

8. IMPROVING THE FEDERAL WORKFORCE

A high-performing government depends on an engaged, well-prepared, and well-trained workforce with the right set of skills for the missions of the Government. Today's Federal public servants come from all walks of life and from every corner of America to carry forward that proud American tradition.

The Federal Government is America's largest employer, with more than 2 million civilian workers and 1.4 million active duty military who serve in all 50 States and around the world. Eighty-five percent of Federal employees live and work outside of the Washington, D.C. metropolitan area.

As the President said in a message to Federal employees during the government shutdown in October, "Public service is noble. Public service is important. And by choosing public service, you carry on a proud tradition at the heart of some of this country's greatest and most lasting achievements. In fact, more than 50 current or former Federal employees have received the Nobel Prize for their efforts. It was grants from the Department of Energy that helped businesses unlock new sources of renewable energy, and from the National Science Foundation that helped entrepreneurs like the founders of Google change the world. It is your efforts that will help this country meet the great challenge of our time—rebuilding an economy where all who work hard can get ahead."

The last few years have been challenging for the Federal workforce. Three years of a Federal pay freeze, harmful sequester cuts, a 16-day shutdown of Government, and a challenging political climate have made it increasingly difficult to deliver on agency missions. Yet, Federal employees continue to persevere, continuing to serve the American people with passion, professionalism, and skill.

Whether defending our homeland, restoring confidence in our financial system and supporting a historic economic recovery effort, providing health care to our veterans, conducting diplomacy abroad, providing relief to Hurricane Sandy victims, or searching for cures to the most vexing diseases, we are fortunate to be able to rely upon a skilled workforce committed to public service.

This chapter discusses four broad areas related to the Federal workforce. First it describes trends in Federal employment levels over the past several decades and includes estimates for the FY 2015 Budget. Second, it outlines the shifts in the composition of Federal workers, relative to their private sector counterparts, that have led to a Federal workforce that is now more highly educated, more concentrated in higher paying professions and based in higher cost metropolitan areas. Third, the chapter lays out some of the challenges the Federal workforce has faced such as recent pay freezes, sequester, and furloughs. Finally, it discusses the Administration's recent

accomplishments and future actions for fully capitalizing on the talents in the workforce today and recruiting and developing the capabilities we need to serve the American people most effectively and efficiently.

Trends in Federal Workforce Size

Long-Term Trends

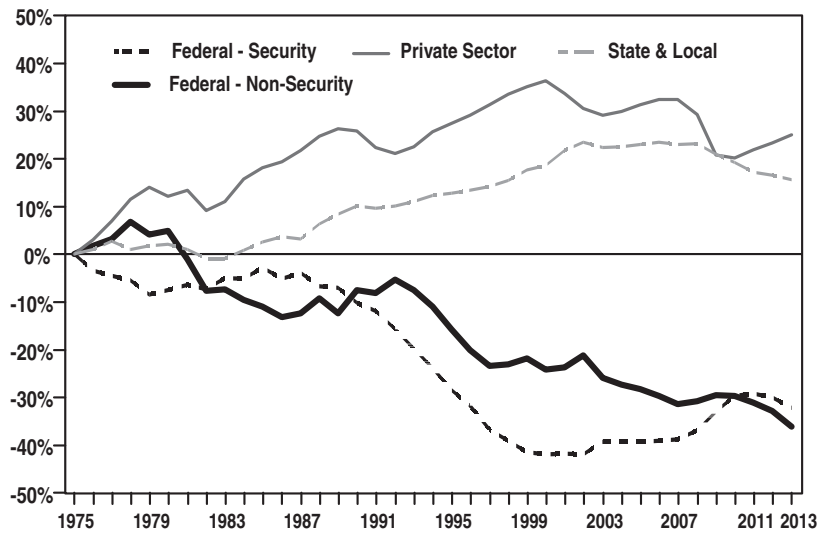
The size of the Federal civilian workforce relative to the country's population has declined dramatically over the last several decades, notwithstanding occasional upticks due, for example, to military conflicts and the administration of the Census. Since the 1960s, the U.S. population increased by 65 percent, the private sector workforce increased 125 percent, and State and local government workforces (excluding education workers) increased 173 percent, while the size of the Federal workforce rose just 9 percent.¹

Chart 8-1 highlights the sharp drops, relative to population, in both the security and non-security parts of the Federal workforce since 1975 (the end of the Vietnam War), comparing it to increases in the private sector and State and local governments (again excluding education). Since 1975, both the security and non-security parts of the Federal workforce have declined more than 30 percent relative to the population, but the patterns in the declines are different. The security part of the Federal workforce (62 percent of the current Federal civilian workforce) fell at the end of the Vietnam War, increased in the early 1980s, and dropped significantly by 40 percent as the Cold War ended. That decline reversed itself after 9/11 and with the onset of the wars in Iraq and Afghanistan. The non-security part of the Federal workforce (currently about 800,000 workers) increased at a rate between that of the private sector and State and local governments for the first five years after the Vietnam War ended. Then it declined by almost 20 percentage points between 1980 and 1986. A little over a third of that decline was reversed between 1986 and 1992. Since 1992 the non-security part of the Federal workforce has declined by about 30 percentage points.

The divergent trends in Chart 8-1 are striking. The evolution of the Federal security workforce largely tracks major foreign policy developments: the end of the Vietnam and Cold Wars could potentially explain the declines in the Federal Security workforce between 1975 and 2000, while 9/11 along with new conflicts in Iraq and Afghanistan help explain the relative rise in the Federal security workforce since the early 2000s.

¹ Teachers, professors, and workers in schools, colleges, and universities make up almost half of the State and local workforce. To make the State and local workforce more comparable to the Federal workforce, those educational workers are excluded from these comparisons.

Chart 8-1. Changes Since 1975 in Employment/Population by Sector



Source: Office of Personnel Management and Bureau of Labor Statistics.

Notes: Security includes the Department of Defense, the Department of Homeland Security, the Department of State, and the Department of Veteran Affairs. Non-Security includes the remainder of the Executive Branch. State & Local excludes education workers.

But the reasons for the decline in the non-security Federal workforce are less clear, especially in light of mission changes, such as significant growth in Social Security, Medicare, and Medicaid, the enactment of the Medicare prescription drug benefit and the Affordable Care Act, dramatic increases in the Federal prison population, and growing Federal roles in financial regulation and education.

Possible explanations for the relative decline of the non-security Federal workforce include: (1) relative increases in efficiency in the Federal sector (compared to the private sector and State and local governments); (2) an increase in the contract workforce (which likely also played a role on the security side); and (3) shifting of some duties of the Federal government to State and local governments. While all of these factors, particularly the increase in the contract workforce, probably contributed to the long-term trends, there is not enough evidence to quantify their contributions or evaluate whether they fully explain the relative decline. Also noteworthy, both an increased reliance on a contract workforce and shifting responsibilities to State and local governments would imply that the Federal workforce has taken on greater management roles over time. This may help explain why – as discussed below – the skill level of the Federal workforce, as measured by educational level, has increased faster than that of the private sector workforce. It is unclear if these increases have been fast enough to keep up with the increased demands on the Federal workforce.

