

# Looking After the Interests of the Defense Acquisition Workforce

**David S. C. Chu**

*Under Secretary of Defense for Personnel and Readiness*

**D**r. David S. C. Chu, who was sworn in as the under secretary of defense for personnel and readiness on June 1, 2001, is the secretary of defense's senior policy advisor on recruitment, career development, pay, and benefits for 1.4 million active duty military personnel, 1.3 million Guard and Reserve personnel, and 680,000 DoD civilians. Chu is also responsible for overseeing the state of military readiness; the \$15 billion Defense Health Program; Defense Commissaries and Exchanges with \$14.5 billion in annual sales; the Defense Education Activity, which supports over 100,000 students; and the Defense Equal Opportunity Management Institute, the nation's largest equal opportunity training program. In February, Chu met with Marcia Richard, a DAU professor currently on the staff of the Assistant Secretary of the Army (Acquisition, Logistics and Technology) in the strategy and performance planning division, and talked about his many and varied responsibilities to DoD leadership and to the AT&L workforce.

**Q** *Dr. Chu, your position requires you to wear many hats. Can you give our readers an overview into the major duties and responsibilities of your job?*

**A** They are varied, as you know. They range from retention and recruiting issues, what the pay table should look like, to how we get benefits to our people—the commissary, health benefits, and so on. But there is I think a unifying element: The central purpose of this office is to ensure that we sustain the all-volunteer force.

**Q** *You have been in your position for almost five years, coming into office in June of 2001. As you took the position, you couldn't have possibly imagined how the requirements were going to surge and change over the following five years. What are some of the biggest challenges you've dealt with?*

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## A

The biggest challenge is how we support the Global War on Terror. September 11, 2001, changed the way we did everything—getting different people to the central command region, stepping up the pace. And now the remaining challenge is how we manage a long war.

## Q

*And your office, in particular—what is your main function in supporting that initiative?*

## A

We are responsible for the policies controlling all military and civilian personnel issues. On the civilian side, we are trying to revamp our personnel policies to ensure civilians can play their full role in the Total Force.

On the military side, our responsibilities range from recommending, through the budget process, what the pay table should look like; what the policies should be concerning bonuses; whether we should seek new statutory authority in order to ensure the volunteer force succeeds.

Every year, we submit over a hundred new legislative proposals. In the military, unlike in the civil sector, we cannot undertake compensation actions without authority. According to the Constitution, Congress has the power to raise and support an Army and to provide for a Navy. So authorization comes from Congress, and we can do nothing unless Congress has deemed it appropriate.

Let's take relocation expenses. That's a fairly ordinary item. Suppose the law currently says you can relocate one car. If we want to say you can move two cars—since these days many families have more than one vehicle—we can't just decide that. If we want to change the rules, the Congress must legislate that direction.

## Q

*Submitting legislative proposals is a tedious, long process that is done manually at the Service level. You've got a great system down there with the Unified Legislative and Budget process. I think, and so do my bosses in ASA (ALT) [Assistant Secretary of the Army (Acquisition, Logistics and Technology)], that the ULB or a similar application would be beneficial at the Service level for acquisition.*

## A

Thank you. You can see why it is necessary: every year there are hundreds of proposed actions. We need to go through those and we need to be consistent, so if the Army wants one thing and the Navy doesn't, we have to broker a deal, so to speak. We have to get support for any money that we spend.

We actually start, as you know, in February for the following year's budget. So we try to decide all the big, ex-

pensive issues then; and in the summer we deal with the smaller issues. Now that's the theory; the reality is, it's an ongoing process. New ideas come up and new items are requested by a military service or civilian department all the time.

For example, the Army would like to have a housing recruiting incentive; if you agree to join, they would put money in an account that is earmarked for a home. It deals with the reality that most young people—forgive me—would rather go out and buy a car, but their parents would rather see them do something more long-term in nature. The Army would like to be able to offer this as a way to satisfy the needs from both the young person's view and the parents' view. Turns out, there are some legal and fiscal issues that have to be worked out to put away money like this for the future. We can't do it with the existing authority, we have to have more authority. So in the fiscal 2008 budget request, there will be new requests for a couple of different defense incentive policies. This is not a done deal; it is just exemplary of what we have to do to launch new initiatives.

