



20 May 2005

To the Honorable Anthony J. Principi:

I am writing regarding the recommended BRAC closure of the Human Resources Service Center in Hawaii. This office employs approximately 65 civilians. I hope this letter actually gets to be read by members of the BRAC Commission as I think I have some very important ideas that should be considered. This is not about saving my job, as I know I can find another one. It is about this closure not making any "common sense" in light of the strategic value of the Pacific now and in the future.

When you look at the list of affected activities by State, our organization for some unknown reason does not even show up. The detailed recommendations do address the closure of this activity (page H&SA-20) and states that our work will go to the Northwest HRSC in Silverdale and the SW HRSC in San Diego. The economic impact numbers shown for Hawaii are erroneous as it shows a total of 136 job reductions so not sure where that number came from.

This office provides the Navy customers in Hawaii and Westpac (Japan, Okinawa, Guam, Singapore and other off-shore locations) civilian personnel processing and support. We service approximately 135 activities and 12,000 employees.

With the recommended closure of a shipyard on the East Coast and additional work being transferred to the Pearl Harbor Shipyard, it makes no common sense, at this point in time, to move our workload, which will have a detrimental affect on one of our most important customers that we are co-located with. When the Shipyard has an immediate, mission critical human resource need they can give us paperwork on a Friday afternoon and we can have the people on-board, ready to work on Monday morning. With our work being shifted to San Diego and Silverdale that service will no longer be realistic.

As you probably already know, the job of insuring the right person, in the right job and at the right time is made much more difficult when you are working with OCONUS (Hawaii) and foreign areas. This office has tremendous HR expertise that will be lost to the Department of Navy and they will end up having to recruit and train new people on the west coast to do our work. Why waste money doing that? We know the DOD automated civilian personnel system (DCPDS) inside and out. This was the tool DOD migrated us all to years ago in preparation for consolidated DOD Personnel Centers. It appears DOD was trying to use the BRAC process to get a little closer to realizing their goal of moving all component personnel centers to purple DOD centers and the step towards that was to tell the components we only want 10 civilian personnel centers in the U.S. Once the Air Force said they want one, DOD wanted 2, Army wanted 3 then the only thing left was 4 for Navy – even though Navy has 6 in the U.S and one in Europe. The other HRSC closing is in the Southeast and they are in leased spaced. Had DOD said 10 centers in CONUS, we would not be affected. The long range thinking of where DOD needs to be 10 – 20 years from now should be a handful of DOD centers nationwide. To benefit the entire mission critical military activities across the nation, DOD I would think, has already thought of having one center on the East Coast, one on West Coast, and

maybe one in San Antonio... and then logically there would be one in Hawaii to handle the strategically placed activities that will support the defense of our nation from the Pacific theatre. Navy is the only Service Center in Hawaii; we could be the foundation for that DOD center needed for the future support of the entire Pacific Rim. Our workday is their workday. Money would not have to be wasted having staff work shift work on the West Coast. Even then, you do not get the decision makers working the night shifts. That is not the support DOD should be thinking of for their military activities in Hawaii and Westpac.

We are located in government space. From what I understand there are no plans to even move others into this space, it will go wasted and that is a shame. Instead BRAC would close this office, not save any money on the facilities, lose tremendous amounts of HR expertise (at a time when NSPS and other HR transformation is just around the corner), increase costs on the West Coast to hire and train HR professionals for years to come, increase costs on the West coast for all the TDY that will be necessary for them to travel out here for "customer support on-site visits"; increased costs for them to work shift work, and most importantly a huge disservice to our military customers as far as quality of service and availability, etc.

I implore you to talk to our customers and see what the affect will be on them. This is not just me talking. I know what will happen and how their service will be diminished. Being co-located with your major customers, such as, Pearl Harbor Shipyard; Commander, Pacific Fleet; Commanding General, Marine Corps Base Hawaii; Commander, Marine Forces Pacific; Asia Pacific Center for Security Studies; HQs U.S. Pacific Command; etc., and being able to quickly react to their critical personnel needs and being at work during their work day are an extremely valuable service we provide.

When you weigh that against the supposed savings – then "common sense" criteria should be used – either leave us here until DOD makes the hard decision on DOD personnel service centers or step up to the plate and designate us as a pilot DOD personnel service center for Hawaii and the Pacific Rim. A simple decision by DOD to limit only their CONUS centers to 10 could take the Hawaii HRSC (OCONUS) off the recommended list. This would give DOD the time to decide how best to position the DOD centers of the future. At least, when that decision is made we would still be here to be the foundation of a DOD center if the strategic need warrants one here. It is short-sighted to arbitrarily come up with a number of 10 in the U.S. with nothing that supports that required number.