Short-Term Trends

Table 8-2 shows actual Federal civilian full-time equivalent (FTE) levels in the Executive Branch by agency

for 2012 and 2013, with estimates for 2014 and 2015. Estimated employment levels for 2015 result in an estimated 0.7 percent increase compared to prior year estimates. The Budget proposes continued growth in VA for strengthening medical care for veterans. Additional increases are expected at the Department of Justice for enhancements to ensure protection of civil rights as well as to continue efforts to combat cyber threats, at Customs and Border Protection in the Department of Homeland Security to facilitate increased travel and trade at U.S. air, land, and sea ports, and at the Social Security Administration for increasing program integrity and preventing service deterioration.

A few other agencies have staff increases that are narrowly focused and frequently supported by congressionally authorized fees, rather than taxpayer dollars. Increased fee collections support timely commercialization of innovative technologies through faster and higher-quality patent reviews at the Patent and Trade Office of the Department of Commerce, and stronger food safety measures at the Food and Drug Administration of the Department of Health and Human Services. Commitments to continue bringing newly completed and acquired prisons on-line result in maintaining necessary personnel increases at the Department of Justice. Additionally, targeted increases at the Internal Revenue Service for program integrity and taxpayer service efforts will help ensure companies and individuals are paying their fair share of taxes owed.

In contrast, agencies such as the Environmental Protection Agency (EPA), the National Aeronautics and Space Administration (NASA), and the General Services Administration (GSA) are reevaluating and restructuring

their workforces to better align with their current mission and to meet continued budget constraints. Decreases at the EPA reflect strong efforts to realign skill sets within the workforce to meet modern day environmental challenges in partnering with the states; NASA will reduce its workforce as the agency seeks to become more efficient in the wake of major changes to the agency's programs, including an increased focus on technology development and cooperation with the space industry; and GSA is working to better match employee skills with job requirements while controlling personnel costs. Additionally, the Transportation Security Administration (TSA) at the Department of Homeland Security is expanding risk based security initiatives and enhancing its use of technology to improve the efficiency of airline passenger screening that will result in fewer TSA officers while sustaining improvements in the passenger service experience.

In recent years, the Executive Branch has had made considerable progress hiring veterans. In November 2009,

President Obama signed Executive Order 13518, establishing the Veterans Employment Initiative. Through this initiative and the strategies used by the Council on Veterans Employment, the Executive Branch continues to benefit from retaining the dedication, leadership, and skills veterans have honed in the fast-paced, dynamic environments of the Army, Marines, Navy, Air Force, and Coast Guard.

In FY 2011, veterans made up 29 percent of the total *new hires* in the Federal Government. By the end of FY 2013, veterans made up approximately 31 percent of new hires, and 54% of new hires at DOD. The total number of *veterans employed* by the Government also increased. In FY 2011, there were 602,775 veterans in the Federal Government, which was 29 percent of the workforce. By the end of FY 2013, the number of veterans had grown to over 607,000, or 30 percent of the Federal workforce, and represented 47% of the workforce at DoD.

Table 8–1. OCCUPATIONS OF FEDERAL AND PRIVATE SECTOR WORKFORCES
(Grouped by Average Private Sector Salary)

Occupational Groups	Percent	
	Federal Workers	Private Sector Workers
Highest Paid Occupations Ranked by Private Sector Salary		
Lawyers and judges	1.8%	0.6%
Engineers	3.9%	1.9%
Scientists and social scientists	4.7%	0.7%
Managers	11.7%	13.6%
Pilots, conductors, and related mechanics	2.1%	0.5%
Doctors, nurses, psychologists, etc.	8.1%	6.1%
Miscellaneous professionals	15.2%	8.5%
Administrators, accountants, HR personnel	6.7%	2.7%
Inspectors	1.4%	0.3%
Total Percentage	55.7%	34.9%
Medium Paid Occupations Ranked by Private Sector Salary		
Sales including real estate, insurance agents	1.2%	6.2%
Other miscellaneous occupations	3.0%	4.3%
Automobile and other mechanics	2.0%	3.1%
Law enforcement and related occupations	9.1%	0.8%
Social workers	1.4%	0.5%
Office workers	2.3%	6.2%
Drivers of trucks and taxis	0.7%	3.2%
Laborers and construction workers	4.0%	9.6%
Clerks and administrative assistants	13.5%	11.4%
Manufacturing	2.6%	7.5%
Total Percentage	39.7%	52.8%
Lowest Paid Occupations Ranked by Private Sector Salary		
Other miscellaneous service workers	2.2%	5.8%
Janitors and housekeepers	1.6%	2.4%
Cooks, bartenders, bakers, and wait staff	0.8%	4.1%
Total Percentage	4.6%	12.3%

Source: 2009–2013 Current Population Survey, Integrated Public Use Microdata Series.

Notes: Federal workers exclude the military and Postal Service, but include all other Federal workers in the Executive, Legislative, and Judicial Branches. However, the vast majority of these employees are civil servants in the Executive Branch. Private sector workers exclude the self-employed. Neither category includes state and local government workers. This analysis is limited to full-time, full-year workers, i.e. those with at least 1,500 annual hours of work.

Attributes of the Federal Workforce

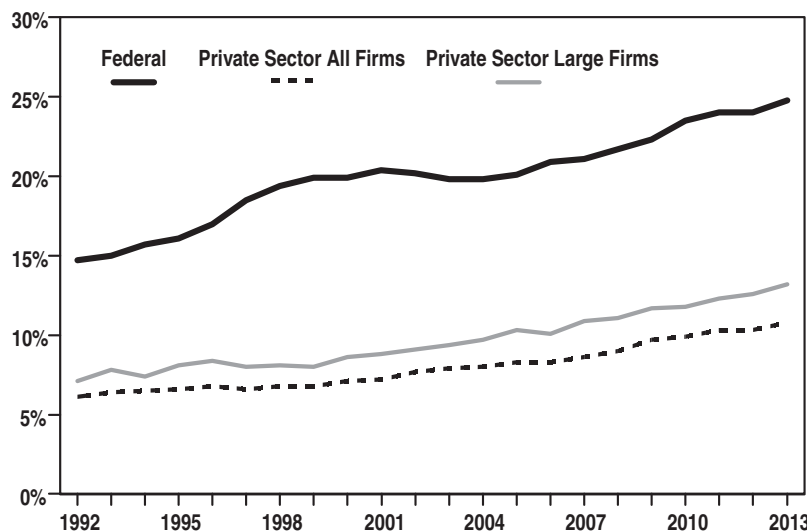
The “Trends in Workforce Size” section described the long-term decline in the size of the Federal workforce relative to the population, the private sector workforce, and State and local government workforces. That relative reduction in size in the face of a Federal mission that has only grown more complex, along with an historical trend of greater reliance on contractors and State and local partners in many areas, implies that Federal jobs are becoming increasingly complex and thus are requiring greater levels of skill. It is equally important to consider how the Federal workforce differs from the private sector and how it has changed over time. As discussed in more detail below, in comparison to private sector jobs, Federal jobs are concentrated in higher paying professions and are based in higher cost metropolitan areas. Also, Federal workers hold more high-level degrees, and the share that has such degrees is growing.