A lot of the office's issues revolve around how we compensate our force. They also revolve around how we govern our force. We are the office that deals with conduct issues, not in the sense of the Uniform Code of Military Justice, however. We deal with promotion, with all the promotion lists and criteria for final review. We deal with how people can comport themselves; the way our uniform regulations work, when you can wear the uniform. Now, you may think that is a trivial issue; it isn't. You can't wear the uniform in a political setting because you are agitating for one or more candidates.

And for the military household, we administer a large range of benefit programs: the exchanges, the commissary, the health program, some elements of housing, support to the family, such as the help resource Military OneSource. That's a service you call with any problem, and it can hand you off to the right resource. It is a hotline in reserve. If you are the at-home spouse of a deployed soldier, and you can't find a plumber, you can call Military OneSource, and they'll find you one. Of course, that is a mundane example, but you could be calling and saying, "My son has been injured. What do I do? Whom do I need to speak with? Where do I make contact?" The idea was to give military families a fallback beyond the family support systems available on a post, one that is available 24/7 and staffed by professionals who are supplied by a commercial firm, under a contract. It is another option to support families. So that is just part of the full range of programs involved with supporting the military family.

## Q

*My next question is about the Human Capital Strategic Plan. It is an initiative I have a personal interest in hav-*

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Chu earlier served in government as the director and then assistant secretary of defense (program analysis and evaluation) from May 1981 to January 1993. In that capacity, he advised the secretary of defense on the future size and structure of the armed forces, their equipment, and their preparation for crisis or conflict. From 1978 to 1981, he served as the assistant director for national security and international affairs, Congressional Budget Office, providing advice to the Congress on the full range of national security and international economic issues.

Chu began his service to the nation in 1968 when he was commissioned in the Army and became an instructor at the U.S. Army Logistics Management Center, Fort Lee, Va. He later served a tour of duty in the Republic of Vietnam, working in the Office of the Comptroller, Headquarters, 1st Logistical Command. He obtained the rank of captain and completed his service with the Army in 1970.

Prior to rejoining the Department of Defense, Chu served in several senior executive positions with RAND Corporation, including director of the Arroyo Center, the Army's federally funded research and development center for studies and analysis; and director of RAND's Washington office.

Chu received a bachelor's degree, magna cum laude, in economics and mathematics in 1964 and a doctorate in economics, in 1972, both from Yale University. He is a fellow of the National Academy of Public Administration and a recipient of its National Public Service Award. He holds the Department of Defense Medal for Distinguished Public Service with silver palm.

*ing recently finished writing an article on this topic ["Developing a Capable, Agile Civilian Workforce," page 28]. All over DAU, we are hearing about the work you are doing with human capital strategic management. Debate and discussion about recruiting, assigning, training, and retaining qualified personnel often focus on revamping the entire personnel system. How much of a departure do you feel is necessary from our traditional civil service program to meet the emerging needs of our present situation?*

#### **A**

The centerpiece of the Human Capital Strategic Plan is to build on what is already a very able system to make the civil service of today a stronger option. That is what our enterprise is going for; we need to integrate active duty versus reserve personnel and civil servants, into a total force—one force.

Too often in the military, managers are reluctant to consider or explore a civil service solution, even though that might be a better choice than a military unit or staff to perform the needed function. The whole explanation is more complex, but an important part of it is lack of agility in the civil service.

That was the reason that Don Rumsfeld, the then secretary of defense, endorsed the notion that there was a need for a national security personnel system versus the several systems unique to various departments.

We are now in the process of deploying NSPS. By the end of this month [February], we'll have over 70,000 civil servants (and that is about 10 percent of our "classic" civil service) under NSPS, and by later in the spring, we should have 100,000.

There are a lot of elements that are important about the system. Let me name two in particular. First, we are moving towards a more modern view of compensation. The old view was based on the classification system, and in many ways, that computation told you how much you'd get paid. There were certain criteria for the position and they told you the level of pay. People might say the pay was competitive, but in our view, that system was backward. We ought to give a raise based on the supervisor's evaluation of performance, and give the supervisor enough latitude. So we adopted many of the lessons learned from the experiments that your community [DAU] turned out, such as studies on alternative work compensation.