We are strategically located to be the perfect foundation for a DOD Civilian Personnel Processing Center. DOD could even be truly forward thinking and use Hawaii as a pilot to also combine the Customer Support Units such as the one at Hickam AFB, Ft. Shafter, CNR (Navy) Hawaii and MCBH Hawaii. We could have one stop shopping for all civilian personnel needs, for all components, in Hawaii and Westpac, and all under one roof, one boss. We could be the model they use to implement similar offices across the Nation – maybe during the next BRAC round!! Setting up a small consolidated office like that here would allow the components to finally work out their civilian personnel

program differences and this could then be the template to establish much bigger centers in CONUS. This would certainly be supported by the automated tools since we are all currently using DCPDS and other DOD programs to support our personnel programs.

It would be a crime to close us, only to have years down the road a DOD center established. DOD will lose the valuable HR expertise that just this small office has to offer. Most, if not all, of the employees here will not relocate due to spouses already working in this area.

I read reports that DOD has warned the BRAC commission not to touch small items on the list, as each one is a thread that will unravel others. I've certainly looked at our closure and if you pull this thread off the list, it doesn't appear to unravel anything else!!!

With the new NSPS personnel system being implemented shortly and other new human capital management processes such as the new Navy Civilian Community Management structure being implemented, why DOD would want to remove HR expertise from a geographic area (which is already removed from CONUS just based on time zones) doesn't make "common sense". We are needed to help with this vitally important HR transformation.

The bottom line if we are not closed is you save money by not having closure expenses, you save money on recruitment, shift-work, training and travel for West Coast sites to support Hawaii and Westpac, you retain HR expertise to support DOD with upcoming personnel transformation under NSPS, you help our mission-critical customers by insuring they have the personnel support they need and readily available, and you position DOD to use us as a pilot and a foundation should a decision be made to go "purple". All this can happen by DOD simply agreeing to 10 centers in CONUS vs. CONUS/OCONUS(non-foreign).

Thank you for your time.

Ph# 808-286-3193

State Installation	Action	Out		In		Net Gain/(Loss)		Net Mission Contractor	Total Direct
		Mil	Civ	Mil	Civ	Mil	Civ		
Georgia									
Fort Gillem	Close	(517)	(570)	6	0	(511)	(570)	0	(1,081)
Fort McPherson	Close	(2,260)	(1,881)	0	0	(2,260)	(1,881)	0	(4,141)
Inspector/Instructor Rome GA	Close	(9)	0	0	0	(9)	0	0	(9)
Naval Air Station Atlanta	Close	(1,274)	(156)	0	0	(1,274)	(156)	(68)	(1,498)
Naval Supply Corps School Athens	Close	(393)	(108)	4	0	(389)	(108)	(16)	(513)
Peachtree Leases Atlanta	Close	(65)	(97)	0	0	(65)	(97)	0	(162)
U.S. Army Reserve Center Columbus	Close	(9)	0	0	0	(9)	0	0	(9)
Dobbins Air Reserve Base	Gain	0	0	73	45	73	45	0	118
Fort Benning	Gain	(842)	(69)	10,063	687	9,221	618	0	9,839
Marine Corps Logistics Base Albany	Gain	(2)	(42)	1	193	(1)	151	0	150
Moody Air Force Base	Gain	(604)	(145)	1,274	50	670	(95)	0	575
Robins Air Force Base	Gain	(484)	(225)	453	224	(31)	(1)	781	749
Savannah International Airport Air Guard Station	Gain	0	0	17	21	17	21	0	38
Submarine Base Kings Bay	Gain	0	0	3,245	102	3,245	102	20	3,367
Georgia Total		(6,459)	(3,293)	15,136	1,322	8,677	(1,971)	717	7,423
Guam									
Andersen Air Force Base	Realign	(64)	(31)	0	0	(64)	(31)	0	(95)
Guam Total		(64)	(31)	0	0	(64)	(31)	0	(95)
Hawaii									
Army National Guard Reserve Center Honokaa	Close	(118)	0	0	0	(118)	0	0	(118)
Naval Station Pearl Harbor	Gain	(29)	(213)	0	324	(29)	111	0	82
Hickam Air Force Base	Realign	(311)	(117)	159	7	(152)	(110)	0	(262)
Hawaii Total		(458)	(330)	159	331	(299)	1	0	(298)

This list does not include locations where there were no changes in military or civilian jobs.
Military figures include student load changes.

