



DEPUTY SECRETARY OF DEFENSE  
1010 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1010

SEP 19 2008

The Honorable Ike Skelton  
Chairman, Committee on Armed Services  
United States House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

Thank you for your letter regarding the National Security Personnel System (NSPS) proposed regulations issued May 22, 2008. You requested the Department delay taking further action to publish final regulations until a new Administration has the opportunity to review and make decisions regarding the proposed rule.

The Department of Defense (DoD) and the Office of Personnel Management (OPM) have worked to ensure that the proposed rule fully complies with the rulemaking requirements specified in the National Defense Authorization Act (NDAA) for Fiscal Year 2008 (Public Law 110-181). The final NSPS regulations are needed to conform to the significant statutory changes in NDAA FY08. With over 180,000 employees operating under the system, it is critical to put NSPS on a stable regulatory and policy base. As the Government Accountability Office pointed out in its recent report on NSPS, "DoD is in a period of transition and faces an array of challenges and opportunities to enhance performance, ensure accountability, and position itself for the future." A clear, comprehensive regulatory and policy structure is vitally important for any personnel system to be effective.

In your letter, you expressed concern that the proposed regulations appear to restrict collective bargaining, particularly with respect to the definition of "rate of pay." Given the statutory changes made by Congress in the NDAA FY08, it was important that the NSPS regulations include a definition of rate of pay. We recognize the concerns raised by the unions in their comments, and are making some modifications to the "rate of pay" definition.

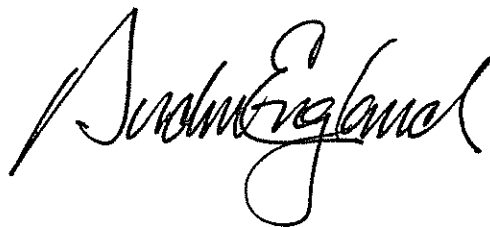
Importantly, the Department has not converted any bargaining unit employees to NSPS and has been steadfast in that regard. Consequently, to date we have approximately 183,000 employees under NSPS, and only forecast roughly 200,000 employees in the system over the next year. This represents the Department's decision not to convert bargaining unit employees to NSPS. This should allay your concerns regarding collective bargaining.



You also questioned the timing of the final regulations. Our NSPS implementation has always been an event-driven program, and DoD and OPM followed in good faith the rulemaking process specified in the law, including publishing the proposed regulations for public comment and conducting national consultation with the unions. In addition, the rulemaking process includes a Congressional review period after publication.

In light of the above considerations, the Department believes the prudent course of action is to complete the rulemaking process, which brings the NSPS regulations into conformance with law, and stabilizes the policies under which over 180,000 of our employees are operating.

Thank you again for sharing your concerns on this important subject. A similar response is being sent to Chairman Levin.

A handwritten signature in black ink, reading "Andrew England". The signature is written in a cursive style with a large, prominent "A" and "E".

cc:  
The Honorable Duncan Hunter  
Ranking Member