Type of occupation. The last half century has seen significant shifts in the composition of the Federal workforce. Fifty years ago, most white-collar Federal employees performed clerical tasks, such as posting Census figures in ledgers and retrieving taxpayer records from file rooms. Today their jobs are vastly different, requiring advanced skills to serve a knowledge-based economy. Federal employees must manage highly sensitive tasks that require great skill, experience, and judgment. Many need sophisticated management and negotiation skills to effect change, not just across the Federal Government, but also with other levels of government, not-for-profit providers, and for-profit contractors. Using data from the Current Population Survey 2009-2013 of full-time, full-year workers, Table 8-1 breaks all Federal and private

sector jobs into 22 occupation groups and shows that the composition of the Federal and private workforce are very different. Professionals such as doctors, engineers, scientists, statisticians, and lawyers now make up a large and growing portion of the Federal workforce. For example, the Federal STEM workforce has increased by 12 percent from FY2008 to FY2012. More than half (56 percent) of Federal workers work in the nine highest-paying private sector occupation groups such as judges and lawyers, engineers, and scientists, compared to about a third (35 percent) of private sector workers in those same nine highest paying occupation groups. In contrast, 12 percent of private sector workers work in the three lowest-paying occupation groups as cooks, janitors, service workers, etc. Only about 5 percent of Federal workers work in those three lowest-paying occupation groups.

Education level. The size and complexity of much Federal work – whether that work is analyzing security and financial risks, forecasting weather, planning bridges to withstand extreme weather events, conducting research to advance human health and energy efficiency, or advancing science to fuel further economic growth – necessitates a highly educated workforce. Charts 8-2 and 8-3 present trends in educational levels for the Federal and private sector workforces over the past two decades. In 1992 there were only about half as many highly educated Federal workers (masters degrees or above) compared to less educated workers (high school degrees or less); by 2013 there were 50 percent more highly educated Federal workers than less educated workers. The private sector has also experienced increases in educational level, but the increases in highly educated workers have been slower than in the Federal sector. Even in large firms the percentage of highly educated workers is only about half that of the Federal sec-

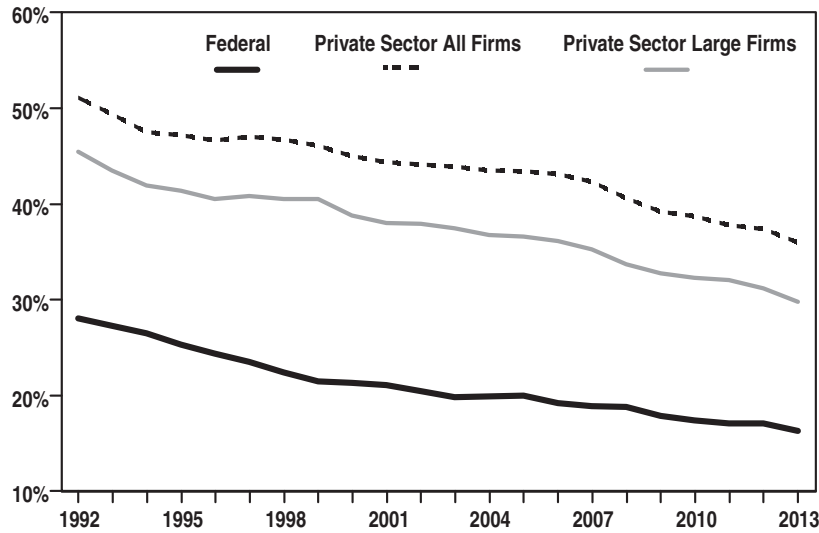
**Chart 8-2. Masters Degree or Above
by Year for Federal and Private Sectors**



Source: 1992-2013 Current Population Survey, Integrated Public Use Microdata Series.

Notes: Federal excludes the military and Postal Service, but includes all other Federal workers. Private Sector excludes the self-employed. Neither category includes State and local government workers. Large firms have at least 1,000 workers. This analysis is limited to full-time, full-year, i.e. those with at least 1,500 annual hours of work.

Chart 8-3. High School Graduate or Less by Year for Federal and Private Sectors



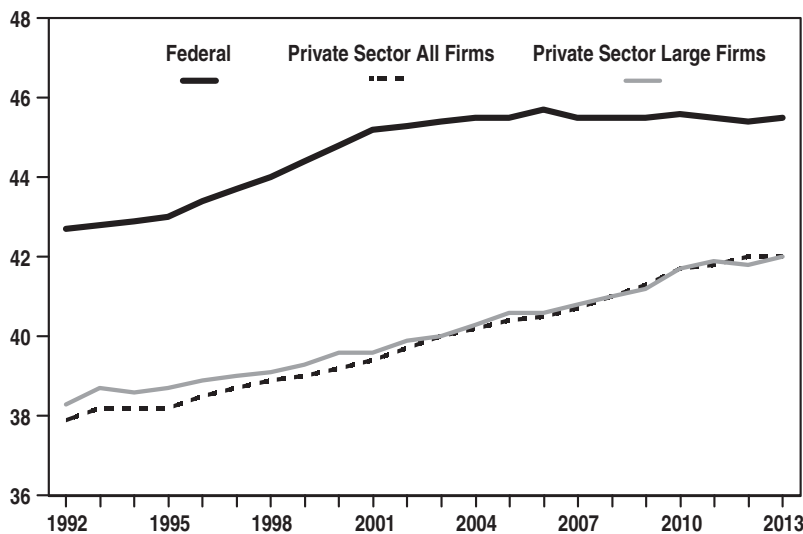
Source: 1992-2013 Current Population Survey, Integrated Public Use Microdata Series.

Notes: Federal excludes the military and Postal Service, but includes all other Federal workers. Private Sector excludes the self-employed. Neither category includes State and local government workers. Large firms have at least 1,000 workers. This analysis is limited to full-time, full-year, i.e. those with at least 1,500 annual hours of work.

tor and the rate of growth over the last decade is only about two thirds as fast. These relative increases in educational level in the Federal workforce may have generated some increases in efficiency for the Federal workforce; it also would suggest that pay should have increased faster in the Federal workforce than in the private sector.

Size of organization and responsibilities. Another important difference between Federal workers and private sector workers is the average size of the organization in which they work. Federal agencies are large and often face challenges of enormous scale, such as distributing benefit payments to over 66 million Social Security and Supplemental Security Income beneficiaries each year,

Chart 8-4. Average Age by Year for Federal and Private Sectors



Source: 1992-2013 Current Population Survey, Integrated Public Use Microdata Series.

Notes: Federal excludes the military and Postal Service, but includes all other Federal workers. Private Sector excludes the self-employed. Neither category includes State and local government workers. Large firms have at least 1,000 workers. This analysis is limited to full-time, full-year, i.e. those with at least 1,500 annual hours of work.

providing medical care to 8.9 million of the Nation's veterans, and managing defense contracts costing billions of dollars. Workers from large firms (those with 1,000 or more employees) are paid about 17 percent more than workers from small firms (those with fewer than 100 employees), even after accounting for occupational type, level of education, and other characteristics. It is reasonable to assume that the size of these organizations and the larger salaries associated with their size is also associated with greater complexity of their work. However, even large private sector firms may not be ideal comparisons to the Federal sector, because the Federal sector is larger and more highly educated (see Charts 10-3 and 10-4).

Demographic characteristics. Federal workers tend to have demographic characteristics associated with higher pay in the private sector. They are more experienced, older, and live in higher cost metropolitan areas. For example, Federal workers, on average, are 45.5 years old – up from 2.7 years from 20 years ago and higher than the average age of 42 years old in the private sector (even in large firms). Chart 10-4 shows the trends in average age in both the Federal and private sectors over the past two decades.