VIABILITY AND CONTINUITY OF LOGISTICS OPERATIONS AT MARINE
CORPS LOGISTICS BASE ALBANY

GUAM

NAVAL FORCES BASE GUAM (GU):

NAVY REGION MARIANAS AND ANDERSEN AIR FORCE BASE WILL BE REALIGNED BY INTEGRATING THE INSTALLATION MANAGEMENT FUNCTIONS AND RESPONSIBILITIES TO NAVY BASE GUAM. THE U.S. NAVY WILL ASSUME RESPONSIBILITY FOR THE EXECUTION OF ALL BASE OPERATING SUPPORT (BOS). THE INSTALLATION MANAGEMENT MERGER WILL SAVE TAXPAYER DOLLARS AND STREAMLINE OPERATIONS, WHILE REDUCING OVERHEAD.

HAWAII

NAVAL STATION PEARL HARBOR (HI):

NAVAL STATION PEARL HARBOR AND HICKAM AIR FORCE BASE WILL BE REALIGNED BY INTEGRATING THE INSTALLATION MANAGEMENT FUNCTIONS AND RESPONSIBILITIES TO NAVAL STATION, PEARL HARBOR. THE U.S. NAVY WILL ASSUME RESPONSIBILITY FOR THE EXECUTION OF ALL BASE OPERATING SUPPORT (BOS). THE INSTALLATION MANAGEMENT MERGER WILL SAVE TAXPAYER DOLLARS AND STREAMLINE OPERATIONS, WHILE REDUCING OVERHEAD.

DEFENSE FINANCE ACCOUNTING SERVICE (DFAS) PEARL HARBOR WILL CLOSE.

HUMAN RESOURCES CENTER PACIFIC WILL CLOSE WITH ITS FUNCTIONS RELOCATING TO HUMAN RESOURCES SERVICE CENTERS NORTHWEST IN SILVERDALE, WA AND SOUTHWEST AT NAVAL AIR STATION NORTH ISLAND, CA.

A PORTION OF DEPOT LEVEL SHIP OVERHAUL AND REPAIR WORKLOAD WILL MOVE FROM PORTSMOUTH NAVAL SHIPYARD TO PEARL HARBOR NAVAL SHIPYARD AND INTERMEDIATE MAINTENANCE FACILITY. THE SHIPYARD WILL HAVE ADDITIONAL WORKLOAD WITH THE CLOSURE OF THE NAVAL SHIPYARD PORTSMOUTH.

ILLINOIS

NAVAL STATION GREAT LAKES (IL):

9110 Leonard Kimble Road, a leased installation at Stennis Space Center, MS, by relocating the Civilian Personnel Office to the Naval Support Activity Philadelphia, PA, and consolidating it with the relocated Human Resource Service Center-Northeast at the Naval Support Activity, Philadelphia, PA. Realign Human Resource Service Center-Southwest, 525 B Street, Suite 600, a leased installation in San Diego, CA, by relocating the Civilian Personnel Office to Naval Air Station North Island or Marine Corps Air Station Miramar, CA. Realign Human Resource Service Center-Pacific, 178 Main Street, Bldg 499, Honolulu, HI, by relocating the Civilian Personnel Office to the Human Resource Service Center-Northwest, 3230 NW Randall Way, Silverdale, WA, and Naval Air Station North Island or Marine Corps Air Station Miramar, CA and consolidating with the Human Resource Service Centers at Silverdale, WA and Naval Air Station North Island or Marine Corps Air Station Miramar, CA.

Realign Wright-Patterson Air Force Base, OH, by relocating the Civilian Personnel Office to Randolph Air Force Base, TX. Realign Robins Air Force Base, GA, by relocating the Civilian Personnel Office to Randolph Air Force Base, TX. Realign Hill Air Force Base, UT, by relocating the Civilian Personnel Office to Randolph Air Force Base, TX. Realign Tinker Air Force Base, OK, by relocating the Civilian Personnel Office to Randolph Air Force Base, TX. Realign Bolling Air Force Base, DC, by relocating the Civilian Personnel Office to Randolph Air Force Base, TX. Consolidate the relocated civilian personnel offices with the Civilian Personnel Office at Randolph Air Force Base, TX.

Realign 2521 Jefferson Davis Hwy, a leased installation in Arlington, VA, by relocating the transactional functions of the Defense Commissary Agency Human Resource Division and the Washington Headquarters Services Civilian Personnel Office to the Defense Logistics Agency, 3990 East Broad Street, Columbus, OH, and consolidating them with the Customer Support Office of the Defense Logistics Agency. Realign the Department of Defense Education Activity, 4040 North Fairfax Drive, a leased installation in Arlington, VA, by relocating the transactional functions of the Civilian Personnel Office to the Defense Logistics Agency 3990 East Broad Street, Columbus, OH, and consolidating them with the Customer Support Office of the Defense Logistics Agency. Realign the Defense Information Systems Agency, 701 S. Courthouse Road, Arlington, VA, by relocating the transactional functions of the Civilian Personnel Office to the Defense Finance and Accounting Service, 8899 E. 56th Street, Indianapolis, IN, and consolidating them with the Civilian Personnel Office of the Defense Finance and Accounting Service at Indianapolis, IN.