These eliminate the pay grade structure and create a small number of broad pay bands. The applicants in the civil service system compete for a pay band. Once they've competed, you—the supervisor—decide where in that pay band you want to put them. You can then

move that person within the pay band at your discretion. If you add duties, you can increase compensation; if you remove duties, you can subtract compensation. That is a very different world from the one we've been used to.

**Q** *AcqDemo—The Civilian Acquisition Workforce Personnel Demonstration Project—is the contribution-based pay-banding system that was used previously within the acquisition workforce, and is currently being replaced by NSPS. Are there similarities between AcqDemo and NSPS?*

**A** Yes, AcqDemo was one of the many sources of ideas that we used. We took from a variety of sources—what works, what is effective, what can we use to manage people. AcqDemo was one source of what we call our best practices.

**Q** *I am under the impression, however, that NSPS is more flexible than the AcqDemo.*

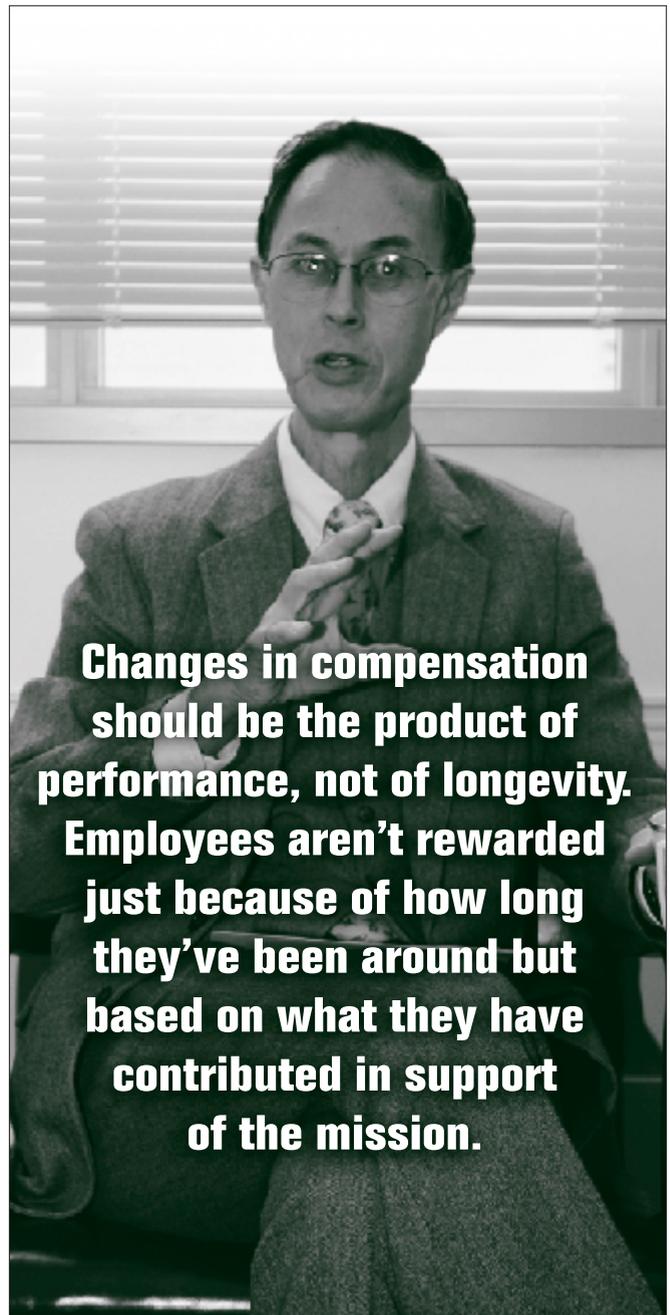
**A** Yes, it has additional authority, additional latitudes.

The other important change I would emphasize is that changes in compensation should be the product of performance, not of longevity. Employees aren't rewarded just because of how long they've been around but based on what they have contributed in support of the mission. That's a very different philosophy from the one that governed the civil service for a long, long time.

These are big changes, and they are going to cause some disquiet in various quarters. Our experience with the change process so far is that people are about as happy, on average, with the new process as they were with the old one. It's going to take several years before they realize the full potential of NSPS.

