered with analytics, evaluate the quality and sufficiency of existing data resources relevant to those questions, and develop analysis strategies. OPA will also:

1) Develop and execute pilot projects to address the key analytic issues;
2) Develop predictive models for use in hiring and retention;
3) Support efficiency and compensation reform efforts (like the Military Compensation and Retirement Modernization Commission (MCRMC)) by collecting and analyzing data on what keeps people in federal service (civilian or military);
4) Identify positions and locations with unusual gender, racial, multigenerational, and geographic origin imbalances to support improving diversity of the workforce;
5) Advise the Military Services in improving existing capabilities with respect to gleaning and analyzing talent management data, and
6) Enable better performance management by constructing measures of performance important to managers and identifying qualities that predict top hires.

OPA will be a team with broad DoD human resources experience, analytical skills, and subject-matter expertise. Collectively, the OPA team should have expertise in civilian workforce issues, military manpower issues, data storage, analytic and statistical methods, and social science research methods (to aid collection of new data). The staff should largely be hired through the excepted service, perhaps through the Intergovernmental Personnel Act, but should also have career civil servants who can build long-term capability. The size of the team will be assessed every two years by the OUSD (P&R).
BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS: The Office of People Analytics is directly implementable and within the control of OUSD (P&R). For this reason, barriers to implementation are only those associated with typical new start initiatives, such as cost and manpower structure, which will be aggregated into DMDC. Ten full-time data science personnel with four administrative personnel could cost approximately $15M over the Future Years Defense Program (FYDP); yet the Department will ensure these personnel resources are garnered from existing programming such that overall expense is cost neutral. Initial investment to purchase and build the supporting technology architecture could incur an additional cost of $15M over the FYDP. This architecture requires modern and secure data storage, in-memory analytics, data analysis tools, and data visualization tools. Additional work would be done in partnership with the digital services team that is described in Multi-Domain Reform Proposal 1, *Increase Digital Innovation*. These reforms should be included in the Fall 2015 Program and Budget Review (PBR) in support of DoD’s President’s Budget 2017 submission.

METRICS FOR SUCCESSFUL IMPLEMENTATION: OPA will be judged by the value of its input to personnel policy decisions over time and the effectiveness and timeliness of those decisions. Moreover, OPA will be expected to lead change in personnel policy and to be the analytic engine bringing the Department’s human resources functions more in line with modern corporate efforts in talent management.

Success for OPA should be defined by the extent to which it can respond to analytic questions asked of the office. OPA should be measured not only by the number of questions to which it responds, but also the quality of responses. As personnel decisions become increasingly strategic in nature, OPA’s contribution should become more visible to the Secretary of Defense and Deputy Secretary of Defense.
TITLE: Establish Force of the Future Continuity and Governance (Multi-Domain Reform Proposal 5)

PROPOSAL SUMMARY: This reform proposal will establish a non-career member of the Senior Executive Service, who will be designated Deputy Assistant Secretary of Defense for Future Force Implementation (DASD (FFI)), to oversee, implement, and provide governance for all reform proposals related to the Force of the Future initiative. This office and its attendant employees will sunset effective October 1, 2020.

CURRENT CHALLENGES: The timing of the Force of the Future initiative presents several challenges. First, the supporting Administration will end on January 20, 2017 (less than 18 months from the submission of the final report to the Secretary of Defense). Although a subsequent Administration may support the reform proposals included under the Force of the Future initiative, there is no guarantee of this outcome. Additionally, many of the proposed reforms will be deliberated in the opening months of a new budget cycle (PB17). It is unlikely that enough strategic trade-offs will be made to facilitate adopting all reform proposals in PB17, resulting in some reform proposals which will serve as legacy goals for future Secretaries of Defense or Administrations. The DASD (FFI) will oversee transition in both cases.