Justification: The consolidation of Civilian Personnel Offices within each Military Department and the transactional functions among the Defense Agencies reduces excess capacity, reduces the use of leased facilities, and achieves manpower savings through consolidation and elimination of duplicate functions. This recommendation supports the Administration's urging of federal agencies to consolidate personnel services. During the implementation of this recommendation it is important to partner with the National Security Personnel System (NSPS). NSPS provides the opportunity to improve the effectiveness of the Department through a simplified personnel management system that will improve the way it hires and assigns employees. This recommendation will be an effective tool for NSPS and provide the flexibility and responsiveness that supports the implementation of this system. Since NSPS will define a new human resource system featuring streamlined hiring, simplified job changes, and a less complex

classification system, it covers all functions that would be supported by Civilian Personnel Offices.

Payback: The total estimated one-time cost to the Department of Defense to implement this recommendation is \$97.5M. The net of all costs and savings to the Department of Defense during the implementation period is a cost of \$46.4M. Annual recurring savings to the Department after implementation are \$24.4M with a payback expected in four years. The net present value of the costs and savings to the Department over 20 years is a savings of \$196.7M.

Economic Impact on Communities: Assuming no economic recovery, this recommendation could result in maximum potential job reductions (direct and indirect) over the 2006-2011 period in the respective economic areas as listed in the table below:

Region of Influence	Total Job Reductions	Direct Job Reductions	Indirect Job Reductions	% of Economic Area Employment
Anchorage, AK Metropolitan Statistical Area	118	62	56	Less Than 0.1
Davenport-Moline-Rock Island, IA – IL Metropolitan Statistical Area	471	251	220	0.2
Dayton, OH Metropolitan Statistical Area	235	127	108	Less Than 0.1
Gulfport-Biloxi, MS Metropolitan Statistical Area	280	148	132	0.2
Honolulu, HI Metropolitan Statistical Area	136 #	68 #	68 #	Less Than 0.1#
Ogden-Clearfield, UT Metropolitan Statistical Area	168	85	83	Less Than 0.1
Oklahoma City, OK Metropolitan Statistical Area	252	111	141	Less Than 0.1
Warner Robins, GA Metropolitan Statistical Area	155	95	60	0.2
Washington-Arlington- Alexandria, DC-VA- MD-WV Metropolitan Division	643	366	277	Less Than 0.1

1995 Annual Report to the President

THE CIVILIAN WORKFORCE

Regionalization of Civilian Personnel Services

In 1993, the Department initiated a monumental restructuring plan for regionalization and systems modernization of civilian personnel services. DoD, with Service input, has conducted an extensive analysis of civilian personnel functions and developed a servicing model that identified those functions that could be most efficiently consolidated in regional service centers. The evaluation confirmed that with proper investment, regionalization and automated systems modernization (Defense Civilian Personnel Data System (DCPDS)) are both achievable and cost effective. DoD's regionalization and systems modernization efforts will result in reduced operation and maintenance costs, standardization of civilian personnel management applications throughout DoD, interoperability with other DoD functional areas, and easy access to real-time management information for managers. Regionalization and systems modernization will also significantly improve the Department's personnel servicing ratio (with a 33 percent savings in personnel specialists) by taking maximum advantage of business process improvements. There is the potential for five new regionalized centers each year from FY 1995 through FY 1998.

Modernization of the Automated System

The Department is radically redesigning personnel processes to achieve major improvements in performance. Through data standardization, DCPDS now supports 85 percent of all DoD civilians. A transition plan has been developed to encompass the remaining DoD employees in the near future.

DCPDS applications have resulted from extensive reengineering of personnel processes. Some of those computer applications will give current and projected civilian personnel costs; maintain, rank, and report job applicants for DoD jobs; significantly reduce response time to inquiries; integrate automated job

classification, staffing, performance management, and training requirements in a single document; enable users to electronically request training, evaluate results, produce reports, and track requirements and expenditures; and enable personnel staff to access information on employee compensation claims and associated costs immediately. For DCPDS's reengineering work, *Government Executive Magazine* presented DoD with a 1994 Outstanding Achievement Award for Making Government More Effective through the Use of Information Services.

The Department also joined the Office of Personnel Management to found the Federal Human Resources Management Automation Consortium to develop and market software applications to other agencies. Showcased at the DoD Human Resources Reinvention Laboratory in Crystal City, Virginia, these applications have been seen by visitors from other government agencies and private industry from all over the world. The Department will continue to develop and implement the Strategic Information Systems Plan for DCPDS and for automated systems to support regionalized off-site human resource service delivery.