Federal Compensation Trends

Chart 8-5 shows how the Federal pay scale has compared to the private sector wages since 1978. After more than a decade when the percentage increases in annual Federal pay raises did not keep pace with the percentage increase in private sector pay raises, Congress passed the Federal Employees Pay Comparability Act of 1990 (FEPCA) pegging Federal pay raises, as a default, to changes in the Employment Cost Index (ECI). The law gives the President the authority to propose alternative pay adjustments for both base and locality pay. Presidents have regularly supported alternative pay plans

While increases in public and private sector pay remained fairly even during the early 1990s, private sector pay incrementally rose in comparison to the public sector in the mid-1990s. That trend reversed itself in the 2000s when the Federal pay scale rose quite a bit relative to private sector wages. Over the last few years, public sector wages have fallen consistently and significantly relative to the private sector. This reflects a combination of pay freezes, discussed further below, and increases in employee retirement contributions. During 2012, the Middle Class Tax Relief and Job Creation Act increased employee contributions to Federal defined benefit retirement plans, including the Federal Employees' Retirement System, by 2.3 percentage points, effective for individuals joining the Federal workforce after December 31, 2012 who have less than five years of creditable civilian service. The Bipartisan Budget Act of 2013 increased employee contributions for those joining the Federal workforce after December 31, 2013 by an additional 1.3 percentage points. (Neither of these increases in retirement contributions would change the amount of each employee's benefit.) Taking into account both the recent pay freezes and the changes in retirement contributions, earnings for new

Federal employees have fallen 10 percentage points relative to the private sector between 2009 and 2014.

However, in January, the President ended the three-year pay freeze with a one percent pay increase for General Schedule employees in 2014. The 2015 Budget assumes a one percent pay increase in 2015 to help the Government remain competitive in attracting and retaining our Federal workforce. While the Administration recognizes that this proposal is lower than private sector increases and the statutory formula, it strikes a balance between the tight budget constraints we continue to face, while also recognizing the critical role our employees play in our country, from providing relief to those affected by natural disasters, to reducing pollution of the nation's water, air, and lands, to providing care to our nation's veterans. It also recognizes the sacrifices they have already made through prior pay freezes, reductions in awards, and furloughs due to sequestration last year. In addition, the Bipartisan Budget Act of 2013 will bring more stability and predictability to the Federal Government. In particular, the budget deal significantly reduces the negative impact that continued sequestration cuts would have had on the Federal workforce as well as avoiding furloughs and shutdowns

Comparisons of Federal and Private Sector Compensation

Federal worker compensation receives a great deal of attention, in particular, in how it compares to that of private sector workers. Comparisons of the pay and benefits of Federal employees and private sector employees, for example, should account for factors affecting pay, such as differences in skill levels, complexity of work, scope of responsibility, size of the organization, location, experience level, and exposure to personal danger. It also should account for all types of compensation in both the Federal and private sector, including pay and bonuses, health benefits, retirement benefits, flexibility of work schedules, job security, training opportunities, and profit sharing/preferred stock/stock options.

A series of reports done in January 2012 by the Congressional Budget Office (CBO) accounted for some, but not all, of the factors described above. CBO found that prior to the three-year Federal pay freeze, Federal pay, on average, was slightly higher (2.0 percent) than comparable private sector pay. CBO reported that overall Federal sector compensation (including benefits) was, on average, substantially higher, but CBO noted that its findings about comparative compensation relied on far more assumptions and were less definitive than its pay findings. The CBO study also excluded forms of compensation, such as job security, that favor the Federal sector and training opportunities and profit sharing/preferred stock/stock options that favor the private sector. These forms of compensation are substantial and thus could alter the CBO findings.

Perhaps more importantly, the CBO reports emphasized that focusing on averages is misleading, because the Federal/private sector differentials vary dramatically by education and complexity of job. Compensation for highly

educated Federal workers (or those in more complex jobs) is lower than for comparable workers in the private sector, whereas CBO found the opposite for less educated workers. These findings suggest that across-the-board compensation increases or cuts are unlikely to efficiently target Federal resources.

The CBO reports focus on *workers* and ask what employees with the educational backgrounds and other characteristics of Federal workers earn in the private sector. An alternative approach, used by the Federal Salary Council, focuses on *jobs* and asks what the private sector would pay people with the same roles and responsibilities as Federal workers. Unlike CBO, which finds that Federal pay is (on average) roughly in line with private sector pay, the Federal Salary Council finds that in 2013 Federal jobs paid 35 percent less than comparable non-Federal jobs.

There are a number of possible explanations for the discrepancy in the CBO versus the Federal Salary Council findings. First, methodological issues around the classification of Federal and private sector jobs introduce considerable uncertainty into the Federal Salary Council approach. It is significantly easier to compare college graduates in Federal versus private sector jobs than it is to determine what private sector job is most comparable to a given Federal job. Second, the Federal Salary Council findings may suggest that, at least in some jobs, the Federal government has difficulty hiring and retaining workers with the same skills or managerial experience as their counterparts in equivalent private sector jobs. This could be a reason for concern, given the decline in the size of the Federal workforce relative to the population and the increasingly supervisory role it plays (e.g., supervising contractors and State and local governments).

Workforce Challenges

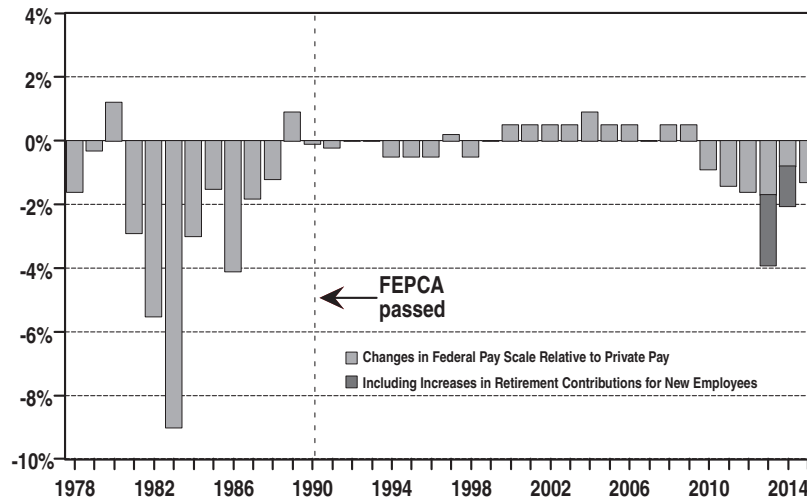
The Federal Government faces unique human capital challenges, including a personnel system that requires further modernization and an aging and retiring workforce. If the Government loses top talent, experience, and institutional memory through retirements, but cannot recruit, retain, and train highly qualified workers, performance suffers. The age distribution and potential for a large number of retiring workers poses a challenge, but it also creates an opportunity to reshape the workforce and to infuse it with new – and in some cases lower-cost – workers excited about Government service and equipped with strong management skills, problem-solving ability, technology skills, and fresh perspectives to tackle problems that Government must address.

Outdated Personnel System

In the past sixty years, the private sector has innovated towards more flexible personnel management systems, but the Federal personnel system has not kept up and remains inflexible and outdated. While recent hiring reform efforts are showing some progress in simplifying hiring, additional reforms are needed to update the hiring, pay, classification, and benefits systems. The General Schedule (GS) pay system has been in effect since 1949. Enacted in 1951, aspects of the current benefit and leave laws are out of date and do not always provide adequate flexibility. An alternative, cost-effective system needs to be developed that will allow the Government to compete for and reward top talent, while rewarding performance, and increase responsibilities of and encourage adequate flexibility to family caregivers, among other factors.

