UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

MAR 2 2010

PERSONNEL AND
READINESS

The Honorable Jim Webb
Chairman, Subcommittee on Personnel
Committee on Armed Services
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

This is in response to the Senate Armed Services Committee Report 111-035 (S. 1390, National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2010 that requests the Secretary of Defense to submit a report on the utilization of various hiring and pay authorities for civilian health care professionals, not later than 30 days from passage of the Act.

The Department has made extensive use of the many hiring authorities available to it, especially the direct hire authority granted under Defense Appropriations Acts, through which it has filled over 8,000 positions. In addition, the Department has developed a market-based compensation system for physicians and dentists, as authorized under the NDAA, which will be implemented later this FY. Finally, the Department uses special salary rates, as authorized under Title 38, to remain competitive with the Department of Veterans Affairs and private industry in recruiting and retaining its Nurse Cohort.

We appreciate the many authorities Congress has granted the Department, which enable us to acquire and retain the talent needed to care for our wounded warriors and their families, and are grateful for your continued support of the Military Health System.

Sincerely,

Clifford L. Stanley

Enclosure:
As stated

cc:
The Honorable Lindsey O. Graham
Ranking Member

UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

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PERSONNEL AND
READINESS

The Honorable Carl Levin
Chairman, Committee on Armed Services
United States Senate
Washington, DC 20510

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Clifford L. Stanley

Enclosure:
As stated

cc:
The Honorable John McCain
Ranking Member

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4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

MAR 2 2010

PERSONNEL AND
READINESS

The Honorable Ike Skelton
Chairman, Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

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Sincerely,

Clifford L. Stanley

Enclosure:
As stated

cc:
The Honorable Howard P. "Buck" McKeon
Ranking Member

Department of Defense
Report to Congress
Analysis and Utilization of Various Hiring/Compensation Authorities for Civilian Health Care Professionals

BACKGROUND

The Senate Armed Services Committee Report 111-035 (S. 1390, National Defense Authorization Act for Fiscal Year 2010) requests the Secretary of Defense to submit a report on the utilization of various hiring and pay authorities for civilian health care professionals provided in section 1636 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181), as well as in section 1107 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110-417). Respectively, these provisions authorized the Secretary of Defense to exercise any authority for the appointment and pay of health care personnel under chapter 74 of title 38, United States Code, for purposes of recruitment, employment, and retention of civilian health care professionals, and to recruit and appoint certain health care professionals directly to designated positions.

The authorities provided by Congress have and will continue to facilitate the acquisition and retention of its healthcare practitioner workforce. The Direct Hiring Authority (DHA) provided in several past DoD Appropriations Acts, and the Expedited Hiring Authority (EHA) provided to the Department by Congress in the National Defense Authorization Act (NDAA) for Fiscal Years 2008 and 2009, will alleviate hiring difficulties, while the compensation authorizations in NDAA 2008 will provide the compensation flexibilities needed to compete for critical talent. These flexibilities are especially important as the Department deals with injuries sustained through two simultaneous contingencies and as it seeks to recruit and retain healthcare practitioners to care for those so injured. The need for these authorities will continue, as we strive to provide to our wounded warriors and their families the best care possible. Information on the Department's usage of the authorities provided by Congress follows.

EXPEDITED HIRING AUTHORITY

The NDAA for Fiscal Year 2008, Section 1636 (Public Law 110-181) and the Duncan Hunter NDAA for Fiscal Year (FY) 2009, Section 1107 (Public Law 110-417) (amending Title 10 USC Sec 1599c) provided the Department Expedited Hiring Authority (EHA) for medical occupations. NDAA 2009 became law on October 14, 2008. Although the EHA provides for a somewhat streamlined process, its use is not as flexible as the Direct Hire Authority (DHA) available to the Department under the Appropriations Acts. The use of the EHA requires a candidate assessment to determine those who are Highly Qualified,

and is applicable only to shortage category positions. These requirements make the EHA a less effective authority than the DHA and, therefore, not as desirable.