Civilian Downsizing and Transition Assistance

Since September 1989, DoD has reduced its civilian end strength by about 220,000 or almost 20 percent. To minimize involuntary layoffs, the Department has aggressively implemented a separation-pay or buyout program. Under this program authorized by Congress in 1992, DoD offers cash incentives -- up to \$25,000 -- to employees who resign or retire. The buyout is available to employees when it will prevent an involuntary separation or create a vacancy for an employee who would otherwise be separated. To date, the Department has paid close to 50,000 incentives, avoiding significant RIFs throughout the Department and protecting the diversity of its workforce. The Department's program is the model for the Federal Workforce Restructuring Act which allows non-defense agencies to offer buyouts to facilitate reductions without involuntary separations.

DoD continues to use other highly effective programs to help civilians find new jobs. The most notable is the Priority Placement Program (PPP), an automated system that matches employees who are scheduled to be separated with vacant DoD positions for which they are qualified. Since its inception in 1965, PPP has placed over 120,000 employees. The Defense Outplacement Referral System (DORS) is another automated system that refers applicants to federal and non-federal employers. DORS and PPP give employees alternatives to separation. These options will be increasingly important as the Department closes additional installations and seeks to minimize the adverse impact on individuals. Additional information on DORS can be found in the Quality of Life chapter.

In addition to extending the drawdown and transition authorities until September 1999, the National Defense Authorization Act for FY 1995 included a provision that allows the Department to establish a pilot program at closing and realigning bases. To further encourage private-sector employers to hire DoD's surplus people, the Department's new pilot program will not only reimburse employers for retraining costs but will also pay relocation expenses for employees who move to take a job with a non-federal employer. These incentives, limited to \$10,000 per employee, will make surplus employees more valuable to other employers while avoiding the cost of unemployment insurance compensation. The Department remains committed to minimizing the number of involuntary separations, assisting those employees who may have to separate, and protecting workforce diversity.

Civilian Training and Education

The Department spends approximately \$500 million annually on civilian training tuition, materials, and related travel. Prior to this year, the expenditure was not based on the kind of systematic, universal, readiness-based program as that used to justify military training, education, and opportunities.

This year, DoD launched a major effort to provide a more universal, comprehensive, and systematic program of civilian career and leader development to enhance support of the changing national security objectives of the Department. During this year, an Office of the Secretary of Defense and component civilian personnel leadership group began developing the program by inventorying all civilian training and leadership development programs to provide a first-time menu of opportunities for all civilians, reviewing all internally and externally mandated civilian training programs, and beginning a study of a return-on-investment model for training and career development. These redesign efforts will be tied to the Department's automation initiative for civilian training -- TRAIN - - which has been developed by a multi-component working group and is now being tested. This comprehensive redesign effort in civilian career and leader development responds to the President's call for greater and smarter investment in human capital.

Civilian Personnel Regionalization and Systems Modernization

The Department is moving forward with its restructuring plan to regionalize civilian personnel services and develop a modern information system to support civilian personnel operations. With input from the military departments and defense agencies, the Department developed a regional service delivery model based on a number of successful prototypes implemented since 1986. The regionalization effort capitalizes on economies of scale by consolidating selected civilian personnel operations into Regional Service Centers and small Customer Support Units. Administrative processing operations and program management activities will be concentrated at the Regional Service Centers, while personnel operations requiring face-to-face customer interaction will remain at Customer Support Units.

Concurrent with regionalization, the Department is building on previous Corporate Information Management (CIM) efforts to modernize its civilian personnel data system. This modern approach will support regionalization with open systems-compliant hardware and software platforms and standard communications protocols over the Defense Information System Network. It will provide managers easy access to the data system through graphical user interfaces and implement other technological improvements. To reduce development time and resources and implement private sector best practices wherever possible, the Department has purchased a commercial off-the-shelf (COTS) human resource information system as the basis for the modern data system.

The Department's goal is to improve service quality while reducing resources. The current ratio of civilian personnel employees to employees serviced will greatly improve when the modernization effort reaches full implementation. The resultant resource reductions will meet or exceed the Department's National Performance Review streamlining targets. Economic analyses confirm that with

Civilian Personnel Regionalization and Systems Modernization

The Department has made great strides in its efforts to regionalize civilian personnel services and develop a modern information system. DoD's goal is to improve service while reducing costs. The Department began this effort with a ratio of personnel specialists to employees serviced of 1:61. By the end of FY 1996, the ratio was approaching 1:68. This ratio will continue to improve after the modern system is deployed and regionalization of personnel services is complete. The reductions in personnel specialists that will be achieved when DoD reaches this goal will meet or exceed the Department's National Performance Review streamlining targets.