To address issues in the long-term, Federal managers and employees need a modernized personnel system. To

Chart 8-5. Pay Raises for Federal vs. Private Workforce, 1978-2015



Source: Public Laws, Executive Orders, and the Bureau of Labor Statistics

Notes: Federal pay is for civilians and includes base and locality pay. Private pay is measured by the Employee Cost Index wages and salaries, private industry workers series, lagged 15 months.

that end, the Administration proposed to the Joint Select Committee on Deficit Reduction that the Congress establish a Commission on Federal Public Service Reform comprised of Members of Congress, representatives from the President's National Council on Federal Labor-Management Relations, members of the private sector, and academic experts. The purpose of a Congressionally chartered Commission would be to develop recommendations on reforms to modernize Federal personnel policies and practices within fiscal constraints, including – but not limited to – compensation, staff development and mobility, and personnel performance and motivation.

Aging Workforce

The Federal workforce of 2013 is older than Federal workforces of past decades and older than the private sector workforce. The number of Federal retirements is on a steady increase, rising from 95,425 in 2009 to 96,133 in 2010 to 98,731 in 2011, 112,817 in 2012, and 114,697 in 2013. Increases in retirement are expected to continue. Nearly twenty-five percent of the over 376,577 respondents to the 2013 Employee Viewpoint Survey (EVS) expressed an intent to retire during the next five years. Given these demographics, the Federal Government faces a few immediate challenges: preparing for retirements by maximizing knowledge transfer from one generation to the next, succession planning to assure needed leadership and hiring and developing the next generation of the Government workforce to accomplish the varied and challenging missions the Federal Government must deliver.

Developing and Engaging Personnel to Improve Performance

OPM administers the Government-wide Federal Employee Viewpoint Survey (EVS) to gather employee perceptions about whether, and to what extent, conditions characterizing successful organizations are present in their agencies. The 2013 EVS results demonstrated that federal employees continue to be as engaged in their work as prior years. Despite this dedication, however, the EVS responses revealed a significant drop in employee satisfaction and continued declines across the majority of questions. One of the biggest drops was whether employees had sufficient resources needed to get their jobs done. This drop contributed to fewer employees recommending their organizations as good places to work. Any employer seeing this meaningful level of decline would be very concerned. The EVS results serve as an important warning about the long-term consequences of pay freezes, sequestration, and budget uncertainty.

One well-documented challenge in any organization is managing a workforce so it is engaged, innovative, and committed to continuous improvement, while at the same time dealing with poor performers who fail to improve as needed or are ill suited to their current positions. Federal employees are generally positive about the importance of their work and express a high readiness to put in extra effort to accomplish the goals of their agencies. Results from the 2013 EVS indicate that nearly 96 percent of respondents answer positively to the statement “When

needed I am willing to put in the extra effort to get the job done.” However in contrast, the percent of employees government-wide who “feel encouraged to come up with new and better ways of doing things” was only 56 percent. The EVS Employee Engagement Index is an important tool OPM has developed to measure the conditions likely to lead to employee engagement. The 2013 EVS results reflected a slight government-wide decline in each of the three subfactors (Leaders Lead, Supervisor/Employee Relationships, and Intrinsic Work Experiences) that comprise the index. Engaging agency leaders and managers to make improvements in these areas will be a top priority of the President's Second Term Management Agenda.

Budgetary Constraints

The last several years have been challenging for the Federal workforce. In late 2010, as one of several steps the Administration took to put the Nation on a sustainable fiscal path, the President proposed and Congress enacted a two-year freeze on across-the-board pay adjustments for civilian Federal employees, saving \$60 billion over 10 years, and the pay freeze was extended an additional year in 2013 by Congress. The President also issued a memorandum directing agencies to freeze pay schedules and forgo general pay increases for civilian Federal employees in administratively determined pay systems. Additionally, on his first day in office, the President froze salaries for all senior political appointees at the White House, and in 2010, the President eliminated bonuses for all political appointees across the Administration. The Office of Personnel Management (OPM) and the Office of Management and Budget (OMB) directed agencies to limit individual performance awards for almost all employees starting in fiscal years 2011 and 2012, and have continued to place limits through 2014.

In 2013, the Federal workforce endured the third year of a pay freeze; sequestration which in many agencies resulted in hiring freezes, cuts in training funds, unpaid furloughs; and a 16-day government shutdown. Due to sequestration cuts in FY 2013, roughly three-quarters of a million Federal employees were furloughed, and these furloughs resulted in over \$1 billion in lost salary. Agencies reduced their investments in training, including in technical, soft skills, and leadership topic areas to stave off deeper reductions in force and/or furloughs. In fact, seven percent fewer of federal employees reported that their training needs were assessed in 2013 than in 2011, although that rate had held steady since 2006. These decisions generated the short-term savings needed to meet sequestration levels, but could have a long-term impact on the Federal government's ability to meet its mission objectives and to deliver services to the American people.

In addition, the 16-day shutdown significantly impacted the Federal government's role as an employer. Job stability and a sense of mission have typically been advantages of working in the Federal sector, but increases in political acrimony may be leading to a deterioration of those advantages. During the shutdown, hundreds of thousands of Federal employees did not receive their full paychecks, including many employees that were legally

required to work during the lapse. While all Federal employees ultimately have been compensated for the period of the shutdown, the burden of delayed paychecks on Federal workers and their families was significant and harmful. The President noted in an open letter to federal employees shortly after the end of the shutdown, “You should never have been treated this way... ..The public service you perform – the role you play in the life of our country – it is important. It matters.” We are hopeful that the recent budget deal will remove the uncertainty that the American people, including Federal employees, have endured in the form of shutdowns and furloughs.

Looking forward, tight discretionary caps for 2015 and the resumption of sequestration funding levels in 2016 will make it increasingly challenging for the Federal government to keep pace with private sector, especially in hard to recruit fields, both in terms of pay and in areas like training. This is one of many reasons that the Budget proposes to increase discretionary funding levels while fully offsetting the cost with other spending and tax reforms.

Addressing the Challenges

The Administration is committed to further accelerating its employee performance and human capital management and these initiatives are a core component of the President’s Management Agenda, as discussed in the Creating a 21st Century Government Chapter of the main *Budget* volume. Multiple efforts are underway, including: building a workforce with the skills necessary to meet agency missions, developing and using personnel analytics to drive decision making, new programs to infuse talent into agencies, heightened attention to a diverse and inclusive workforce, continued focus on the Senior Executive Service (SES) performance appraisal system, and strengthened labor-management partnerships.

Mission Focused and Data Driven Personnel Management

The Administration is committed to strengthening Federal agencies’ capacity to analyze human resources data to address workplace problems, improve productivity, and cut costs. OPM, in conjunction with OMB, is implementing several key initiatives that will lead to better evaluation and management of Federal employees. These efforts include using the EVS as a diagnostic tool to guide management of our federal workers, expanding implementation of our successful data-driven HRStat review sessions, greater alignment between human capital and mission performance, and quarterly updates of key HR performance indicators on Performance.gov.

As discussed earlier, OPM’s EVS is a valuable management tool that helps agencies identify areas of strength and weakness and informs the implementation of targeted action plans to help improve employee engagement and agency performance. Notably, OPM has worked with agencies in recent years to increase the number of office-level components within agencies for which office-specific results are available. Whereas only 1,687 components received results in 2011, 12,550 offices received results in

2013. The increased response and reporting granularity enables agencies to identify areas of strength, offering possible models for others, and areas of weakness needing attention. Agencies across Government are using EVS data to develop and implement targeted, mission-driven action plans to address identified challenges.