**Q** *One of the big tasks of your office is inventory management, in which you must examine the current workforce and environment to determine the right mix of talent for each functional area. How does your office ensure that the correct "inventory" of jobs is being allocated, given the constantly changing nature of technology and the workforce? What is being done to look ahead to capture qualified people in jobs for needs that are only just emerging?*

**A** It's a challenging process and one that is calling for considerable rethinking. During the Cold War years, we had a well-defined idea about what our problems were and what the workforce would look like, and we did what we could within this forecast to get the right mix of skills.



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We're not in that kind of world now. We are in a world with rapidly changing problems and with very different countries involved. If there is any constant in this world, it is that you can't easily predict what you will need next. If you look back six years to August of 2001, no one could have predicted that Pashtun or Dari would be languages we would need to cover. But on September 12, 2001, we suddenly found we needed those language capabilities—something we couldn't have known two days earlier.

So instead of trying to forecast too specifically, the real challenge is how to engineer a system that is responsive and that can turn on a dime: Okay, I now need this or that capability; where am I going to find the resources I need?

## A Six-pack of Tips for Defense AT&L Authors

**1** Look at back issues of the magazine. If we printed an article on a particular topic a couple of issues ago, we're unlikely to print another for a while—unless it offers brand new information or a different point of view.

**2** We look on articles much more favorably if they follow our author guidelines on format, length, and presentation. You'll find them at [www.dau.mil/pubs/dam/DAT&L%20author%20guidelines.pdf](http://www.dau.mil/pubs/dam/DAT&L%20author%20guidelines.pdf).

**3** Number the pages in your manuscript and put your name on every page. It makes our life so much easier if we happen to drop a stack of papers and your article's among them.

**4** Do avoid acronyms as far as possible, but if you must use them, define them—every single one, however obvious you think it is. We get testy if we have to keep going to [acronymfinder.com](http://acronymfinder.com), especially when we discover 10 equally applicable possibilities for one acronym.

**5** Fax the *Certification as a Work of the U.S. Government* form when you e-mail your article because we can't review your manuscript until we have the release. Download it at [www.dau.mil/pubs/dam/DAT&L%20certification.pdf](http://www.dau.mil/pubs/dam/DAT&L%20certification.pdf). Please don't make us chase you down for it. And please fill it out completely, even if you've written for us before.

**6** We'll acknowledge receipt of your submission within three or four days and e-mail you a publication decision in four to five weeks. No need to remind us. We really will. Scout's honor.

**Q** *So there's a need to develop a stronger capacity to understand and work with the cultures and peoples of other nations, in particular to increase our linguistic facility. One reaction to this has been your department's participation in the National Language Initiative, a long-term strategy to help develop this expertise. Can you comment on what is being done with the program?*

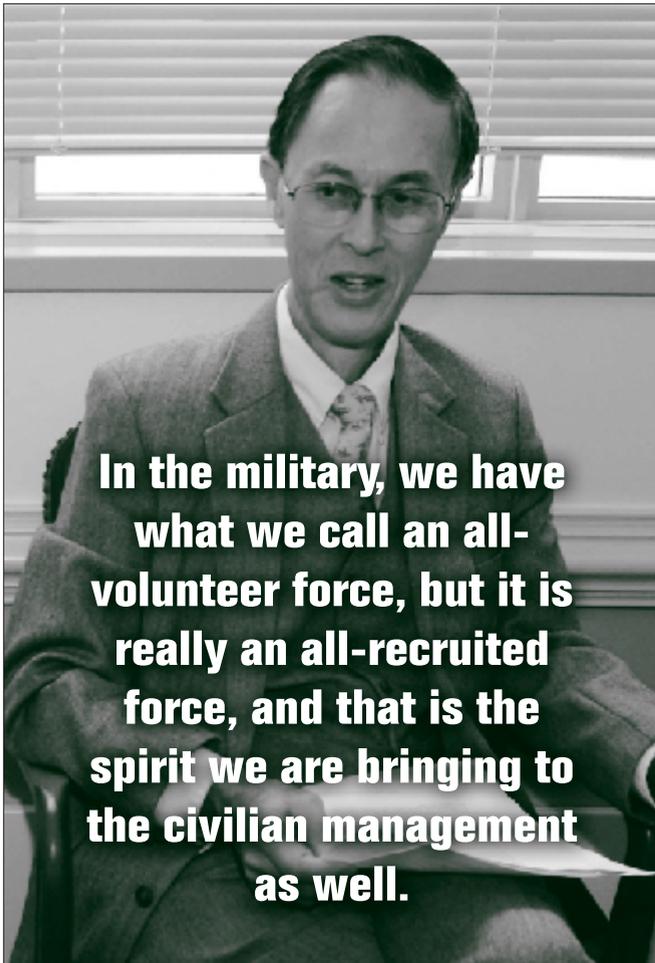
**A** The United States is a very diverse society. Pick whatever language you like, there are people living in this country with some knowledge of it. Now, they may not yet be good in our language—and they may not yet be citizens. So we said, "Let's consider starting a program in which we appoint what we call "heritage speakers." Let's go out to the heritage community and ask who would like to join. The Army has proved that you can recruit from the heritage community; their recruits are known by their MOS [*Military Occupational Specialty*] "09 Limas"—essentially interpreters. It's been very successful. Commanders love them because they are American soldiers. Above all else, they have all the soldier skills, but in addition they have unique linguistic and cultural ability. So they can give the inside edge, telling the commander what is going down, but to the insurgents, they look just like any other American soldier.