With input from the military departments and defense agencies, the Department developed a regional service delivery model based on a number of successful prototypes implemented since 1986. Regionalization capitalizes on economies of scale by consolidating DoD's civilian personnel operations into 23 regional service centers and approximately 350 customer support units. Administrative processing operations and program management activities are being moved into regional service centers, while operations requiring face-to-face customer interaction will remain at customer support units. Through the end of FY 1996, the military departments and defense agencies have established 12 regional service centers and approximately 20 percent of their customer support units. With planned program and funding support for regionalization and modernization, an additional 11 regional service centers will be established by the end of FY 1998.

The Department is continuing to modernize its civilian personnel data system with deployment expected to begin during FY 1998. DoD is using a commercial off-the-shelf human resources information system as the basis for its modern data system. Managers will have access to an easy-to-use data system through graphical user interfaces which will improve speed and accuracy of personnel

*CIVILIAN PERSONNEL REGIONALIZATION AND SYSTEMS
MODERNIZATION*

The Department's efforts to regionalize civilian personnel services and deploy a modern information management system are well under way. By the end of FY 1997, the ratio of personnel specialists to employees served had improved steadily from a 1:61 baseline to nearly 1:72. The ratio will continue to improve as the modern system is deployed and regionalization is completed.

Regionalization capitalizes on economies of scale by consolidating processing operations and program management into 23 regional service centers. Operations providing face-to-face service will remain at over 300 support units at DoD installations worldwide. Through the end of FY 1997, the military departments and defense agencies had established 17 regional service centers and almost 50 percent of the planned customer support units. The remaining regional service centers will be established by early FY 1999.

and Management Program (DLAMP) is a systematic, Department-wide program of joint civilian education and development. Implementing recommendations of the Commission on Roles and Missions of the Armed Forces, DLAMP provides the framework for developing future civilian leaders with a DoD-wide capability that complements service programs. It also fosters an environment that nurtures a shared understanding and sense of mission among civilian employees and military personnel. Inaugurated in 1997, DLAMP incorporates defense-focused graduate education, rotational assignments in a wide variety of occupations and organizations, and professional military education to prepare civilians for key leadership positions. It is designed to prepare people for 3,000 of the Department's top civilian leadership positions.

The program has grown to over 600 participants, with an anticipated addition of 300 new participants each year. Already 13 special graduate courses have been developed, with another 14 courses scheduled for completion in 1999. The program has dramatically increased civilian participation at the Senior Service Schools, with most DLAMP students scheduled to attend a special three-month professional military education-type course focusing on national security decision making at the National Defense University. In addition, volunteer mentors from across DoD at the GS-15 or Senior Executive Service and military equivalent levels actively support the program.

On October 2, 1998, Secretary Cohen appointed the first Chancellor for Education and Professional Development. The Chancellor will be the principal advocate for the academic quality and cost-effectiveness of all DoD institutions and programs that provide higher education and professional development for DoD civilians. The Chancellor will ensure that the educational policies and requirements set by the functional areas are implemented at the highest possible level of quality, effectiveness, and efficiency.

Defense Partnership Council

In 1998, the Department launched several groundbreaking partnership initiatives. Paramount in this effort was the Department's inclusion of its labor partners in discussions on issues that are key to the future of the Department and its civilian work force: the Quadrennial Defense Review, the Defense Reform Task Force, and the Defense Personnel System Initiative.

Through its labor-management cooperation training and facilitation programs, DoD has helped installation-level partnerships and labor-management relationships at 185 sites over the past three years. Training objectives moved to a higher level in 1998. In addition to the partnership, interest-based problem solving, and mediation training done in the past, DoD embarked on joint training initiatives with its union partners, involving not only joint planning, but also joint resource investment.

Civilian Personnel Regionalization and Systems Modernization

The Department's pathbreaking efforts to regionalize civilian personnel services and deploy a modern information management system are well underway. By the end of FY

1998, the ratio of employees served per personnel specialist had improved steadily from a baseline of 61 to an impressive 77. The ratio will continue to increase as the modern Defense Civilian Personnel Data System (DCPDS) is deployed and regionalization is completed. The Department seeks to attain a ratio of 88 employees served per personnel specialist by the end of FY 2001. Service regionalization capitalizes on economies of scale by consolidating processing operations and program management into 22 regional service centers. Operations requiring face-to-face service will remain at over 300+ customer support units at DoD installations worldwide. By the end of FY 1998, the military departments and defense agencies had established 21 of the 22 planned regional service centers and 75 percent of the planned customer support units, covering 65 percent of the planned service population. Regionalization will be completed during FY 1999.