PROPOSAL DESCRIPTION: This reform proposal establishes a non-career, Tier 2 SES hired under Highly Qualified Expert (HQE) authority with a five year term of appointment, beginning October 1, 2015. The Office of the DASD (FFI) will be further augmented by five Full Time Equivalent (FTE) staff. The DASD (FFI) will report to the Under Secretary of Defense for Personnel and Readiness (USD (P&R)) through the Assistant Secretary of Defense for Manpower and Reserve Affairs (ASD (M&RA)) and provide updates to the Deputy Secretary of Defense and Secretary of Defense, as directed. Term billets will be allocated by the Washington Headquarters Service or re-allocated by the Department’s Deputy Chief Management Officer to support staffing of this office. Funding for the office will sunset not later October 1, 2020, to ensure no permanent growth in Office of the Secretary of Defense staff allocations.

IMPLEMENTATION AND GOVERNANCE MECHANISM: This reform will be achieved through a directive memorandum from the Secretary of Defense.

The Office of the DASD (FFI) serves as the primary integrator, supervisor, and monitoring agent for successful implementation of the reform proposals approved by the Secretary of Defense and enacted into law by Congress. The DASD (FFI) will provide quarterly reports to the Secretary of Defense, through the USD (P&R) on the status of each reform proposal.

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approved as part of the Force of the Future initiative. The Secretaries of the Military Departments and Principal Staff Assistants (PSAs) will designate a single point of contact (General/Flag Officer or SES) to serve as the primary coordination point between the DASD (FFI) and the respective Military Service. Finally, the DASD (FFI) will be responsible for briefing the Deputy’s Management Action Group (DMAG) on a semi-annual basis.

BARRIERS TO IMPLEMENTATION AND RESOURCE IMPLICATIONS: According to the Institute for Defense Analyses (IDA), the approximate costs associated with establishing a new office would be approximately $12.5M over the Future Years Defense Program, including staff, logistics, and initial contractor support. This relatively modest investment to oversee strategic implementation of the plan could be effected as early as FY2016 in year of program reprogramming funds. Due to the immediate requirements upon the office, following submission of the final report to the Secretary of Defense, the USD (P&R) should work with the Under Secretary of Defense (Comptroller) to identify necessary funds before the close of the fiscal year. In addition to these modest resourcing requirements, the Department will also have to convince Congress that establishing this office will not constitute permanent growth in the Office of the Secretary of Defense (OSD) head count. This reform should be implemented with reprogramming authority during the FY2016 year of execution.

METRICS FOR SUCCESSFUL IMPLEMENTATION: The success of this reform proposal will be determined in the ability to rapidly establish the Office of the DASD (FFI) not later than October 1, 2015.
## Force of the Future Reform Proposals: Summary of Changes

### Deleted Proposals:

<table>
<thead>
<tr>
<th>Multi-Domain Reform Proposals</th>
<th>Policy Amendments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expand Parental Leave</strong></td>
<td>- Divides former Multi-Domain Reform Proposal (A3) into Military Reform Proposal #2 and Civilian Reform Proposal #3</td>
</tr>
<tr>
<td><em>(Formerly Reform Proposal A1)</em></td>
<td></td>
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<tr>
<td><strong>Expand Fertility Treatment Plans</strong></td>
<td>- Moved to Military Reform Proposal #8</td>
</tr>
<tr>
<td><em>(Formerly Reform Proposal A4)</em></td>
<td>- Applies only to Service members and legal spouses on TRICARE</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Military Reform Proposals</th>
<th>Policy Amendments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Implement Milestone-Based Promotions</strong></td>
<td>- Consolidated with Military Reform Proposal #1, &quot;Replace ‘Up or Out’ with ‘Perform or Out’&quot;</td>
</tr>
<tr>
<td><em>(Formerly Reform Proposal C2)</em></td>
<td></td>
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</table>

### New Proposals:

<table>
<thead>
<tr>
<th>Civilian Reform Proposals</th>
<th>Policy Amendments</th>
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</thead>
<tbody>
<tr>
<td><strong>Extend DoD Title 10 Authority</strong></td>
<td>- Moves the remainder of the non-bargaining positions of the Department of Defense civilian workforce from Title 5 authorities to Title 10 authorities</td>
</tr>
<tr>
<td><strong>Establish Formal Lean In Circles</strong></td>
<td>- Creates formal groups that identify and provide recommendations to senior policy makers on how to dismantle extant barriers to women’s career development</td>
</tr>
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</table>
Existing Proposals:

<table>
<thead>
<tr>
<th>Military Reform Proposals</th>
<th>Policy Amendments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replace “Up or Out” with “Perform or Out”</td>
<td>- Releases Services from requirements of “up or out” (allows continued use of tenure-based promotions)</td>
</tr>
<tr>
<td>(Formerly C1: Eliminate “Up or Out” Provision of DOPMA)</td>
<td>- Adds provisions for Reserve Officer Personnel Management Act reform</td>
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<td></td>
<td>- Adds flexibility for 40-year career option</td>
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<tr>
<td></td>
<td>- Requires minimum pilot of milestone-based promotions systems</td>
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<tr>
<td>Develop and Employ Military Talent Management Systems</td>
<td>- Services will create labor economics and talent management centers of excellence</td>
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<tr>
<td></td>
<td>- Adds time (one year) for Services to accomplish talent identification for key and developmental billets</td>
</tr>
<tr>
<td></td>
<td>- Makes DoD commitment to Career Intermission Program participants’ successful return to active duty</td>
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<tr>
<td></td>
<td>- Adds applicability to Reserve Component</td>
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<tr>
<td>Establish Technical Career Tracks</td>
<td>- Adds applicability to Reserve Component</td>
</tr>
<tr>
<td></td>
<td>- Establishes links with proposed relief from DOPMA/ROPMA tenure-based promotion systems in Military Reform Proposal #1</td>
</tr>
<tr>
<td></td>
<td>- Adds Service flexibility to define professional military education (PME) for technical tracks</td>
</tr>
<tr>
<td>Align Compensation to a Talent Management Paradigm</td>
<td>- Removes intent to change basic pay tables in FY2017</td>
</tr>
<tr>
<td></td>
<td>- Removes intent to create separate basic pay tables for career fields</td>
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<td></td>
<td>- Adds participation of Reserve Component</td>
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<td></td>
<td>- Directs Services to set aside .5% of non-hazardous Special and Incentive Pays toward new performance-based pays</td>
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<tr>
<td></td>
<td>- Proposes Quadrennial Review of Military Compensation (QRMC) to examine pay and compensation options for talent management</td>
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</tbody>
</table>
| Increase Racial and Gender Diversity | - Removes intent to change all boards  
- Directs Services conduct mock race- and gender-blind boards for a two year pilot |
|-------------------------------------|----------------------------------------------------------------------------------|
| Expand Parental Leave               | - Provides birth mothers and single parents 18 weeks of Parental Leave; all other parents have 12 weeks  
- Provides shared Parental Leave (30 weeks) for dual military couples  
- Adds Service flexibility under state of National Emergency declared by POTUS |
| Improve Quality of Life for Military Families | - Plan to expand Child Development Center (CDCs) capacity in areas with long wait times  
- Directs new training for CDC Directors, creation of New Parent mentor networks, and local forums for home-based child care  
- Adds universal applications for CDCs in major concentration areas; allows application to CDC waiting lists in advance of orders  
- Provides detailed requirements for Mother’s Rooms  
- Creates DoD-wide definition of collocation and directs collaboration on behalf of inter-service marriages  
- Establishes leave sharing for dual military families |
| Improve Recruiting and Assessments Efficiency | - Proposes that OUSD(P&R) commission a study on rewarding recruiters for performance to inform subsequent Service pilots  
- Relaxes requirement of Recruiter Tenure pilots from eight to a minimum of five years |
| Increase Permeability between Components | - Assigns Service members in fellowships to a de facto Full Time Support status (receive full pay and benefits)  
- Establishes a task force to provide recommendations on streamlining transition from Active Component to Reserve  
- Endorses Military Compensation and Retirement Modernization Commission (MCMRC) proposal to consolidate Reserve Component statuses |
<table>
<thead>
<tr>
<th>Expand In-Service Civil Schooling Opportunities</th>
<th>- Stipulates baseline requirement of 30% of all funded graduate degrees at full-time civilian institution programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expand Tours With Industry</td>
<td>- Adds goal for 50% of O-7s to have experience outside of the Department (industry, advanced civilian schooling, interagency tour, think-tank fellowship, or service in the Reserve Component)</td>
</tr>
<tr>
<td></td>
<td>- Tour length changed from minimum of 24 to minimum of 18 mos</td>
</tr>
<tr>
<td>Modernize Joint Professional Development</td>
<td>- No substantive changes</td>
</tr>
</tbody>
</table>

Added following language to all Military Reform Proposals to enhance Service flexibility: "Nothing in this reform proposal is designed to amend or abridge ongoing efforts or initiatives by the Military Services that will achieve the desired effects outlined herein. Where Secretaries of the Military Departments believe that current efforts by the Military Services meet the intent of this reform proposal, they may request an exception to policy from the Deputy Secretary of Defense for amended implementation."