In 2012, CHCO level agencies began piloting HRstat (Human Resources Statistics) reviews. These quarterly data-driven reviews, which are led by the agency CHCOs in collaboration with the Performance Improvement Officer (PIO), focus on agency specific human capital performance and key human resources management metrics that drive agency performance and align with mission accomplishment. Agencies have the flexibility to focus on areas critical to their mission and use metrics to understand issues such as performance management, succession planning, recruitment timeliness, and strategic workforce planning. The HRstat reviews are intended to enable quick course correction, if needed, to help ensure progress is being made on key human resources issues. For example, through HRstat, the Treasury Department matched up different bureaus as partners to collaborate on veterans hiring and in one year more than doubled the rate of new veteran hires. In 2014, the final eight CHCO agencies will complete the HRstat pilot with government-wide implementation occurring in 2015.

In addition, *Performance.gov* provides agencies and the public a window on key human resources data – including Government-wide and agency specific hiring times, applicant and manager satisfaction, employee engagement and retention, and hiring rates from diverse candidate pools.

The Administration also continues to centralize existing personnel data and explore opportunities to use them to improve management. Government-wide centralization helps eliminate redundant information collections, work processes, and generation of reports. In response to Executive Order 13583, OPM developed a Human Capital Report consolidation strategy in 2012. A key component was exploration of which annual reports could be replaced by a centralized and automated mechanism for continuous monitoring. By the end of 2013, more than ten administrative reports that agencies were previously required to produce were eliminated. The Budget supports continued exploration of which personnel data can be leveraged centrally to assist agencies in the management of their workforces.

Creating a Culture of Excellence and Engagement to Enable Higher Performance

Leadership, organizational culture, and employee engagement are critical factors in the success of private and public institutions. While employee engagement is linked to everything from higher earnings per share, to lower workplace accidents and turnover, and overall high performance in the private sector², the Administration’s focus on employee engagement and mission performance are crucial ingredients to supporting a Culture

² Heskett, J. L., T. O. Jones, G. W. Loveman, W. Earl Sasser, and L. A. Schlesinger. “Putting the Service-Profit Chain to Work.” *Harvard Business Review* 72, no. 2 (March-April 1994): 164-174; Heskett, J., W. E. Sasser Jr., and L. Schlesinger. *The Service Profit Chain*. N.Y.: Free Press, 1997

Table 8–2. FEDERAL CIVILIAN EMPLOYMENT IN THE EXECUTIVE BRANCH
(Civilian employment as measured by full-time equivalents (FTE) in thousands, excluding the Postal Service)

Agency	Actual		Estimate		Change: 2014 to 2015	
	2012	2013	2014	2015	FTE	Percent
Cabinet agencies:						
Agriculture	91.7	88.0	90.2	90.8	0.6	0.7%
Commerce	39.9	39.9	42.6	45.1	2.5	5.9%
Defense	765.2	738.3	755.4	749.1	-6.3	-0.8%
Education	4.3	4.1	4.1	4.1	0.0	0.0%
Energy	15.7	15.3	15.7	15.9	0.2	1.3%
Health and Human Services	69.3	70.1	72.5	74.6	2.1	2.9%
Homeland Security	184.0	183.7	190.1	189.8	-0.3	-0.2%
Housing and Urban Development	9.3	8.7	8.7	8.9	0.2	2.3%
Interior	70.0	67.3	69.2	69.9	0.7	1.0%
Justice	115.1	114.8	116.8	117.4	0.6	0.5%
Labor	17.2	17.2	17.2	17.8	0.6	3.5%
State	33.0	33.2	33.3	33.3	0.0	0.0%
Transportation	56.9	55.9	55.9	56.8	0.9	1.6%
Treasury	106.3	102.3	101.4	108.8	7.4	7.3%
Veterans Affairs	301.4	312.8	319.2	321.4	2.2	0.7%
Other agencies—excluding Postal Service:						
Broadcasting Board of Governors	1.9	1.8	1.8	1.8	0.0	0.0%
Corps of Engineers—Civil Works	23.1	22.4	22.7	22.5	-0.2	-0.9%
Environmental Protection Agency	17.0	15.8	15.6	15.4	-0.2	-1.3%
Equal Employment Opportunity Commission	2.3	2.1	2.3	2.3	0.0	0.0%
Federal Deposit Insurance Corporation	8.1	7.7	7.3	7.2	-0.1	-1.4%
General Services Administration	12.5	11.9	12.5	12.1	-0.4	-3.2%
International Assistance Programs	5.6	5.4	5.5	5.6	0.1	1.8%
National Aeronautics and Space Admin	18.1	17.9	17.9	17.6	-0.3	-1.7%
National Archives and Records Administration	3.2	3.0	3.0	3.0	0.0	0.0%
National Labor Relations Board	1.6	1.6	1.6	1.6	0.0	0.0%
National Science Foundation	1.4	1.4	1.4	1.4	0.0	0.0%
Nuclear Regulatory Commission	3.8	3.7	3.8	3.9	0.1	2.6%
Office of Personnel Management	5.3	5.3	5.4	5.4	0.0	0.0%
Railroad Retirement Board	0.9	0.9	0.9	0.9	0.0	0.0%
Securities and Exchange Commission	3.8	4.0	4.2	4.7	0.5	11.9%
Small Business Administration	3.4	3.9	3.3	3.3	0.0	0.0%
Smithsonian Institution	5.0	5.1	5.3	5.5	0.2	3.8%
Social Security Administration	64.7	62.5	62.2	64.1	1.9	3.1%
Tennessee Valley Authority	12.8	12.6	12.7	12.9	0.2	1.6%
All other small agencies	16.9	17.4	18.3	19.1	0.8	4.4%
Total, Executive Branch civilian employment* ...	2,090.7	2,058.0	2,100.0	2,114.0	14.0	0.7%

* Totals may not add due to rounding.

of Excellence that can improve all federal services to the people of our nation, and is an important component of the Management Agenda.

In 2014, the Administration will use EVS data to create an engagement dashboard for use by agency Chief Operating Officers and supervisor alike. When coupled with agency mission performance data, this information will provide actionable insights to target areas where improvement is needed the most. OPM will also support these areas of focus with increased cross-government attention on employee leadership and skill development. In 2014, it will begin a review of training and development resources, with a multi-year goal of ensuring they are consistently ex-

cellent and easily accessible government-wide. It will also accelerate the testing and scaling of tools that allow managers to tap into skills from a wider range of people within and across agencies and allow virtual teams to surge onto new projects, discrete initiatives, and crises. There are also effective tools available for managers and supervisors to address employee performance challenges. OPM offers periodic classroom training sessions; on-line training on HR University; and an OPM desk guide for supervisors to assist them in addressing and resolving poor performance of employees they supervise. As capabilities are enhanced and credibility is built, these efforts will incorporate continuous

Table 8–3. TOTAL FEDERAL EMPLOYMENT
(As measured by Full-Time Equivalents)

Description	2013 Actual	2014		2015		Change: 2014 to 2015	
		Estimate	Estimate	Estimate	FTE	Percent	
Executive Branch Civilian:							
All Agencies, Excluding Postal Service	2,057,992	2,100,023	2,114,037	14,014	0.7%		
Postal Service ¹	575,876	561,665	559,265	-2,400	-0.4%		
Subtotal, Executive Branch Civilian	2,633,868	2,661,688	2,673,302	11,614	0.4%		
Executive Branch Uniformed Military:							
Department of Defense ²	1,451,059	1,408,942	³ 1,316,710	-92,232	-6.5%		
Department of Homeland Security (USCG)	41,992	42,334	41,973	-361	-0.9%		
Commissioned Corps (DOC, EPA, HHS)	7,058	7,124	7,124	0	0.0%		
Subtotal, Uniformed Military	1,500,109	1,458,400	1,365,807	-92,593	-6.3%		
Subtotal, Executive Branch	4,133,977	4,120,088	4,039,109	-80,979	-2.0%		
Legislative Branch ⁴	29,375	33,698	33,714	16	0.0%		
Judicial Branch	33,480	32,740	33,013	273	0.8%		
Grand total	4,196,832	4,186,526	4,105,836	-80,690	-1.9%		

¹ Includes Postal Rate Commission.