During FY 1998, the Department eliminated all remaining legacy computer systems, completed the basic development of the modern DCPDS, and began the system qualification testing. Deployment of the modern DCPDS will begin in FY 1999 and will be completed in FY 2000.

Demonstration Projects

Personnel demonstration projects permit agencies to obtain waivers from federal civil service regulations to test alternative approaches. DoD continued to work closely with the Office of Personnel Management to make such efforts become a reality. Nine science and technology laboratories (five Army, three Navy, and one Air Force) are participating in human resources management demonstration projects. Also, the DoD-wide civilian acquisition work force personnel demonstration should be implemented during FY 1999.

Personnel Reform

As a result of its Quadrennial Defense Review, the Department of Defense began exploring options for improving its civilian personnel management infrastructure. Because of the pressures created by continuing downsizing, DoD needed to ensure that its personnel policies, programs, and procedures could cope effectively and humanely with the associated changes. Therefore, the Department decided to pursue its special Personnel System Initiative.

The Office of Management and Budget, the Office of Personnel Management (OPM), and the then National Performance Review encouraged DoD to pursue the initiative, with a view toward using it as a model for the rest of government. This process officially began at the meeting of the Defense Partnership Council on October 1, 1997. Members agreed that some topics (such as protection against employment discrimination, suitability, security, conduct, veterans' preference, and unemployment compensation) should be set aside so this effort could focus on major concerns. The Council also agreed to establish working groups with members from DoD components and functional areas, unions, and OPM. The five working groups focused on staffing, pay and classification, benefits and entitlements, performance management, and work force shaping.

1999 Report to President
+ Congress

CIVILIAN PERSONNEL

A country's national security is only as strong as the people who stand watch over it. The men and women of the U.S. armed forces demonstrate their courage and excellence every day, protecting the lives and interests of the American people. In turn, the civilians provide the infrastructure that makes the military operations possible, while at the same time more of them face deployment and uncertainty as well.

Recruitment and Hiring

In support of the President's pledge to end traditional welfare, DoD committed to hiring 1,600 welfare recipients during the four-year period of the Welfare-to-Work Program. In slightly more than one year, the Department hired 1,547 former welfare recipients into appropriated and nonappropriated fund jobs ranging from childcare giver to cashier to electrician.

Civilian Downsizing and Transition Assistance

DoD continues to be both humane and efficient as it eliminates civilian positions through streamlining and downsizing without disruption to the defense mission. Using innovative personnel and incentive programs, the Department reduced civilian employment by 33,100 positions during FY 1998. During nine consecutive years of successful downsizing, the Department has achieved an overall reduction of over 375,000 positions, with fewer than 9 percent of these separations being layoffs.

Voluntary Separation Incentive Payments (or buyouts, originated by DoD) have prevented the need for 130,000 layoffs since 1993. Likewise, early retirement authority has been used to save over 54,000 employees from involuntary separation, change to lower grade, or directed transfer outside their commuting area. The Department's buyout authority runs through FY 2001, and the Department is seeking a further extension. Largely due to DoD efforts, the early retirement authority was clarified and extended to September 30, 1999. The Department is seeking permanent authority beginning in FY 2001.

During the downsizing, the Department reabsorbed over 63,000 displaced employees through its award-winning Priority Placement Program, while the Defense Outplacement Referral System has helped workers facing dislocation to find employment outside DoD. Ongoing efforts to upgrade and streamline processes, as well as the use of Web technology, continue to enhance placement efforts and the ability to help DoD employees facing dislocation.

Civilian Training, Education, and Development

The training, education, and development of the Department's civilian work force has been a priority as downsizing has resulted in fewer new hires and as DoD seeks to avoid skill and experience imbalances among continuing employees. The Defense Leadership

Civilian Personnel Regionalization and Systems Modernization

The Department's innovative efforts to regionalize civilian personnel services and deploy a modern information management system are well underway. Regionalization of service delivery capitalizes on economies of scale by consolidating processing operations and program management into 22 regional service centers. By the end of FY 1999, the military departments and defense agencies had established all 22 regional service centers and 88 percent of the planned customer support units. The customer support units that are operating provide personnel service to 84 percent of the Department's civilian workforce. Personnel support functions requiring face-to-face contact will remain at over 300 DoD customer support units worldwide. Through these consolidations, the Department seeks to attain a ratio of 88 employees served per personnel specialist by the end of FY 2001 compared to the current baseline of 61:1.

During FY 1999, the Department completed system qualification testing of the modern Defense Civilian Personnel Data System (DCPDS). Deployment of the modern DCPDS for operational testing began in October 1999 and is scheduled for completion by December 2000.

2001 Report

important to note that 41 individuals were selected for senior executive service positions while participating in DLAMP.