**Civilian Reform Proposals**

<table>
<thead>
<tr>
<th><strong>Increase Pay Flexibilities</strong> (Formerly B6: Compensate, Promote, and Retain Critical Skills)</th>
<th><strong>Policy Amendments</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expand Parental Leave</strong> Formerly Multi-Domain Reform Proposal A4</td>
<td>- Removes pay-banding from proposal</td>
</tr>
<tr>
<td></td>
<td>- Proposes piloting of alternative compensation systems</td>
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<tr>
<td></td>
<td>- Provides birth mothers and single parents with 18 weeks of Parental Leave; all other parents have 12 weeks</td>
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<tr>
<td></td>
<td>- Adds phased-in return option (work part-time for partial compensation) for first 18 months after birth or adoption</td>
</tr>
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<thead>
<tr>
<th><strong>Increase Permeability with the Private Sector and Academia</strong></th>
<th><strong>Policy Amendments</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hold Law Performers Accountable</strong></td>
<td>- No substantive changes</td>
</tr>
<tr>
<td></td>
<td>- Adds Performance Improvement Plans to employee official record</td>
</tr>
<tr>
<td></td>
<td>- Clarified removal process</td>
</tr>
<tr>
<td></td>
<td>- Reemphasized due process and appeal rights</td>
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<thead>
<tr>
<th><strong>Increase Recruitment at Colleges and Universities</strong></th>
<th><strong>Policy Amendments</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expand Opportunities to Attract and Retain Mission Critical Occupations</strong> Formerly B2: &quot;Increase STEM Diversity&quot;</td>
<td>- Removes proposed creation of new STEM Fellows Program</td>
</tr>
<tr>
<td></td>
<td>- Expands existing DoD SMART Scholarship program</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Overhaul Civilian Human Resources Information Technology Systems</th>
<th>- No substantive changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop and Sustain Civilian Talent Management Systems</td>
<td>- No substantive changes</td>
</tr>
<tr>
<td>Expand Individual Broadening Opportunities</td>
<td>- Removes proposal for Senior Executive Service term limits</td>
</tr>
<tr>
<td>Establish an Independent Hiring Gateway</td>
<td>- No substantive changes</td>
</tr>
<tr>
<td>Focus on Millennial Recruiting</td>
<td>- No substantive changes</td>
</tr>
<tr>
<td>Strengthen Tools to Shape the Workforce</td>
<td>- Adds a targeted Voluntary Separation Incentive Program (targeted buy out)</td>
</tr>
</tbody>
</table>

**Multi-Domain Reform Proposals**

<table>
<thead>
<tr>
<th>Increase Digital Innovation</th>
<th>- Removes reference to &quot;bunker&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create a Culture of Innovation and Entrepreneurship</td>
<td>- Placed under cognizance of the Deputy Chief Management Officer (DCMO)</td>
</tr>
<tr>
<td>Employ Big Data to Inform Personnel Decisions</td>
<td>- Reduced proposed staff addition by 50%</td>
</tr>
<tr>
<td>Formerly A2: &quot;Leverage Big Data to Inform Personnel Decisions&quot;</td>
<td></td>
</tr>
<tr>
<td>Establish Force of the Future Continuity and Governance</td>
<td>- Reduces proposed staff addition by 50%</td>
</tr>
<tr>
<td>Formerly A6: &quot;Establish Legacy Governance for Force of the Future&quot;</td>
<td>- Recognizes need for organizational psychologists in addition to data scientists</td>
</tr>
<tr>
<td></td>
<td>- Aggregates cost and manpower structure into Defense Manpower Data Center (DMDC)</td>
</tr>
<tr>
<td></td>
<td>- No substantive changes</td>
</tr>
</tbody>
</table>