² Includes activated Guard and Reserve members on active duty. Does not include Full-Time Support (Active Guard & Reserve (AGRs)) paid from Reserve Component Appropriations.

³ FY 2015 excludes Overseas Contingency Operations (OCO) funded activated Guard and Reserve members on active duty and OCO funded non-enduring strength of 12,285 for Army and 3,469 for the Marine Corps.

⁴ FTE data not available for the Senate (positions filled were used).

improvement in learning and development opportunities and tools available to Federal managers and employees.

Also, as part of the Government Performance and Results Act implementation, agencies are aligning strategic human capital planning, with mission planning – specifically strategic and performance plans.

Building a World-Class Federal Management Team Starting with Enhancements to the Senior Executive Service

Drawing from leading practices, the Administration is committed to investing in our civil service leadership by expanding on the strong experience and skills base across the Federal Executive Corps. The SES hiring process relies extensively on lengthy written qualifications statements and a centralized qualifications certification process which can impact our ability to successfully attract a broad sector of top talent. In 2014, we will examine the SES hiring process to identify efficiencies and to ensure we have effective processes for hiring the best executive talent. We will also build a stronger SES onboarding program so our leaders can more effectively transition into organizations, hit the ground running, and understand the high standards that are expected of them from the beginning. The Management Agenda continues the Administration's commitment to expanding management development opportunities for SES and SES candidates by linking and coordinating existing cross-agency and cross-sector leadership initiatives. Also in 2014, and continuing in 2015, OPM will strengthen the SES-wide leadership and engagement training curriculum – including an emphasis on diversity and the changing needs of the 21st century workforce.

Enabling Agencies to Hire the Best Talent from All Segments of Society

The Administration is committed to working with labor groups to improve hiring outcomes by exploring flexible approaches to recruit and retain individuals with high-demand talents and skills. As part of the Management Agenda, the Administration will launch demonstration projects in 2015 to identify promising practices in recruiting, hiring, onboarding, and deploying talent across agencies. The goal of these projects will be reducing skills gaps, increasing diversity, and improving organizational outcomes.

Family Friendly Workplace Policies

A growing number of working Americans – both men and women – struggle to balance the needs of their families with the responsibilities of their jobs. Leading companies in the private sector are working to develop new tools to redesign their workplaces to provide greater flexibility to workers. The Federal government should be a model employer and has already aggressively increased the use of telework and other policies to promote family-friendly policies.

The 2012 EVS indicated that teleworkers (81 percent) are more likely than non-teleworkers (79 percent) to know what is expected of them on the job, more likely to feel empowered (50 percent versus 41 percent), and more likely (73 percent compared to 65 percent of non-teleworkers) to be satisfied with their jobs. Finally, employees who telework are more likely to want to stay with their agencies (71 percent compared to 66 percent of non-teleworkers) and to recommend their agencies to others (72 percent compared to 63 percent of non-teleworkers). As documented by OPM's 2013 report on the

Table 8–4. PERSONNEL COMPENSATION AND BENEFITS
(In millions of dollars)

Description	2013 Actual	2014 Estimate	2015 Estimate	Change: 2014 to 2015	
				Dollars	Percent
Civilian Personnel Costs:					
Executive Branch (excluding Postal Service):					
Direct compensation	171,008	179,654	183,523	3,869	2.2%
Personnel Benefits	68,234	73,893	75,925	2,032	2.7%
Subtotal	239,242	253,547	259,448	5,901	2.3%
Postal Service:					
Direct compensation	35,711	34,631	34,261	–370	–1.1%
Personnel benefits	17,691	24,994	27,896	2,902	11.6%
Subtotal	53,402	59,625	62,157	2,532	4.2%
Legislative Branch: ¹					
Direct compensation	2,017	2,045	2,105	60	2.9%
Personnel benefits	627	643	658	15	2.3%
Subtotal	2,644	2,688	2,763	75	2.8%
Judicial Branch:					
Direct compensation	3,070	3,257	3,367	110	3.4%
Personnel benefits	1,080	1,096	1,135	39	3.6%
Subtotal	4,150	4,353	4,502	149	3.4%
Total, Civilian Personnel Costs	299,438	320,213	328,870	8,657	2.7%
Military personnel costs:					
Department of Defense					
Direct compensation	98,927	98,283	93,250	–5,033	–5.1%
Personnel benefits	48,155	46,566	43,698	–2,868	–6.2%
Subtotal	147,082	144,849	136,948	–7,901	–5.5%
All other executive branch, uniformed personnel:					
Direct compensation	3,266	3,231	3,197	–34	–1.1%
Personnel benefits	729	676	640	–36	–5.3%
Subtotal	3,995	3,907	3,837	–70	–1.8%
Total, Military Personnel Costs ²	151,077	148,756	140,785	–7,971	–5.4%
Grand total, personnel costs	450,515	468,969	469,655	686	0.1%
ADDENDUM					
Former Civilian Personnel:					
Retired pay for former personnel					
Government payment for Annuitants:	79,234	81,788	84,546	2,758	3.4%
Employee health benefits	10,964	11,071	11,459	388	3.5%
Employee life insurance	46	49	50	1	2.0%
Former Military personnel:					
Retired pay for former personnel	54,668	55,682	57,011	1,329	2.4%
Military annuitants health benefits	8,654	9,263	9,821	558	6.0%

¹ Excludes members and officers of the Senate.

² Amounts in this table for military compensation reflect direct pay and benefits for all service members, including active duty, guard, and reserve members.

status of telework, the percentage of eligible Federal employees who participated in routine telework grew to 21 percent as of September 2012, compared to 10 percent during calendar year 2009. The number of employees teleworking also continued to increase, from 168,558 in 2011 to 209,192 in 2012. Equally important, the number of employees deemed eligible to telework increased by nearly 50 percent from 2011 to 2012, from 684,589 employees to 1,020,034 employees. However, there is still more work to be done in breaking down barriers to the effective use of telework.

The Federal Government has also made progress towards pay equality. Pay differentials by gender, after accounting for education and occupation, tend to be about half as small in the Federal sector as in the private sector.

