



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

AUG 10 2018

MEMORANDUM FOR CHIEF MANAGEMENT OFFICER OF THE DEPARTMENT OF
DEFENSE
SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
CHIEF OF THE NATIONAL GUARD BUREAU
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR OF COST ASSESSMENT AND PROGRAM
EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR OF OPERATIONAL TEST AND EVALUATION
CHIEF INFORMATION OFFICER OF THE DEPARTMENT OF
DEFENSE
ASSISTANT SECRETARY OF DEFENSE FOR LEGISLATIVE
AFFAIRS
ASSISTANT TO THE SECRETARY OF DEFENSE FOR PUBLIC
AFFAIRS
DIRECTOR OF NET ASSESSMENT
DIRECTORS OF DEFENSE AGENCIES
DIRECTORS OF DOD FIELD ACTIVITIES


SUBJECT: Temporary Direct Hire Authority for the Department of Defense for Personnel to
Assist in Business Transformation and Management Innovation

Section 1101 of the National Defense Authorization Act for Fiscal Year 2018 allows the Secretary of Defense to appoint qualified individuals for the purpose of assisting and facilitating the efforts of the Department of Defense in business transformation and management innovation in the competitive service at grade 15 of the General Schedule and below (or comparable levels), without regard to subchapter I of chapter 33 of title 5, United States Code (U.S.C.). Sections 3303, 3323, 3326, and 3328 of subchapter I of chapter 33 of title 5, U.S.C., and corresponding Code of Federal Regulation (CFR) provisions related to selection and appointment, remain in effect.

This authority allows the Department to appoint no more than 10 individuals at any one time, and appointments are subject to the term appointment regulations in part 316 of title 5, CFR. Appointments under this authority may not be made after September 30, 2021.

The attachment to this memorandum provides implementing procedures for use of this authority.

For more information, my point of contact is Ms. Hong Miller, Director, Employment and Compensation, Defense Civilian Personnel Advisory Service, whom you may reach at (571) 372-1536, or by email at hong.v.miller.civ@mail.mil.



Stephanie Barna

Performing the Duties of the Under Secretary of
Defense for Personnel and Readiness

Attachment:
As stated

IMPLEMENTATION PROCEDURES FOR THE
TEMPORARY DIRECT HIRE AUTHORITY FOR THE DEPARTMENT OF DEFENSE FOR
PERSONNEL TO ASSIST IN
BUSINESS TRANSFORMATION AND MANAGEMENT INNOVATION

1. Authority

a. Section 1101 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2018 allows the Secretary of Defense to appoint, without regard to subchapter I of chapter 33 of title 5, United States Code (U.S.C.), qualified candidates to positions in the competitive service in the Department of Defense (DoD) for the purpose of assisting and facilitating the efforts of the Department in business transformation and management innovation. Sections 3303, 3323, 3326, and 3328 of chapter 33, subchapter I of title 5, U.S.C., and corresponding Code of Federal Regulations (CFR) provisions related to selection and appointment, remain in effect.

(1) The authority to appoint qualified persons under this direct hire authority (DHA) may be used by Secretaries of the Military Departments, Directors of Defense Agencies and DoD Field Activities with independent appointing authority for themselves and their serviced organizations as defined in their respective DoD chartering directives, hereafter referred to as “DoD Components.”

(2) Appointments under this authority may not be made after September 30, 2021. Any appointment made prior to this date will continue until the term of the appointment expires. DoD Components must maintain records on their use of this authority for themselves and for their serviced organizations in accordance with DoD records management requirements.

2. Use of Direct-Hire Authority – DHA enables the Department to recruit and appoint qualified persons directly without applying competitive rating and ranking procedures. The following principles shall be followed when exercising this authority:

- a. A highly-qualified workforce is critical to the Department’s mission.
- b. Recruitment efforts should be expansive enough to be designed to attract a diverse candidate pool.
- c. Merit factors shall be the basis for selecting individuals for positions. This authority shall be administered in accordance with DoD Directive 1020.02E, “Diversity Management and Equal Opportunity in the DoD.”
- d. DoD Components must ensure transparency, accountability, and auditability in hiring processes.

3. Covered Positions – For the purposes of this authority, this DHA may be used to appoint individuals at General Schedule-15 and below (or comparable) levels on a term basis in accordance with the provisions of part 316 of title 5, CFR (other than the requirements in this part related to competitive hiring).

4. Definitions

a. For the purposes of section 1101 of the NDAA for FY 2018, appointees must have all of the following:

(1) A management or business background;

(2) Experience working with large or complex organizations; and

(3) Expertise in management and organizational change, data analytics, or business process design.

5. Announcement and Assessment Process

a. If using vacancy announcements, DoD Components must ensure that announcements are concise, easily understood, and contain accurate information relevant to the position(s) available.

(1) DoD Components will establish recruitment procedures that facilitate identification of qualified individuals for referral to management for selection and appointment.

(2) Potential applicants should have ready access to information about how to apply for positions; and the basis on which they will be assessed to meet the qualifying criteria.

b. DoD Components will assess candidates against job-related criteria, ensuring they have the skills, education, training, and behavioral attributes that provide for successful job performance.

6. Appointing Authority -- Appointments may be made using the following Legal Authority Code/Legal Authority:

Z5CV/Direct-Hire Auth (Business Transformation), Sec 1101, PL 115-91, 12/12/2017

7. Oversight and Accountability

a. The Under Secretary of Defense for Personnel and Readiness is responsible for the development of DoD implementing guidance and policies, including the determination of how allocations will be made to DoD Components.

b. Defense Civilian Personnel Advisory Service (DCPAS) will oversee and monitor use of this authority throughout the Department and ensure compliance with any reporting requirements.

c. Documentation for appointments made under this authority must be sufficient to allow reconstruction of actions taken and must be maintained for a time frame consistent with other appointing authorities.

d. Appointments under this authority will be:

(1) Evaluated as part of the DoD Human Capital Framework; and

(2) Subject to the modified Priority Placement Program procedures implemented by the Deputy Assistant Secretary of Defense for Civilian Personnel Policy memorandum dated July 17, 2017.

8. Report

a. The Secretaries of the Military Departments, Directors of the Defense Agencies and DoD Field Activities are responsible for oversight, accountability, and reporting for their respective DoD Component.

b. DoD Components must report to DCPAS annually, by August 1, on the following data:

(1) Number of allocations currently in use;

(2) Effectiveness of the DHA;

(3) Future utilization of the DHA;

(4) DHA modification suggestions.

9. Authorized Positions

a. **Limitation on Appointments.** The number of individuals appointed pursuant to this authority at any one time may not exceed 10 individuals Department-wide.

(1) Components must provide the information below to DCPAS in order to request allocations to use this authority:

(a) Written justification of why the authority is needed. An example of information to include in this justification may be evidence of hiring needs (e.g., a description of the expected innovation or transformation);

(b) Number of allocations requested;

(c) Length of term appointment;

(d) Copy of the position descriptions;

(e) Supporting evidence that demonstrates why the use of other hiring authorities is inappropriate or ineffective in this situation.