Although the EHA is not as flexible as the DHA, the Department did delegate to the Military Departments authority for its use in September 2009. Although this delegation may have been later than Congress would have liked, the delay did not hinder the Department's recruitment efforts, as more than 8,000 hiring actions have been effected via the DHA and other appointing authorities.

The EHA delegation and implementation guidance to the Military Departments was issued by the Office of the Under Secretary of Defense for Personnel and Readiness on September 30, 2009. Delegation of the EHA was delayed while the impact of the May 2007 Merit System Protection Board (MSPB) case (Stephen Gingery v. the Federal Career Intern Program (FCIP)) on the EHA procedures was assessed. Further, the Department expended time working with the Components to gather data to support the designation of "shortage category" positions, determining the proper personnel processes for using the EHA, coordinating these processes with concerned organizations, and providing training to the Human Resources community on its use. The Military Health Services Civilian Human Capital Officer, in concert with the Deputy Under Secretary for Defense for Civilian Personnel Policy continues to work to standardize the EHA process to assist the Services with its use, including development of standardized "highly qualified" benchmarks for a number of medical occupations.

DIRECT HIRE AUTHORITY

The Department of Defense Appropriations Act, for FY 2009, Section 8079, provided the Department with Direct Hiring Authority (DHA) for critical shortage skill medical positions for FY 2009. DoD has been given similar DHA on an annual basis in Defense Appropriations Acts since FY 2002. The Senate version of the Defense Appropriations Bill for FY 2010 provides DHA for critical shortage positions in Section 8074. The DHA covers 28 healthcare occupations, which can only be expanded through legislative action.

The DHA has been, and continues to be used extensively by all the Military Departments; they have expressed a strong need for its continuation, as it provides the ability to immediately hire qualified applicants into critical healthcare positions. It is particularly effective when used in conjunction with job fairs, because of its provision to make immediate job offers. Furthermore, in addition to its streamlined hiring procedures, the DHA has the added benefit of being easy to use, with little training or administrative infrastructure required.

It is worthy of mention that the NDAA 2010, enacted October 28, 2009, addresses the need for Direct Hire Authority for mental health personnel. Section 714 of the NDAA, Plan to Increase the Mental Health Capabilities of the Department of Defense, directs the

DoD to develop and implement a plan to significantly increase the number of military and civilian personnel in DoD by September 30, 2013, and requires, in part, in paragraph (a) (2) (G), "the offering of civilian hiring incentives and bonuses and the utilization of direct hiring authority to increase the number of mental health personnel of the Department of Defense."

COMPENSATION AUTHORITIES

Under Title 5 USC 5371, the Department has used several of the Title 38 compensation authorities to remain competitive with the private sector and other Federal agencies.

Special Salary Rates. The Department has established more than 100 special salary rates, based on local market drivers, for many healthcare occupations. These salary schedules enable the Department to hire critical healthcare personnel in very competitive markets.

Baylor Plan. The Department has adopted the Baylor Plan as an additional recruitment and retention strategy for its Nursing Cohort. Under this plan, nurses are paid for a 40 hour work week, while working 2 regularly scheduled 12-hour tours of duty on the weekend.

Hybrid Doctor and Dentist Pay Plan. The Department projects implementation of a new salary schedule for Doctors and Dentists based on NDAA delegated Title 38 authority, this summer. The Department of Defense Instruction governing the new pay plan has been formally coordinated with the Services and the National Unions. Comments received during the coordination currently are being adjudicated. Salary surveys have been purchased and analyzed, and are ready for use in making local pay decisions. Training materials are under development with a projected February 2010 completion date. Once implemented, this system will enable the Department to competitively compensate its Doctors and Dentists, thereby facilitating their recruitment and retention. This is especially important since the National Security Personnel System (NSPS), which enabled market sensitive compensation for NSPS covered doctors and dentists, has been repealed.

SUGGESTED AREAS FOR CONGRESSIONAL ACTION

The Senate Armed Services Committee Report 111-035 also requested that the Department include in this report an identification of additional legislative authorities needed in order to hire and retain necessary civilian health care professionals. The Department will make this assessment and submit any identified needs at a later date.