Closing Skills Gaps in the Workforce

The demands of the workplace necessitate new and agile skill sets in the Federal workforce. OPM's mission is to ensure that the Federal Government recruits, retains, and honors the talent agencies require to serve the American people. In 2011, OPM partnered with the Chief

Human Capital Officers (CHCO) Council to take on the challenge of closing skills gaps across the Government. This initiative responds to the President's Cross-Agency Priority Goal to close skills gaps, as well as GAO's designation of human capital as a Government-wide high risk. The Department of Defense joined OPM in chairing an inter-agency workgroup that designed a sustainable strategic workforce planning method to identify and close skills gaps in mission-critical occupations. Based on rigorous data analysis, the workgroup identified the following mission-critical occupations for gap closure: IT-Cybersecurity Specialists, Acquisition Specialists, Economists, Human Resources Specialists, and Auditors. In addition, the workgroup identified STEM (science, technology, engineering, and mathematics) as a sixth functional area covering multiple occupations, which requires sustained strategic attention across Government.

To close skills gaps in these areas, OPM designated sub-goal leaders from agencies whose missions critically depend on these occupations. Together with these sub-goal leaders, OPM is developing and executing strategies to close skills gaps in these occupations. The sub-goal leaders meet quarterly with the OPM Director to apprise her of their progress, including by providing updated metrics that will be reported on Performance.gov.

OPM will continue to work with the 2012-2013 Cross Agency Priority Goal sub-goal leaders in this area to close skill gaps and implement strategies in other mission-critical occupations. In Cybersecurity, awareness has been expanded about Federal Cybersecurity work and job opportunities. During 2013, the community conducted outreach for Cybersecurity talent through a new venue that reached over 1,600 participants involved in U.S. Cyber Challenges and Competitions. In the STEM functional area, a specific Pathways Program was developed for attracting STEM applicants for the Presidential Management Fellows opportunity. The new PMF-STEM Pathways track is being piloted during FY14. The Acquisition area has begun to increase efficiencies in training, development, and management of the workforce by requiring civilian agency use of an integrated acquisition career management system. Interagency workgroups are exploring possible pilots to test special hiring and compensation authorities for several occupations, including Economist, STEM, and Cybersecurity. OPM is assisting the Auditor occupational area in studying what changes are needed to the classification and qualification requirements for the talent brought into that workforce.

Individual agencies are also identifying and targeting critical skills gaps as a priority, and are piloting innovative approaches to competency gap closure. OPM is helping agencies share promising practices and lessons learned from these pilot projects, and will drive replication of best practices upon completion of the pilots.

Successful skills gaps closure is particularly dependent on a strong HR workforce who can provide strategies, programs and tools that help occupational leaders design and implement skills gaps closure efforts. For this reason, OPM has been focusing heavily on this workforce and designated HR Skills Gaps as an Agency Priority Goal.

One of the ways OPM is addressing skills gaps among human resources professionals is through HR University. Developed in 2011 by the CHCO Council, HR University provides an excellent foundation for human resources professionals to receive training to help them become more effective. HR University is a source of centralized training that takes courses and resources Federal agencies have already developed and provides a platform for cross-agency sharing. HR University realizes savings through the sharing of resources (agencies no longer need to independently develop courses that already exist) and economies of scale. In addition, HR University ensures that courses meet OPM's high standards by vetting each course through a very rigorous quality review.

In partnership with the CHCO Council, OPM will continue to expand HR University's offerings. This effort may include more partnerships with colleges and universities, development of HR certifications, accreditation of courses, greater use of social media, website enhancements, and more courses on key topics that will close identified skill and competency gaps in the human resources field. OPM set a Priority Goal to have 80% of the human resources workforce (GS-201s/203s) enrolled on HR University by September 30, 2014.

Developing an Agile Workforce

To maximize effectiveness and potential, the Federal Government must continue to prepare its talent for challenges on the horizon. New cost-effective programs are being implemented to develop current employees, foster collaboration with innovators from the private sector, and enhance institutional knowledge transfer. For example, OPM is developing a phased retirement program that provides employees who once had a financial incentive to retire fully, to work part time while mentoring and training new employees. These efforts are essential for developing a nimble, efficient 21st Century workforce that can help ensure agencies achieve their important missions under a tightening fiscal climate.

Informing Our Work with a Diversity of Experiences

A rich diversity of experiences and talents inform the abilities of federal applicants and everyday work of federal employees. Opportunities exist both in employee hiring and throughout employment experiences to leverage this diversity.

In recent years, OPM has been focusing on improving the way agencies use federal applicant and applicant flow data to improve the hiring process. In 2014, OPM will increase the accessibility and use of this data by hiring managers, so they can determine whether outreach, recruitment, and hiring strategies have been successful in attracting and retaining a workforce that reflects the diversity of our country and the many talents of its people.

Leveraging the diversity of our workforce also requires that we measure and improve the extent to which diversity and inclusion are supported in work units. To that end, and mirroring the aforementioned efforts to measure and target improvements in employee engagement, OPM

developed a 20-question index of the EVS that represents each work unit's support of diversity and inclusion and is providing feedback to executive leadership, program managers, and supervisors on how well work units are leveraging the unique experiences, perspectives, and viewpoints of their employees to improve program delivery.

Importantly, the Budget does not just support increased availability of this data. Fostering inclusive work environments and realizing the full potential of our workforce's diversity requires agencies to employ effective management practices. To that end, OPM recently developed a set of change management tools to supplement the inclusion index. The index and tools, referred to jointly as the New Inclusion Quotient Plus, arm agencies with instruments and practices necessary to support diversity and inclusion more fully. In addition, OPM will continue to promote proven practices in using all workforce data to inform everyday support diversity and inclusion in the workplace.

Strengthening Labor-Management Relations

The Administration continues to fulfill the robust vision laid out in Executive Order 13522, Creating Labor-Management Forums to Improve Delivery of Government Services. This Executive Order created a national Council, which meets regularly to coordinate Government-wide efforts, and nearly 1000 forums around government where agency management and union representatives work collaboratively to improve service delivery to the public. In 2015, Labor-Management Forums will continue to use metrics to track progress.

In recent Council meetings, representatives from both management and labor have presented on their successful efforts to improve employee engagement and satisfaction while at the same time improving performance and productivity at the U.S. Patent and Trademark Office (PTO). Labor representatives from the Patent Office Professional Association and the National Treasury Employees Union joined PTO management representatives in briefing the Council on their enormous successes using pre-decisional

involvement. PTO reorganized around line workers by involving labor representatives in the decision making process before management has determined how to proceed. As a result, PTO reduced the patent application backlog by 31% and the trademark application processing time from 13.4 months to 10 months (while applications continue to increase in number every year).

Through constant engagement with labor representatives, PTO's Global Satisfaction Index score increased from 56% to 82%, from 2006 to 2013. It also has improved in the Partnership for Public Service's Best Places to Work in the Federal Government rankings from #172 to #1 out of 300 agency subcomponents in that same time period. Since the EVS began to include an Engagement Index in 2010, that PTO's score in that area increased from 71% to 82%.

In another case, labor and management representatives at the Federal Aviation Administration (FAA) collaborated to successfully implement a new computer system (ERAM) that replaced a 40-year-old system used at air route traffic control centers nationwide. The representatives attributed the recent success of the project to the governance structure of the work groups which are co-chaired by labor and management. The work groups agree on recommendations and speak with "one voice" to the field. This structure improved overall buy-in of the new system and general workforce engagement which allowed for smoother transitions. The lessons learned with the ERAM project are now being leveraged on other FAA programs to seek similar successes.

The Council will continue to seek ways to spread these labor-management successes to other agencies in 2014 and 2015. By developing training and guidance using these best practices as examples, the Council will continue working to ensure that additional labor-management forums transition into effective partnerships with a focus on improving the productivity and effectiveness of the Federal Government.