To further its investment in people, the Department is beginning work on a program to address developing leadership and management competencies. The Department has also proposed legislation aimed at expanding the opportunities for funding employee efforts to obtain college degrees. Combined with renewed use of recruitment and retention bonuses and streamlined methods for hiring employees, this proposal should improve the hiring process and enhance overall retention, particularly of younger employees. The Department is expanding studies into recruitment and retention patterns with an eye toward further innovation. Used in conjunction with managed attrition through expanded buyout and early retirement, such initiatives will provide the Department a solid basis on which to shape the workforce of the 21st century.

LABOR-MANAGEMENT PARTNERSHIPS

One of the key objectives of Civilian Personnel Policy has been to strengthen labor-management relations. To implement the recommendations of the Defense Partnership Council (DPC), DoD established a partnership web page. Among other things, this website served to announce opportunities for training on a range of topics, including how to begin a partnership, non-adversarial bargaining, mediation, and interest-based problem solving. Further, the Department provided on-site assistance to nascent partnerships and to parties engaging in interest-based bargaining. The Secretariat provided a model for partnership activity throughout the year. For example, the Deputy Under Secretary (Installations) and the Deputy Assistant Secretary of Defense (Civilian Personnel Policy) kept the DPC apprised of strategic sourcing efforts within the Department and regularly met with union officials to ensure mutual understanding of goals and concerns on this critical effort. In addition, the Department formed several labor-management working-groups to address potential employee pay problems, some of which were based on the recommendations of interested unions. This fiscal year also saw the publication of a comprehensive study of DoD sites eligible for partnerships; this report now stands as a model for the rest of government.

CIVILIAN PERSONNEL REGIONALIZATION AND SYSTEMS MODERNIZATION

The Department has made major strides toward modernizing the delivery of civilian personnel support services during FY 2000. November 1999 saw the completion of efforts to align administrative support into 22 component regional support centers. Through these consolidations and the deployment of a single automated support system, the modern Defense Civilian Personnel Data System (DCPDS), the Department expects to attain a ratio of 88 employees served per personnel specialist by the end of FY 2001 compared to the baseline of 61:1.

Relying at its core on commercial off-the-shelf software, the modern DCPDS provides personnel transaction and management information support down to the lowest organizational levels of the Department. Indeed, managers will have system access from their desktop computers. When fully deployed, the modern DCPDS will contain records for approximately 800,000 employees, including those for local national, nonappropriated fund, and military technician employees. It will provide the automated backbone that will ensure the success of regionalization.

is to rebalance active and reserve forces to improve and ensure operational readiness for forward presence and surge capabilities. The Marine Corps is focused on ensuring a balanced use of reserve component forces in order to not overuse them beyond their primary mission of augmenting and reinforcing the active component. Individual Augment Marines from the Selected Marine Corps Reserve, Individual Mobilization Augmentees (IMA), Individual Ready Reserves (IRR), and Marine Retirees are filling critical joint and internal billets along with active Marine components, demonstrating without doubt that the Marine Corps operates as a Total Force.

For our civilian workforce, the implementation of National Security Personnel System (NSPS) will be a critical component of our civilian human capital transformation. The NSPS, recently passed by Congress, provides the DON leadership with tools to better manage the civilian workforce today and shape the civilian workforce of the future. Anticipated benefits of NSPS include alignment of the human resources system with mission objectives, agility to respond to new business and strategic needs, and a reduced administrative burden. Among other attributes, this merit-based NSPS will enable the Department to recruit and retain high performing workers. Implementing guidelines are now being developed, as the DON plans to have the first DoD employees converted to the new personnel system this year. In anticipation of this conversion, the DON, in close coordination with DoD, has established an NSPS Project Management Office (PMO) to develop and execute its implementation strategy.

Future Challenges Risk

Naval warfare will continue to evolve to be able to respond to new threats in the joint environment of the future. We will be bold and continue to develop new capabilities and concepts, and fund them in quantities that are relevant to tomorrow's emerging threats. The Department has embraced transformation. The challenge is to take our vision, *Naval Power 21*, and operationalize it with technological, organizational, and doctrinal transformation.

To meet this challenge, the Department is addressing future risk with its robust recapitalization program. The FY 2005 budget contains funding for nine new construction ships and 104 aircraft in FY 2005. The program also includes funding for transformational initiatives such as LCS, V-22, DD(X), CVN-21, priority aviation capabilities, and advanced communications. The Department's objective for FY 2005 is to move forward with *Naval Power 21* capabilities, strengthen joint and combined warfighting operations, and refine our concept of global engagement, thus transforming Naval forces to better meet joint requirements of the future. To that end, we will make great strides in advancing each element of the *Naval Transformation Roadmap* – Sea Base, Sea Strike, Sea Shield, and FORCEnet.