It is a very responsive program. We have people who know languages that we would never have planned for. So our real strength is the depth of American society and its diverse cultures. The challenge is planning on how we can draw quickly on that talent.

One of the objectives is a more responsive hiring process. How can we move faster? Let's take the provincial reconstruction teams. A lot of these involve civil skills; they don't really exist in uniform. In the past, we looked to the uniformed services to provide them because the military can move quickly. The challenge is to prove that the civil service can move just as quickly. With NSPS, we can move a lot faster.

**Q** *There has been much discussion about what some people are calling a human capital crisis: the impending wave of retirements that will, in the view of some, leave agencies bereft of institutional knowledge and with few replacements lined up to take up the reins. Has the problem been overstated? What is being done now to address the issue?*

**A** I don't think it's a "crisis," but it is a challenge. We have a highly experienced workforce in place right now, and that is not going to be quite so true as people begin to retire. However, not every experienced worker is going to be retiring. Furthermore, most people don't retire the first



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year they are eligible. The issue is how to sustain that great force. Over time, as today's civil servants leave, we must recruit a new generation.

In the military, we have what we call an all-volunteer force, but it is really an all-recruited force, and that is the spirit we are bringing to the civilian management as well.

We can't expect people to find us. We have to tell them who we are and what we do. We are experimenting with different advertising, marketing, and outreach programs. They're still in the early stages. But I think we will be gearing up the recruiting over the next year to start hiring replacements. We want to bring them in under the NSPS because we find that the younger generation wants a performance-oriented system; they want to be rewarded for what they have done—and they should be.



*You've talked about the new recruits and touched on the group that will be retiring, but what about the people in between, the middle group?*



That is one area where we don't have enough people. And that is one of the reasons why we need to consider

re-hiring people—bringing them back, perhaps on a part-time basis, from the retirement pool—to mentor, to instruct, to fill the gaps.



*Are there any initiatives for youth training?*



You're raising a great issue, but it's one we are not yet prepared to act on. Current law restricts how we invest in the skills of our civilians. We tried to remove these restrictions when we proposed NSPS. Congress declined to act. So we'll try again. We hope to arm ourselves with a better view about what the strategy should be.



*Would you talk a little about the difference between the best practices review and NSPS?*



It was a great review. I think it was one of the Department's finest hours, considering what we had already done, bringing it all together and in a cohesive way. We have remarkable cohesion in the Department.

So we built on the acquisition foundation. And what is interesting, as you are probably aware, is that other agencies want to use the NSPS product—in fact, the Department of Homeland Security has used it.



*One last question: The people on the front lines—that is, the human resources professionals working on a daily basis with the recruiting and hiring of the workforce—often have the most immediate perspective on the workplace. What is being done to capitalize on this immediate experience?*



The HR people are learning new things as well because NSPS is a matter of performance management, which requires training. We are counting on them to go out and help others succeed. As you know from being in Acq-Demo, it is very different to tell you to write performance objectives when you are actually going to base someone's pay on them. The HR professionals' experience and their help in working with our people is tremendous, and they do play a central role.

We do polls, and I am pleased that while the levels vary with different age groups and jobs, awareness and acceptance of NSPS are improving. We now know where we need to work to fill the gaps.

It has been a great pleasure talking to you.